

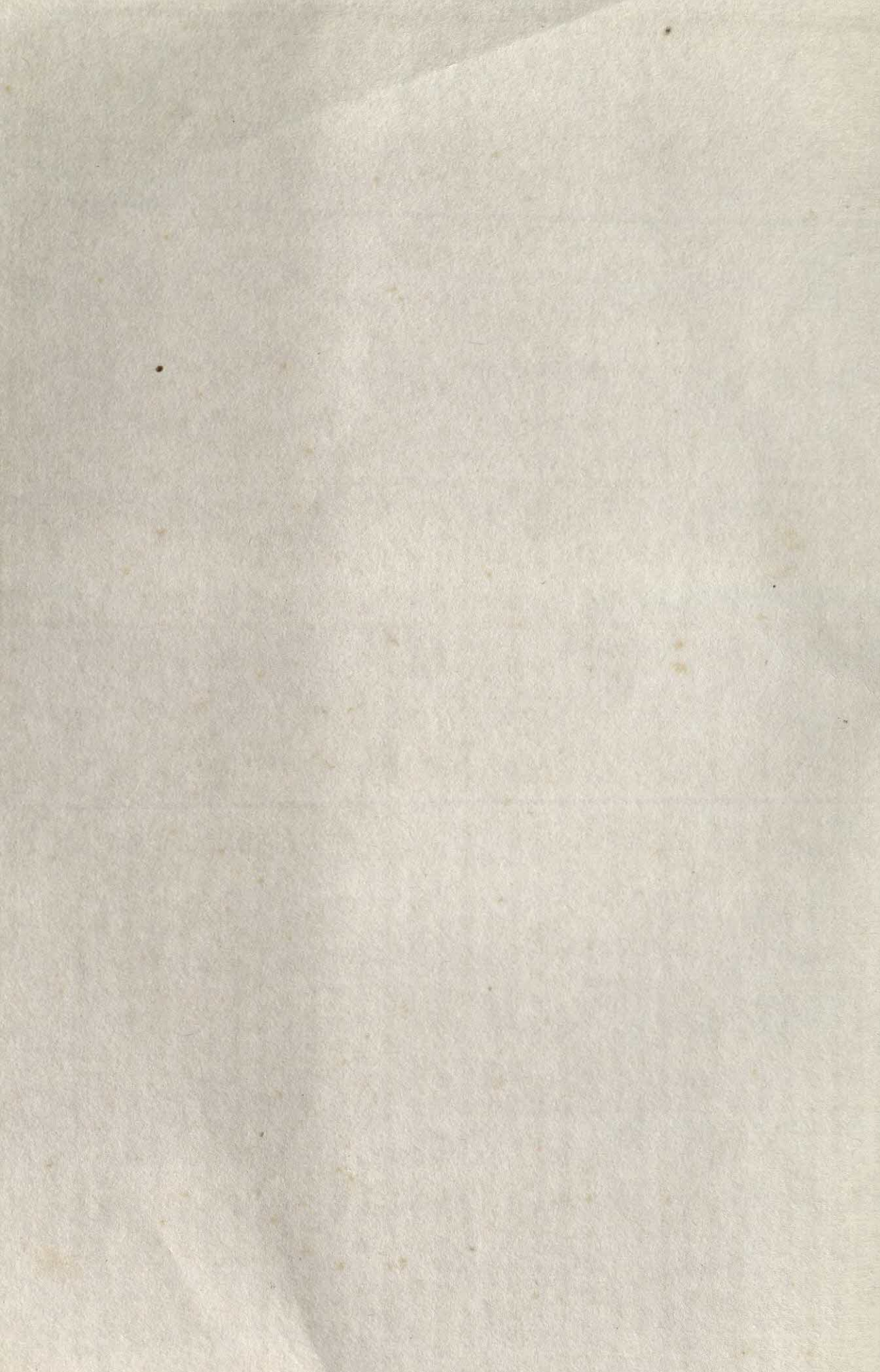
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Government of Kerala

**Report on
Wholesale Price Index of
Manufactured Commodities
2004-2005 & 2005-2006**

**Department of Economics & Statistics
Thiruvananthapuram
2006**





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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 wholehearted co-operation of Sri K.J. Justin, **LD** Compiler and Smt. Malini, R.A officials of the IIP Division under the supervision of Sri. S. Rajendran, Joint Director (S&D), and the overall guidance of Sri. K. Ashokan, Additional Director (SI). Suggestions on the improvement of this publication are most welcome.

M.R. Balakrishnan
Director

Thiruvananthapuram
Date 19-12-2006

REPORT ON 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. Organized 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.

