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Government of Kerala

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**REPORT ON  
WHOLESALE PRICE INDEX OF  
MANUFACTURED COMMODITIES  
2006-2007**

**Department of Economics and Statistics  
Thiruvananthapuram  
2007**

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## PREFACE

During the last three decades, considerable emphasis has been given to industrialisation in the country's development process. As a result, the industrial sector has steadily grown and started producing a variety of goods for the consumer market. In earlier times, people were more concerned with the price changes of agricultural commodities; but with the increasing role of the industrial goods in the life of the people, the price changes of manufactured articles too become significant.

The Department of Economics and Statistics computes the Wholesale Price Index Numbers of manufactured commodities, covering the organised and unorganised sectors of the economy every year. The indices depict the price fluctuations in the wholesale transactions of manufactured commodities in the primary market in the State and also it helps to have a sustained watch on the price variations in the wholesale market over a period of time.

This report is prepared by Sri M. K. Mohandas, Asst. Director (IIP), with the whole hearted co-operation of officials of the IIP Division under the supervision of Sri M. Suresh Babu, Joint Director (S&D), and the overall guidance of Sri K. Asokan, Additional Director (State Income). Suggestions on the improvement of this publication are most welcome.

Thiruvananthapuram,  
18-1-2008.

M. R. BALAKRISHNAN,  
*Director.*







## WHOLESALE PRICE INDEX OF MANUFACTURED COMMODITIES

### 1. Introduction

The wholesale price indices are the indicators of price fluctuations in the wholesale transactions of manufactured commodities in the primary market of Kerala Economy. The wholesale price index numbers of manufactured commodities in organised and unorganised sectors are computed separately. Organised sector includes registered factories and unorganised sector includes unregistered small establishments and own-account enterprises. The indices are also used as price indicators for the state income computation.

### 2. Base Year

The index is computed to study the changes in prices with the base year 1975-76. In the case of organised sector, the weight and price for 1975-76 are taken, but in the unorganised sector the weight for 1978-79 is substituted for 1975-76.

However, for the purpose of studying the changes, the indices have been computed for back years up to 1975-76.

### 3. Weighting Diagram

The proportional value of individual items to gross value of commodities for sale in the state during the base year is used to obtain the weighting diagram for both indices. For the items relating to the organised sector, gross value of production during the year 1975-76 and for the items related to the unorganised sector, gross value of production during the year 1978-79 have been taken to derive the weights. Manufactured articles flowing in to the primary market from outside state has been excluded. In order to derive the weights, each manufactured article has been grouped on the basis of National Industrial Classification, at two-digit level. In certain cases where contributions of individual group to the total value is nominal, the group has been arranged under a broad class. Production data from Annual Survey of Industries 1975-76 has been used for organised sector and value of gross production estimated from the follow-up surveys of Economic Census conducted in 1978-79 have been used for the unorganised sector.

### 4. Price Collection

The commodities for price collection are fixed taking into account the importance of each commodity as decided in the gross value of production in the base year and representative nature as reflected by price movements of the group in which these commodities are included. The availability of a particular item in the market for a fairly long period during the year has been considered for selection of that item for price collection. In the organised sector, representative items have been selected for price collection for computation of the index.

For Organised and Unorganised sector the data collected from 10 selected districts namely Thiruvananthapuram, Kollam, Kottayam, Alappuzha, Ernakulam, Thrissur, Palakkad, Malappuram, Kozhikode and Kannur. The District level Officers visits the selected factories/establishments and collect the data directly once in a month. The data thus collected, computed, tabulated and index preparation are done at the Directorate.

NIC Code-wise and monthly wholesale price index are prepared for the organised and unorganised sector.