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 has been taken to derive the weights. Manufactured articles flowing into the primary market from outside state have 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 contribution

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.

5. Method of Computation

The Wholesale Price Index of manufactured commodities has been computed by using the Laspeyer's Formula:

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

Where

- I = Wholesale Price Index
W_i = Weight attached to the ith item
R_i = Wholesale price relative of the ith 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)

Year	Organised Sector	Unorganised Sector
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

In the Organised Sector, the Wholesale Price Index of Manufactured Commodities of 2004-05 reversed the previous year's trend and recuperated the 27-year-old trend of increasing the index figure with a 5.78% increase in the overall index, which picks up the 2003-04 index of 883 to 934 during 04-05. The Unorganised Sector also kept up the 28-year-old momentum, which took a back stride only in the year 2003-04 since 1978, by going up in the index figures with a quantum leap of 7.79% increase, i.e., from 975 to 1051.

In continuation of the previous year's trend, during the year 2005-06 too, the Index of the Organised Sector increased by 6.32% compared with 2004-05. The Index of the Unorganised Sector also maintained last year's trend showing an increase of 5.04% over the year.

7. Conclusion

The Index of Organised Manufacturing Sector, which had been fallen in 2002-03 recorded a 5.78% increase during 2004-05 and 6.32% during 2005-06. Index of the Unorganised Sector which also showed a fall in 2003- 2004 displayed a clear increasing trend in both these years with a marked increase of 7.79% and 5.04% in the index respectively.

Organised Sector (2004-05)

On comparing the 2004-05 Index of Wholesale Price in the Organised Sector with that of 2003-04, the index of ten two-digit NIC groups went up with their index figures of this year; the indices of three groups marked a very negligible decrease and the remaining three groups stayed stable. Last year the changes in indices in relation to the previous year were five, eight and in three groups respectively. Those industry groups that showed gross fluctuations in their indices during 2004- 05 are analyzed below.

1. Manufacture of Food Products (20-21)

The index of this group has decreased from 994 to 990 reflecting a decrease of 0.40% during the year. This was due to the decrease of wholesale price of prawns reported from Kollam.

2. Manufacture of Cotton Textiles (23)

This is the industry group which has made the most impacting influence on the overall index of the year by going up from 701 to 860 in its index, which amounts to a rise of 22.68%. The increase in the price of power loom lungi reported from Kannur is the major factor responsible for the increase.

3. Manufacture of Textile Products (26)

The wholesale price index of this group recorded a slight decrease of 3.03%. The index declined from 3931 to 3812 largely due to the fall in wholesale price of coir mattings reported from Alappuzha.

4. Manufacture of Basic Chemicals & Chemical Products (Except Coal & Petroleum) (30)

The index of this industry group increased by 16.24% this year, the last year index 671 has been increased to 780 this year. This is mainly due to the increase in price of Titanium Dioxide reported by TTP Ltd, Thiruvananthapuram.

5. Manufacture of Rubber, Plastic, Petroleum & Coal (31)

The index of this group made an increase comparable to that of the previous year by making an increase of 16.78%, which took the index figure from 715 to 835 this year. The change is due to the increase in price of chappals reported from Kottayam, tubes and tyres from Premier Tyres and petroleum products from IOC, Kochi.

6. Manufacture of Non-metallic Mineral Products (32)

The wholesale price index showed an increase of 2.85%, i.e., the index became 973 from 946. This was due to the increase in wholesale prices of roofing tiles reported from Kozhikkode and cement reported from Kottayam.

7. Manufacture of Basic Metals and Alloys Industries (33)

The index increased from 874 to 916, i.e., the index showed an increase of 4.80%, mainly due to the rise in prices of iron and steel reported from Kozhikkode and aluminium products from Thrissur.

8. Manufacture of Metal Products & Parts Except Machinery & Equipment (34)

The index of this industry group reported an increase of 7.94% in this year with the index figure going up from 453 to 489. The main cause of this increase was found to be the hike in price of metal products reported from Karim Metal Stores, Mannar, Alappuzha.

9. Manufacture of Machine Equipments other than Transport Equipments (35)

The index increased from 672 to 694 showing an increase of 3.27%. The increase was due to the price increase of the power tiller produced by KAMCO, Ernakulam.

10. Manufacture of Transport Equipment and Parts (37)

This industry group has recorded a 13.67% increase in its index over the last year with the result that the index has gone up from 227 to 258. This is due to the increase in price of cycle gear case reported from Thiruvananthapuram.

11. Other Manufacturing Industries (38)

This group showed a decrease of 2.90% in its index. The index figure fell from 283 to 275 due to the slight decrease of wholesale price of ECG reported from Palakkad.

Organised Sector 2005-06

During this year eleven two-digit NIC groups out of the sixteen displayed a clear upward movement while two of them marked a very insignificant drop in index and the other three remained steady.

1. Manufacture of Food Products (20-21)

The index increased from 990 to 1021 gaining a 3.11% above the previous year. This was due to the increase in wholesale price of *karikkadi* and cashew reported from Kollam.

2. Manufacture of Beverages, Tobacco and related Products (22)

This group recorded an increase of 4.40%, i.e., the index rose from 1001 to 1045 due to the increase in price of beer reported from United Breweries, Palakkad.

3. Manufacture of Cotton Textiles (22)

The wholesale price index of this group showed only a negligible increase in index over the previous year, i.e., 1.83%. The index figure went up from 860 to 876.

4. Manufacture of Wood and Wood Products (27)

The index of this group displayed a substantial increase of 7.6%. The index shot up from 2924 to 3147. The reasons for the increase was the wholesale price increase of jack planks and teak planks reported from Kozhikkode and modern furniture and bamboo mats reported from Ernakulam.

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

The index of this group made a sizeable increase of 9.6%. The index figure hit an all-time high of 852, which was 780 last year. This is due to the increase in wholesale price of *thribhaladi* oil reported from Malappuram and DDT from Ernakulam.

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

This sector gained 15.68% increase in its wholesale price Index. The figure last year was 835 which now has reached 966. This was due to the increase in wholesale price of chappals and petroleum products reported from Kottayam and Ernakulam respectively.

7. Manufacture of Non-metallic Mineral Products (32)

This industry group recorded a 6.57% increase in its index as the index went up from 973 to 1037 as result of the hike in the wholesale price of cement and earthenware reported from Kottayam and Kollam respectively.

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

The wholesale price index of this group increased by 8.07% and the index moved upward from 916 to 990 due to the wholesale price increase of aluminium reported from Thrissur.

9. **Manufacture of Transport Equipment and Parts (37)**

The index of this group has gone up from the last year index of 258 to 267 marking a 3.48% increase as a result of the increase in price of cycle gear case reported from Thiruvananthapuram.

Unorganised Sector (2004-05)

Remarkably enough, but for one industry group which has gone down in its index and another which has stayed stable, all the eight remaining NIC groups in the Unorganised Sector showed an increase in their respective indices this year. Last year six groups showed an increasing trend, three decreasing trend and one had no change. Below is a quick rundown of the industry groups which had a decisive influence on the general index of this sector.

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

This industry group has marked an increase of 6.84% in its index this year compared to last year, i.e., the index rose from 980 to 1047. The main reason for this growth is the increase in price of beef, fish (*cora* and *ayala*), bread, khandasari and pappadam reported from various districts.

2. **Manufacture of Beverages, Tobacco & Related Products (22)**

The index of this group moved up from 833 to 917 marking an increase of 10.08%. The increase is attributable to the increase in price of aerated water reported from Thiruvananthapuram and Kottayam.

3. Manufacture of Textile Products (26)

This year the index of this group shot up from 988 to 1200, i.e., increased by 21.46% largely as a result of the increase in price of coir rope reported from Thiruvananthapuram.

4. Manufacture of Wood and Wood Products (27)

Of the ten NIC groups, this is the only group which has undergone a decrease in index of note. The index of this group, under the influence of the fall in price of reed basket reported from Thiruvananthapuram, marked a 6.32% drop in index and the index now stands at 846, which was 903 last year.

5. Other Manufacturing Industries (38)

This year the index jumped from 1135 to 1285 gaining 13.22%. The wholesale price increase of gold reported from Ganesh Jewellery, Alappuzha and Fashion Jewellery, Thrissur brought about the change.

Unorganised Sector (2005-06)

If the infinitesimal decrease in index of two groups and the steady movement of a group in the unorganised sector is ignored, the overall trend was one of an upsurge. The general index of this sector took a clear upward movement from 1051 to 1104 gaining 5.04%.

1. Manufacture of Food Products (20-21)

The index of this group has gone up from the last year index of 1047 to 1087 marking a 3.82% increase due to the increase in the wholesale price of beef and *ayala* reported from Kottayam and Kozhikkode respectively.

2. Manufacture of Beverages, Tobacco and related Products (22)

This group recorded an increase of 3.38% compared to last year, i.e., the index moved from 917 to 948 due to the rise in price of aerated water reported from Thiruvananthapuram.