The list of industrial groups which are selected for the preparation of wholesale price index and thus 2 digit NIC Codes are given below:

### **Organised Sector**

1. Manufacture of food products (20-21)
2. Manufacture of beverages, tobacco and related products (22)
3. Manufacture of cotton textiles (23)
4. Manufacture of wool, silk and man-made fiber textiles (24)
5. Manufacture of textile products (26)
6. Manufacture of wood and wood products (27)
7. Manufacture of paper and paper products (28)
8. Manufacture of basic chemicals except petroleum and coal (30)
9. Manufacture of rubber, plastic, petroleum and coal products (31)
10. Manufacture of non-metallic mineral products (32)
11. Basic Metals and Alloys Industries (33)
12. Manufacture of metal products and parts of except machinery (34)
13. Manufacture of machine equipments other than transport equipments (35)
14. Manufacture of synthetic equipments, photographic equipment etc. (36)
15. Manufacture of transport equipment and parts (37)
16. Other manufacturing industries (38)

### **Unorganised Sector**

1. Manufacture of food products (20-21)
2. Manufacture of beverages, tobacco and related foods (22)
3. Manufacture of cotton textiles (23)
4. Manufacture of textile products (26)
5. Manufacture of wood and wood products (27)
6. Manufacture of paper and paper products (28)
7. Manufacture of chemical and chemical products (31)
8. Manufacture of non-metallic mineral products (32)
9. Manufacture of metal products and parts except machinery and transport equipments (34-35)
10. Other manufacturing industries (38)

## **5. Method of Computation**

The Wholesale Price Index numbers of manufactured commodities have been computed by using the Laspeyres's Formula.

$$I = \frac{\sum (W_i \times R_i)}{\sum W_i}$$



Where,

I = Wholesale Price Index

W<sub>i</sub> = Weight attached to the i<sup>th</sup> item

R<sub>i</sub> = Wholesale price relative of the i<sup>th</sup> item

$$\text{ie. } R_i = \frac{P_i}{P_o}$$

Where P<sub>i</sub> = Current Price of the i<sup>th</sup> item

P<sub>o</sub> = Base Year of i<sup>th</sup> item.

## 6. Trend of Wholesale Price Indices of Manufactured Commodities

Wholesale Price Indices of Manufactured Commodities (Base year 1975-76 for Organised Sector and 1978-79 for Unorganised Sector).

<i>Year</i>	<i>Organised Sector</i>	<i>Unorganised Sector</i>
1975-76	100	100
1980-81	166	159
1985-86	254	225
1990-91	409	369
1995-96	634	630
1996-97	689	713
1997-98	732	774
1998-99	782	817
1999-00	803	833
2000-01	844	895
2001-02	941	935
2002-03	938	984
2003-04	883	975
2004-05	934	1051
2005-06	993	1104
2006-07	1100	1239



## ORGANISED SECTOR

Out of the 16 groups in this sector 13 groups showed an increasing trend and the other three remained stable during the year. The index increased from 993 to 1100 showing 10.77 % of increase. The groups having major fluctuations are analysed below:

1. *Manufacture of Food Products (20-21)*

The index of this group increased from 1021 to 1119 reflecting an increase of 9.59% during the year. This was due to the wholesale price increase of Prawns and, Cashew reported from Kollam and Maida from Kozhikkode.

2. *Manufacture of Cotton Textiles (23)*

The index of this group recorded an increase of 5.02% over the previous year. The index moved from 876 to 920 due to the increase of wholesale price of Mill Mull cloth reported from Thrissur.

3. *Manufacture of Textile Products (26)*

The wholesale price index of this group rose from 3807 to 4107 gaining 7.88%. This was due to the increase in wholesale price of Coir Mattings reported from Alappuzha.

4. *Manufacture of Wood and Wood Products (27)*

The index for this group increased from 3147 to 3831 reflecting an increase of 21.73% during the year. This was due to the wholesale price increase of Jack planks and Teak planks reported from Kozhikode district.

5. *Manufacture of Paper and Paper Products (28)*

This group shown an 7.89% increase, the index rose from 304 to 328. This was due to the rise in wholesale price of Paper reported from Kottayam.