3. Manufacture of Paper and Paper Products (28)

This industry-group recorded a 4.55% increase in its index as the index went up from 835 to 873 as result of the hike in the wholesale price of notebook and wedding cards reported from Thrissur.

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

The index of this group made a major increase of 21.26%. The index hit an all-time high of 2390, which was 1971 last year. This is due to the phenomenal increase in the wholesale price of lime shell reported from Kottayam.

5. Manufacture of Metal Products and Parts except Machinery and Transport Equipment (34-35)

This industry group recorded a 8.33% increase in its index, as the index went up from 480 to 520 as a result of the rise in wholesale price of iron reported from Kollam.

6. Other Manufacturing Industries (38)

The index increased from 1285 to 1462 gaining 13.78% over the previous year. This was due to the increase in wholesale price of jewelry and ivory reported from Thrissur and Thiruvananthapuram respectively.

APPENDIX I
WHOLESALE PRICE INDEX OF MANUFACTURED COMMODITIES
(ORGANISED)

Base Year: 1975-76

NIC Code	Name of Industry	Weight	Index						
			1975-76	1980-81	1985-86	1990-91	1995-96	1996-97	
20-21	Manufacture of food products	27.96	100	206	310	565	853	913	
22	Manufacture of beverages, tobacco and related products	.64	100	180	493	541	1080	1131	
23	Manufacture of cotton textiles	8.41	100	133	186	291	604	671	
24	Manufacture of wool, silk and man made fiber textiles	1.30	100	150	-	387	688	765	
26	Manufacture of textile products	1.82	100	260	527	1029	1877	2210	
27	Manufacture of wood and wood products	3.73	100	154	343	450	765	761	
28	Manufacture of paper and paper products	7.18	100	163	224	283	226	256	
30	Manufacture of basic chemicals except Petroleum and Coal	21.73	100	121	203	307	520	542	
31	Manufacture of rubber, plastic, petroleum and Coal products	10.53	100	156	206	294	430	450	

NIC Code	Name of Industry	Weight	Index					
			1975-76	1980-81	1985-86	1990-91	1995-96	1996-97
32	Manufacture of non-metallic mineral products	2.41	100	213	328	426	799	957
33	Basic Metals and Alloys Industries	3.63	100	177	244	382	436	684
34	Manufacture of metal products and parts except machinery	1.67	100	132	238	345	557	578
35	Manufacture of machine equipments other than transport equipment	2.04	100	156	232	320	467	513
36	Manufacture of synthetic equipments, photographic equipment, etc.	5.93	100	151	177	250	381	339
37	Manufacture of Transport equipment and parts	0.47	100	121	139	235	221	227
38	Other manufacturing Industries	0.56	100	134	170	226	258	283
	General Index	100	100	166	254	409	634	689

Appendix I Contd.

NIC Code	Name of Industry	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
20-21	Manufacture of food products	1036	1100	1124	1198	1278	1157	994	990	1021
22	Manufacture of beverages, tobacco and related products	710	724	838	868	504	505	1001	1001	1045
23	Manufacture of cotton textiles	681	697	723	749	828	766	701	860	876
24	Manufacture of wool, silk and man made fiber textiles	799	700	618	596	609	609	609	609	609
26	Manufacture of textile products	2255	2865	2824	2842	3343	3771	3931	3812	3807
27	Manufacture of wood and wood products	882	936	954	969	3795	3321	2920	2924	3147
28	Manufacture of paper and paper products	255	261	269	281	294	304	304	304	304
30	Manufacture of basic chemicals except Petroleum and Coal	584	618	610	615	686	674	671	780	852
31	Manufacture of rubber, plastic, petroleum and Coal products	494	498	535	578	574	673	715	835	966

NIC Code	Name of Industry	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
32	Manufacture of non-metallic mineral products	880	872	957	1007	970	949	946	973	1037
33	Basic Metals and Alloys Industries	720	724	717	802	834	850	874	916	990
34	Manufacture of metal products and parts except machinery	574	534	501	541	541	541	453	489	495
35	Manufacture of machine equipments other than transport equipment	548	567	574	617	586	591	672	694	704
36	Manufacture of synthetic equipments, photographic equipment, etc.	213	267	339	352	238	497	419	420	420
37	Manufacture of Transport equipment and parts	227	227	227	227	227	227	227	258	267
38	Other manufacturing Industries	296	291	289	272	279	285	283	275	272
	General Index	732	782	803	844	941	938	883	934	993

APPENDIX II

WHOLE SALE PRICE INDEX NUMBERS OF MANUFACTURED COMMODITIES-UNORGANISED

Base Year: 1975-76 = 100

NIC Code	Name of Industry	Weight	1975-76	1980-81	1985-86	1990-91	1995-96	1996-97
20-21	Manufacture of food products	41.55	100	146	202	325	610	707
22	Manufacture of beverages, tobacco & related foods	3.47	100	126	183	283	517	617
23	Manufacture of cotton textile	1.11	100	136	208	264	548	623
26	Manufacture of textile products	14.33	100	163	238	358	690	724
27	Manufacture of wood and wood products	14.41	100	163	217	341	514	617
28	Manufacture of paper and paper products	2.14	100	131	180	229	552	468
31	Manufacture of chemical and chemical products	4.52	100	-	234	300	494	523
32	Manufacture of non-metallic mineral products	2.54	100	180	323	446	996	1307
34-35	Manufacture of metal products and parts except machinery and transport equipments	2.83	100	150	212	311	478	462
38	Other manufacturing industries	13.10	100	218	296	631	815	906
	General Index	100	100	159	225	369	630	713

APPENDIX II Contd.

NIC Code	Name of Industry	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
20-21	Manufacture of food products	774	853	840	920	989	1037	980	1047	1087
22	Manufacture of beverages, tobacco & related foods	617	617	617	661	783	833	833	917	948
23	Manufacture of cotton textile	679	698	717	763	762	762	702	722	736
26	Manufacture of textile products	827	869	948	963	926	962	988	1200	1200
27	Manufacture of wood and wood products	696	733	757	809	899	899	903	846	844
28	Manufacture of paper and paper products	654	610	646	644	755	777	814	835	873
31	Manufacture of chemical and chemical products	570	546	534	662	697	697	707	707	704
32	Manufacture of non-metallic mineral products	1487	1610	1684	1846	1815	1903	1920	1971	2390
34-35	Manufacture of metal products and parts except machinery and transport equipments	481	474	588	598	475	477	468	480	520
38	Other manufacturing industries	858	853	863	905	910	1053	1135	1285	1462
	General Index	774	817	833	895	935	984	975	1051	1104

APPENDIX III

MONTH-WISE INDEX OF WHOLESALE PRICE OF MANUFACTURED
COMMODITIES 2004-05 & 2005-06

(ORGANISED SECTOR)

MONTH	INDEX (04-05)	INDEX (05-06)
April	896	967
May	895	964
June	902	975
July	897	989
August	908	1005
September	945	1008
October	940	995
November	952	1012
December	967	992
January	969	990
February	969	1007
March	967	1012
General Index	934	993

APPENDIX IV

MONTH-WISE INDEX OF WHOLESALE PRICE OF MANUFACTURED
COMMODITIES 2004-05 & 2005-06

(UNORGANISED SECTOR)

MONTH	INDEX (04-05)	INDEX (05-06)
April	1023	1062
May	1024	1058
June	1028	1074
July	1046	1089
August	1052	1102
September	1053	1108
October	1066	1119
November	1078	1137
December	1077	1138
January	1080	1149
February	1079	1120
March	1002	1093
General Index	1051	1104