6. *Manufacture of Basic Chemicals except Petroleum and Coal (30)*

The increase in the wholesale price of Thribhaladi Oil reported from Malappuram and Caustic Soda from Ernakulam pulled the index of this group from 852 to 908 gaining a 6.57 % increase.

7. *Manufacture of Rubber, Plastic, Petroleum and Coal Products (31)*

This group recorded a 12.00% increase. The index rising from 966 to 1082 due to the increase in wholesale price of Chappals and Latex reported from Kottayam and Petroleum and Tyres reported from Ernakulam.

8. *Manufacture of Non-metallic Mineral Products (32)*

During the year the index of this group shot up from 1037 to 1215, gaining 17.16% increase. The increase in wholesale price of Cement reported from Kottayam and earthenware reported from Kollam were the major factors responsible for the increase.



### 9. *Manufacture of Basic Metals and Alloys Industries (33)*

This group recorded an increase of 1.91 % i.e., the index rose from 990 to 1009 due to the increase in wholesale price of Iron and Steel reported from Kozhikkode.

### 10. *Manufacture of Metal Products and Parts except Machinery (34)*

This group recorded 58.79% increase, the highest increase recorded during the year rising the index from 495 to 786. The steep increase was due to the wholesale price increase of metal products reported from Alappuzha.

### 11. *Manufacture of Machine Equipments and other than Transport Equipments (35)*

The index for this group for the year 2006-07 increased from 704 to 762, (8.24%) due to the increase in the wholesale price of "Power Tiller" produced by KamCo, Ernakulam and the price increase of 'Mammatty' produced by Kumar Industries, Palakkad.

### 12. *Manufacture of Transport Equipments and Parts (37)*

This group recorded the second most increase in index of 39.70% compared to the previous year, the index pulled up from 267 to 373 due to the impact of increase in wholesale price of Cycle Gear Case reported from Thiruvananthapuram.

### 13. *Other Manufacturing Industries (38)*

The index of this group increased from 272 to 302 showing an 11.03% increase over 2005-06. This was due to the increase in wholesale price of ECG reported from BPL, Palakkad and Lead Pencil from Kozhikkode.

## UNORGANISED SECTOR

Out of ten sub-groups, 8 groups showed increasing trend, one group showed decreasing trend and the other remained more or less the same. During the year the index shoot up from 1104 to 1239 showing an increase of 12.23%.

### 1. *Manufacture of Food Products (20-21)*

The increase in wholesale price of Beef and Ayala reported from Kottayam, Thrissur and Kozhikkode resulted in the change of index of this group from 1087 to 1193, which shows an increase of 9.75%.

### 2. *Manufacture of Beverages, Tobacco and Related Foods (22)*

This group showed an 9.88% increase in index. The index rose from 948 to 1042 due to the increase in wholesale price of aerated water reported from Kottayam.



### 3. *Manufacture of Cotton Textiles (23)*

The index of this group recorded a slight increase of 2.04% during the year. The index climbed up from 736 to 751. This was due to the price increase of Dhoti reported from Kannur.

### 4. *Manufacture of Textile Products (26)*

The wholesale price index of this group recorded a slight decrease of 3.17%. The wholesale price decrease of Coir Fibre reported from Alappuzha district resulted in the decrease of index from 1200 to 1162.

### 5. *Manufacture of Wood and Wood Products (27)*

This group recorded an increase of 8.77 % during the year. The index increased from 844 to 918. This was due to the wholesale price increase of Cane Furniture reported from Thiruvananthapuram.

### 6. *Manufacture of Paper and Paper Products (28)*

This group showed a nominal increase of 0.02% during the year compared to the previous year. The wholesale price index increased from 873 to 881. This was due to the price increase of Note books reported from Thrissur district.

### 7. *Manufacture of Chemical and Chemical Products (31)*

This group showed an increase of 6.25 % over the last year. During 2005-06, index for this group was 704 which increased to 748 during the year. The hike in price of Fireworks items reported from Thrissur resulted the increase.

### 8. *Manufacture of Non-metallic Mineral Products (32)*

The index of this group increased substantially. The index rose from 2390 to 3132 gaining 31.06 %. This was due to the increase in wholesale price of Earthenware reported from Kottayam and increase in wholesale price of Burnt Bricks reported from Thiruvananthapuram.

### 9. *Other Manufacturing industries (38)*

The index of this group shoot up from 1462 to 1937. An 32.48 % increase over the previous year was due to increase in price of Jewellery reported from Thrissur and Alappuzha and Ivory reported from Thiruvananthapuram.



## APPENDIX I

## WHOLESALE PRICE INDEX NUMBERS OF MANUFACTURED COMMODITIES KERALA—ORGANISED

Base : 1975-76 = 100

NIC Code	Name of Industry	Weight	1975-76	1980-81	1985-86	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
20-21	Manufacture of food products	27.96	100	206	310	565	680	774	735	761	853	913
22	Manufacture of beverages, tobacco and related products	0.64	100	180	493	541	625	750	948	954	1080	1131
23	Manufacture of cotton textiles	8.41	100	133	186	291	300	373	404	451	604	671
24	Manufacture of wool, silk and man-made fiber textiles	1.3	100	150	..	387	448	620	706	733	688	765
26	Manufacture of textile products	1.82	100	260	527	1029	1157	1255	1401	1630	1877	2210
27	Manufacture of wood and wood products	3.73	100	154	343	450	470	495	570	600	765	761
28	Manufacture of paper and paper products	7.18	100	163	224	283	154	166	177	191	226	256
30	Manufacture of basic chemicals except petroleum and coal	21.73	100	121	203	307	355	346	358	505	520	542



## APPENDIX I (Contd.)

NIC Code	Name of Industry	Weight	1975-76	1980-81	1985-86	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
31	Manufacture of rubber, plastic, petroleum and coal products	10.53	100	156	206	294	343	354	363	421	430	450
32	Manufacture of non-metallic mineral products	2.41	100	213	328	426	474	545	631	731	799	957
33	Basic Metals and Alloys Industries	3.63	100	177	244	382	448	437	416	446	436	684
34	Manufacture of metal products and parts except machinery	1.67	100	132	238	345	434	476	461	468	557	578
35	Manufacture of machine equipments other than transport equipment	2.04	100	156	232	320	346	385	402	458	467	513
36	Manufacture of synthetic equipments, photographic equipment, etc.	5.93	100	151	177	250	394	325	289	313	381	339
37	Manufacture of Transport equipment and parts	0.47	100	121	139	235	245	180	187	206	221	227
38	Other manufacturing Industries	0.56	100	134	170	226	179	202	223	241	258	283
	<b>General Index</b>	<b>100</b>	<b>100</b>	<b>166</b>	<b>254</b>	<b>409</b>	<b>464</b>	<b>509</b>	<b>512</b>	<b>569</b>	<b>464</b>	<b>689</b>



## APPENDIX I (Contd.)

NIC Code	Name of Industry	Weight	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
20-21	Manufacture of food products	27.96	1036	1100	1124	1198	1278	1157	994	990	1021	1119
22	Manufacture of beverages, tobacco and related products	0.64	710	724	838	868	504	505	1001	1001	1045	1045
23	Manufacture of cotton textiles	8.41	681	697	723	749	828	766	701	860	876	920
24	Manufacture of wool, silk and man made fiber textiles	1.3	799	700	618	596	609	609	609	609	609	609
26	Manufacture of textile products	1.82	2255	2865	2824	2842	3343	3771	3931	3812	3807	4107
27	Manufacture of wood and wood products	3.73	882	936	954	969	3795	3321	2920	2924	3147	3831
28	Manufacture of paper and paper products	7.18	255	261	269	281	294	304	304	304	304	328
30	Manufacture of basic chemicals except Petroleum and Coal	21.73	584	618	610	615	686	674	671	780	852	908
31	Manufacture of rubber, plastic, petroleum and coal products	10.53	494	498	535	578	574	673	715	835	966	1082