Chart I

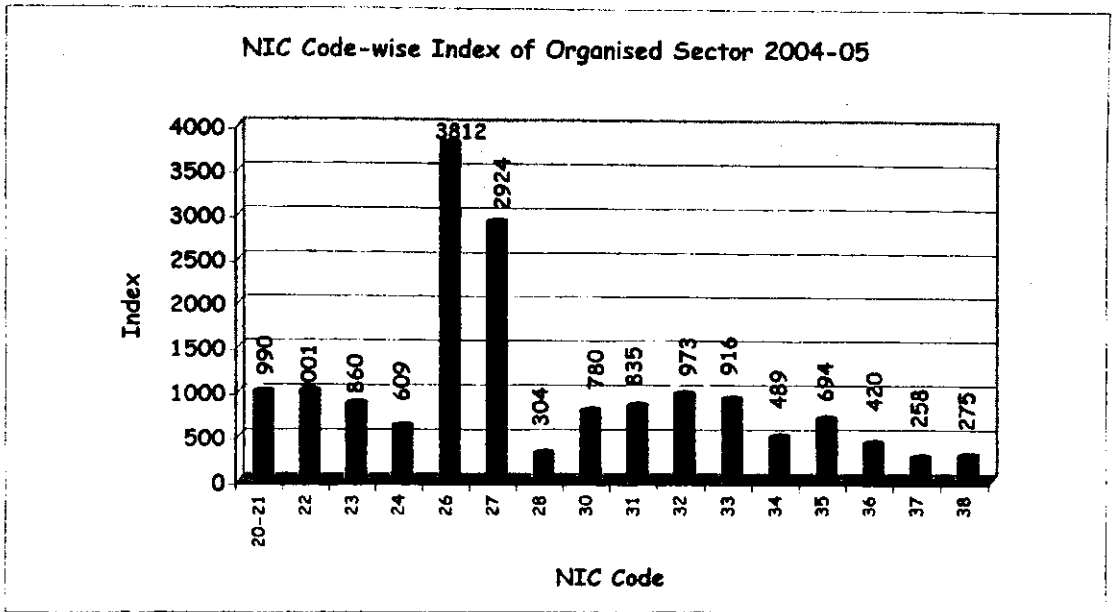


Chart II

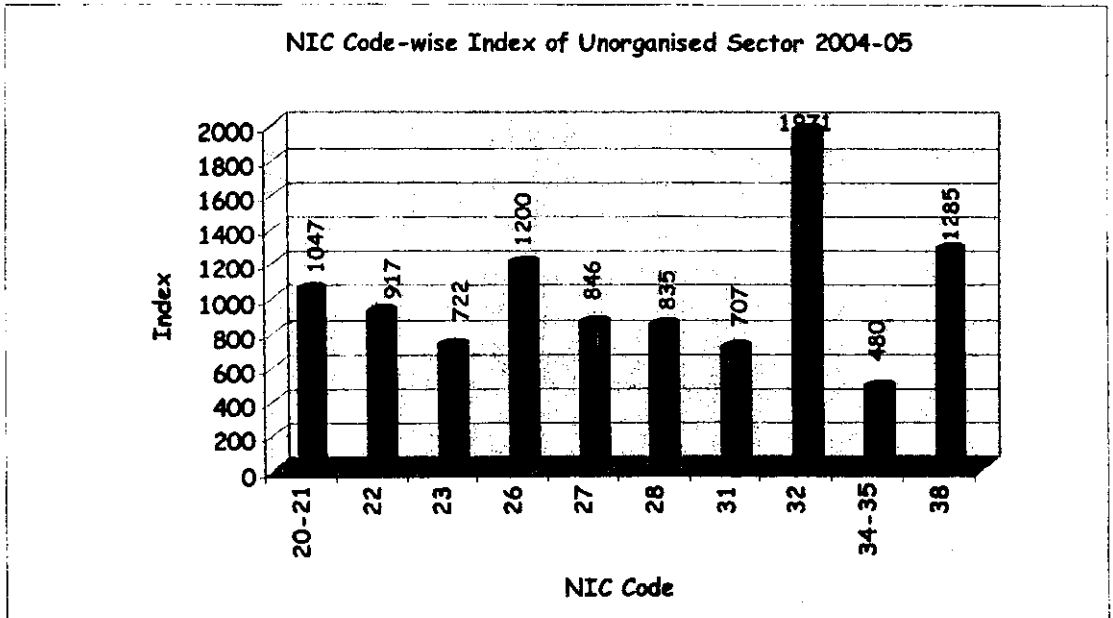


Chart III