## APPENDIX I (Contd.)

NIC Code	Name of Industry	Weight	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
32	Manufacture of non-metallic mineral products	2.41	880	872	957	1007	970	949	946	973	1037	1215
33	Basic Metals and Alloys Industries	3.63	720	724	717	802	834	850	874	916	990	1009
34	Manufacture of metal products and parts except machinery	1.67	574	534	501	541	541	541	453	489	495	786
35	Manufacture of machine equipments other than transport equipment	2.04	548	567	574	617	586	591	672	694	704	762
36	Manufacture of synthetic equipments, photographic equipment, etc.	5.93	213	267	339	352	238	497	419	420	420	420
37	Manufacture of Transport equipment and parts	0.47	227	227	227	227	227	227	227	258	267	373
38	Other manufacturing industries	0.56	296	291	289	272	279	285	283	275	272	302
	<b>General Index</b>	<b>100</b>	<b>732</b>	<b>782</b>	<b>803</b>	<b>844</b>	<b>941</b>	<b>938</b>	<b>883</b>	<b>934</b>	<b>993</b>	<b>1100</b>



## APPENDIX II

## WHOLESALE PRICE INDEX NUMBERS OF MANUFACTURED COMMODITIES KERALA -UNORGANISED

Base : 1975-76 = 100

NIC Code	Name of Industry	Weight	1975-76	1980-81	1985-86	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
20-21	Manufacture of food products	41.55	100	146	202	325	460	444	490	524	610
22	Manufacture of beverages, tobacco & related foods	3.47	100	126	183	283	296	367	400	508	517
23	Manufacture of cotton textile	1.11	100	136	208	264	289	329	336	356	548
26	Manufacture of textile products	14.33	100	163	238	358	429	494	532	592	690
27	Manufacture of wood and wood products	14.41	100	163	217	341	362	390	457	484	514
28	Manufacture of paper and paper products	2.14	100	131	180	229	281	316	354	465	552
31	Manufacture of chemical and chemical products	4.52	100	..	234	300	..	..	..	..	494
32	Manufacture of non-metallic mineral products	2.54	100	180	323	446	484	541	629	811	996
34-35	Man. of metal products & parts except machinery and transport equipment	2.83	100	150	212	311	348	381	384	468	478
38	Other manufacturing industries	13.1	100	218	296	631	772	742	776	791	815
	<b>General Index</b>	<b>100</b>	<b>100</b>	<b>159</b>	<b>225</b>	<b>369</b>	<b>453</b>	<b>456</b>	<b>499</b>	<b>541</b>	<b>630</b>



## APPENDIX II (Contd.)

NIC Code	Name of Industry	Weight	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
20-21	Manufacture of food products	41.55	707	774	853	840	920	989	1037	980	1047	1087	1193
22	Manufacture of beverages, tobacco & related foods	3.47	617	617	617	617	661	783	833	833	917	948	1042
23	Manufacture of cotton textile	1.11	623	679	698	717	763	762	762	702	722	736	751
26	Manufacture of textile products	14.33	724	827	869	948	963	926	962	988	1200	1200	1162
27	Manufacture of wood and wood products	14.41	617	696	733	757	809	899	899	903	846	844	918
28	Manufacture of paper and paper products	2.14	468	654	610	646	644	755	777	814	835	873	881
31	Manufacture of chemical and chemical products	4.52	523	570	546	534	662	697	697	707	707	704	748
32	Manufacture of non-metallic mineral products	2.54	1307	1487	1610	1684	1846	1815	1903	1920	1971	2390	3132
34-35	Man. of metal products & parts except machinery and transport equipment	2.83	462	481	474	588	598	475	477	468	480	520	522
38	Other manufacturing industries	13.1	906	858	853	863	905	910	1053	1135	1285	1462	1937
	<b>General Index</b>	<b>100</b>	<b>713</b>	<b>774</b>	<b>817</b>	<b>833</b>	<b>895</b>	<b>935</b>	<b>984</b>	<b>975</b>	<b>1051</b>	<b>1104</b>	<b>1239</b>