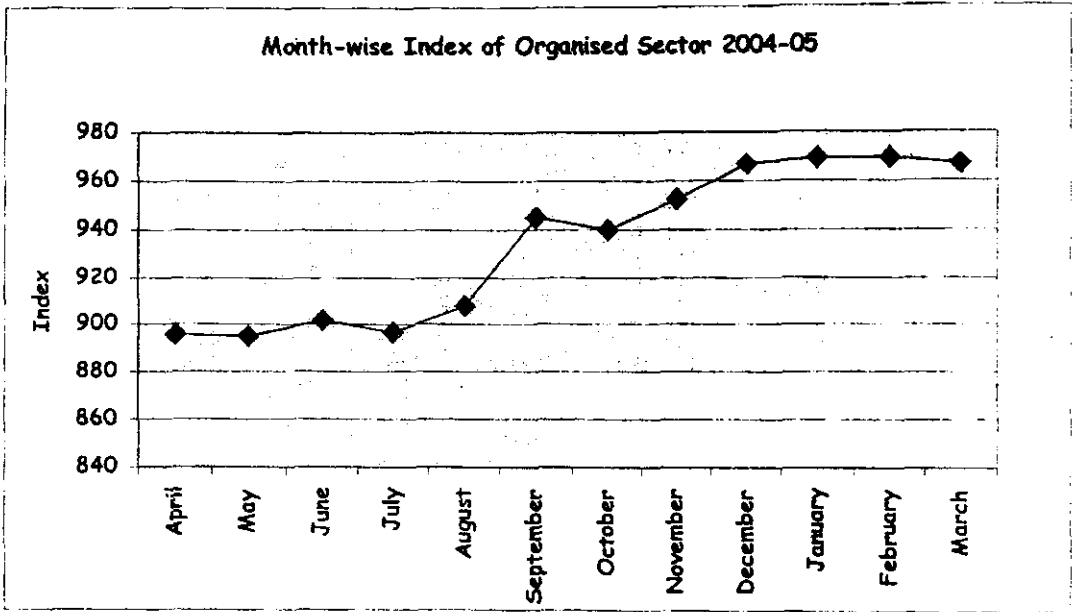


Chart IV

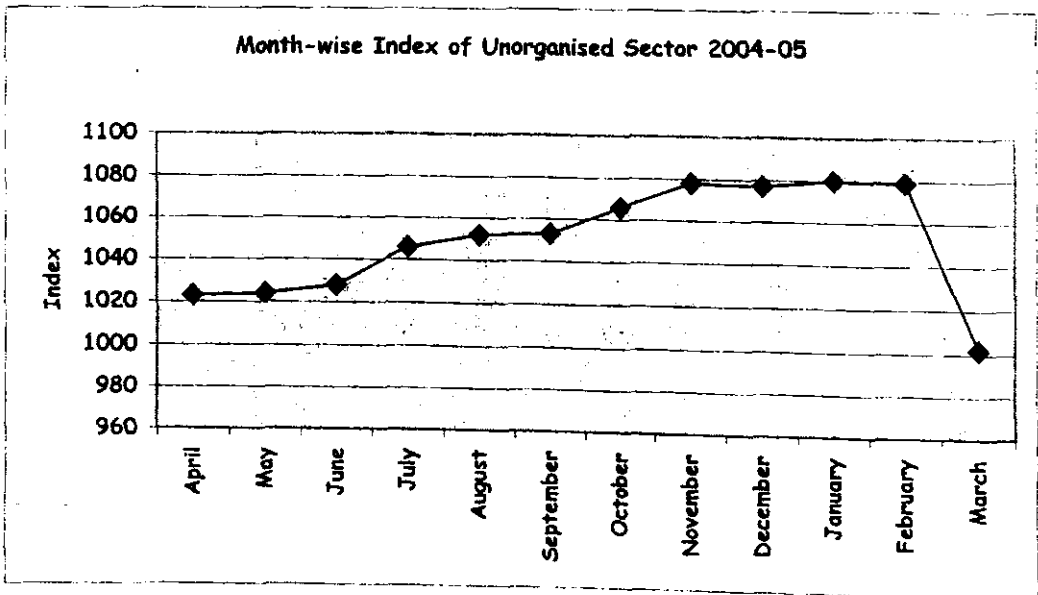


Chart V

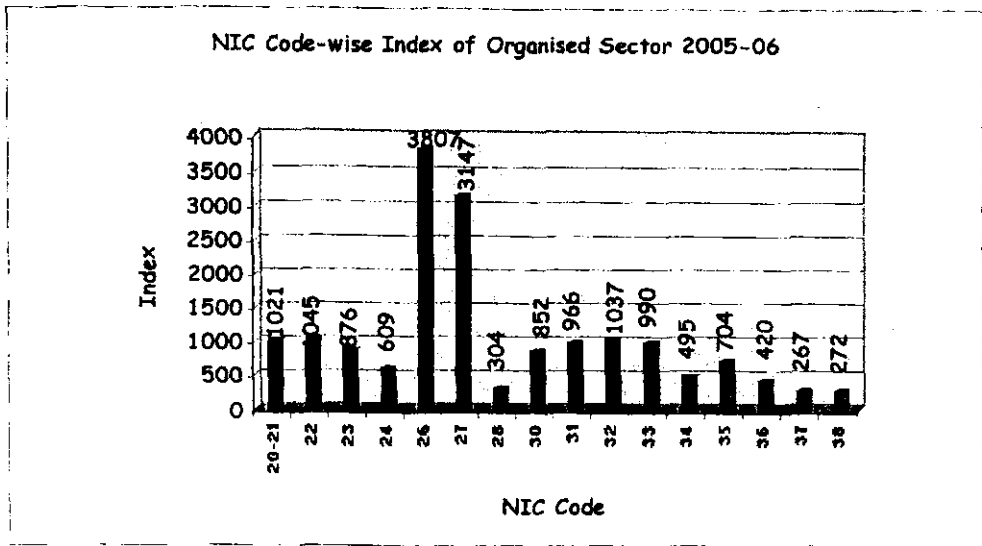