APPENDIX III  
MONTH-WISE INDEX OF WHOLESALE PRICE OF MANUFACTURED  
COMMODITIES 2006-07

(ORGANISED SECTOR)

<i>Month</i>	<i>Index</i>
April	1044
May	1039
June	1067
July	1114
August	1128
September	1120
October	1125
November	1123
December	1115
January	1117
February	1104
March	1099

General Index =1100



APPENDIX IV  
MONTH-WISE INDEX OF WHOLESALE PRICE OF MANUFACTURED  
COMMODITIES 2006-07

(UNORGANISED SECTOR)

<i>Month</i>	<i>Index</i>
April	1174
May	1212
June	1225
July	1252
August	1251
September	1251
October	1241
November	1239
December	1246
January	1254
February	1249
March	1280

General Index =1239



CHART 1

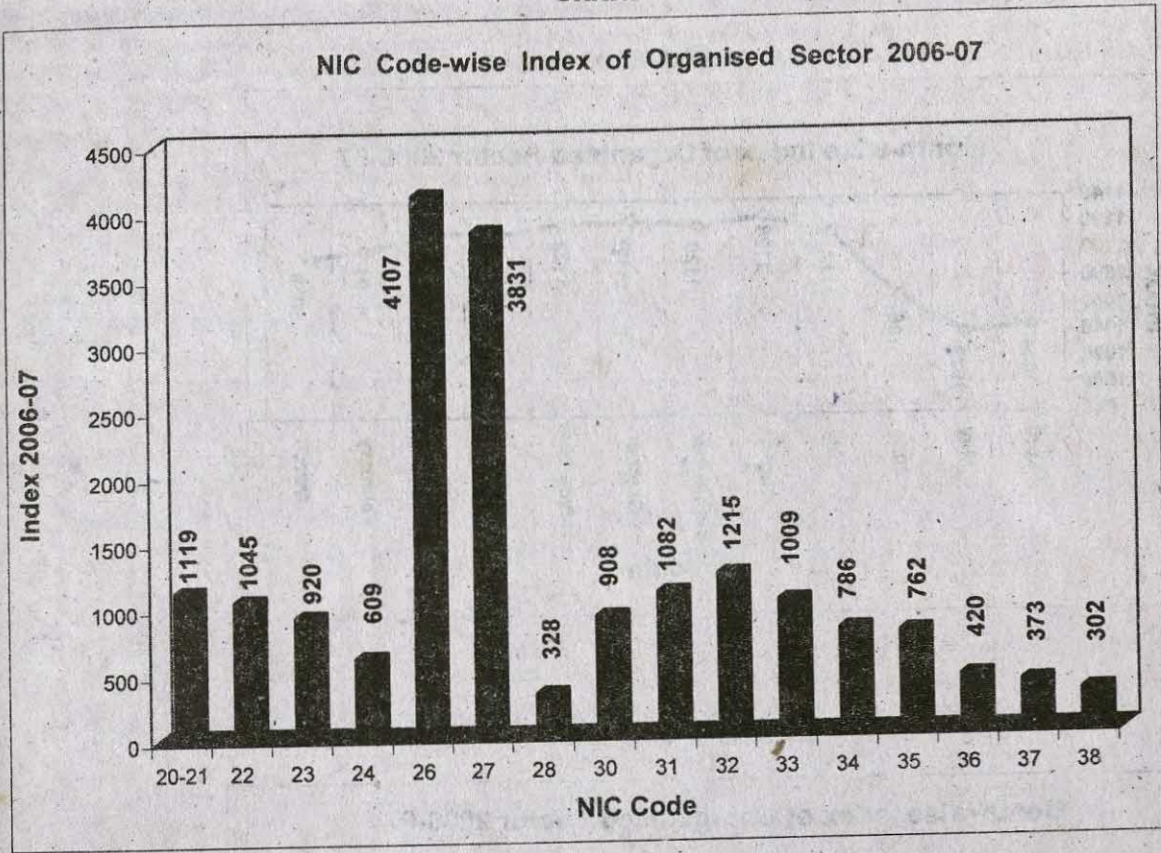


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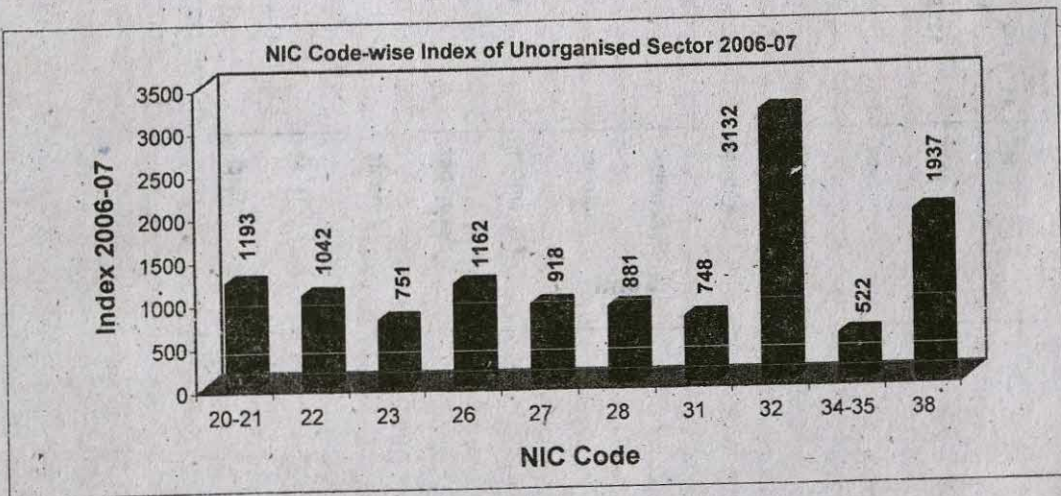




CHART 3

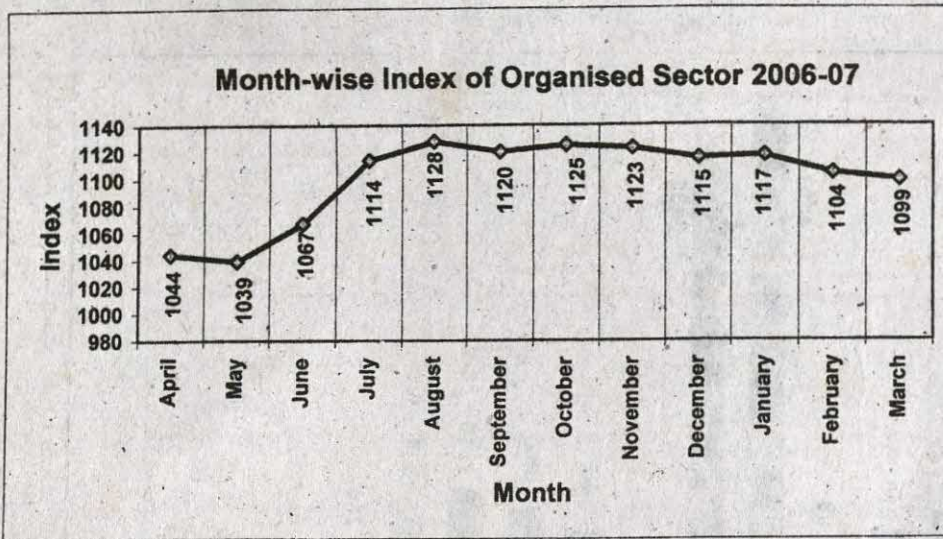


CHART 4





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