Chart VI

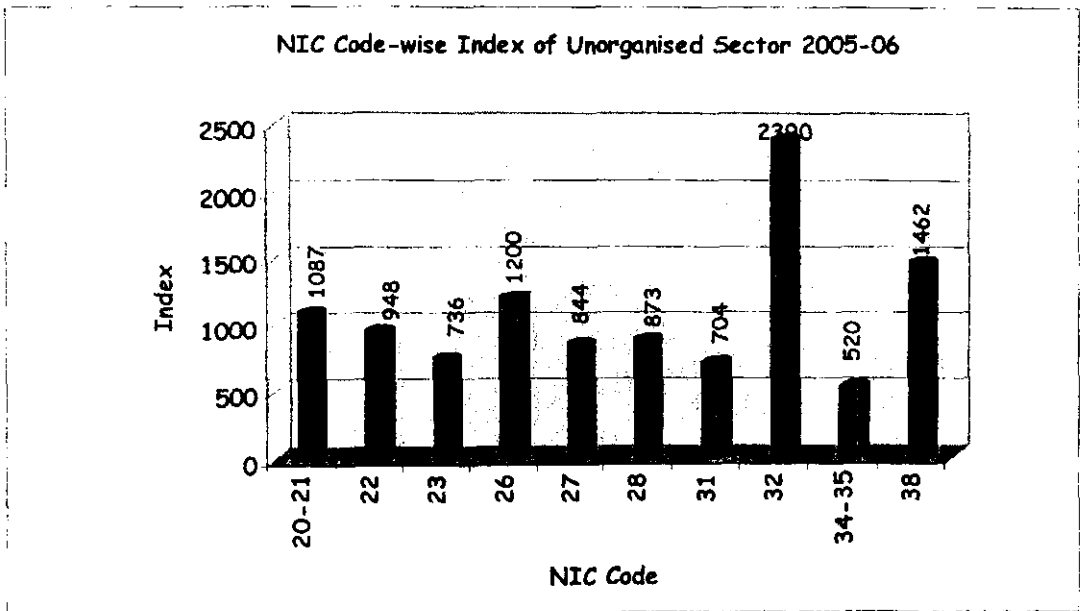


Chart VII

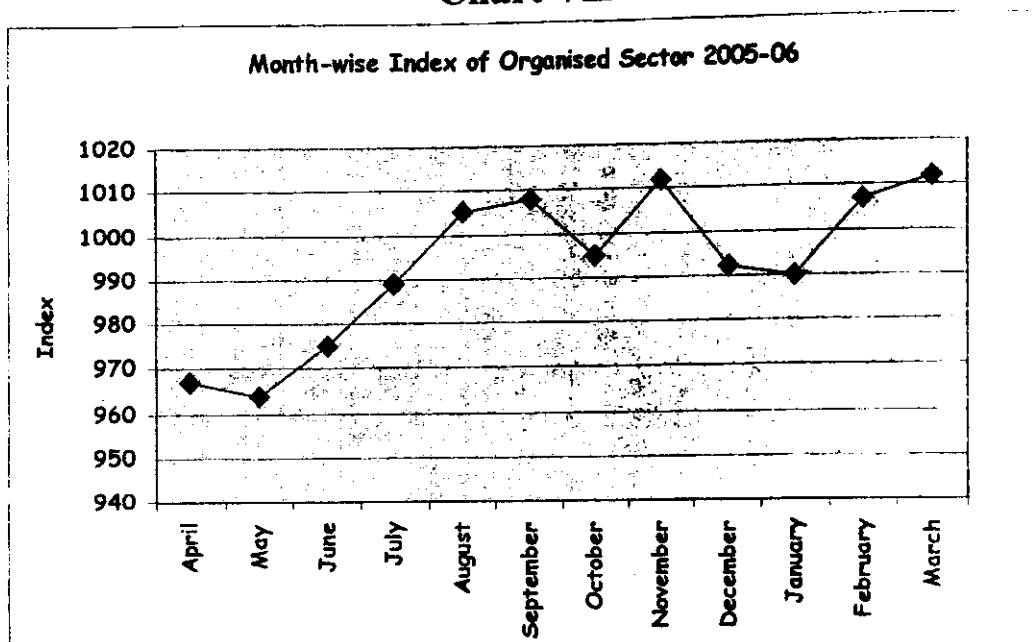
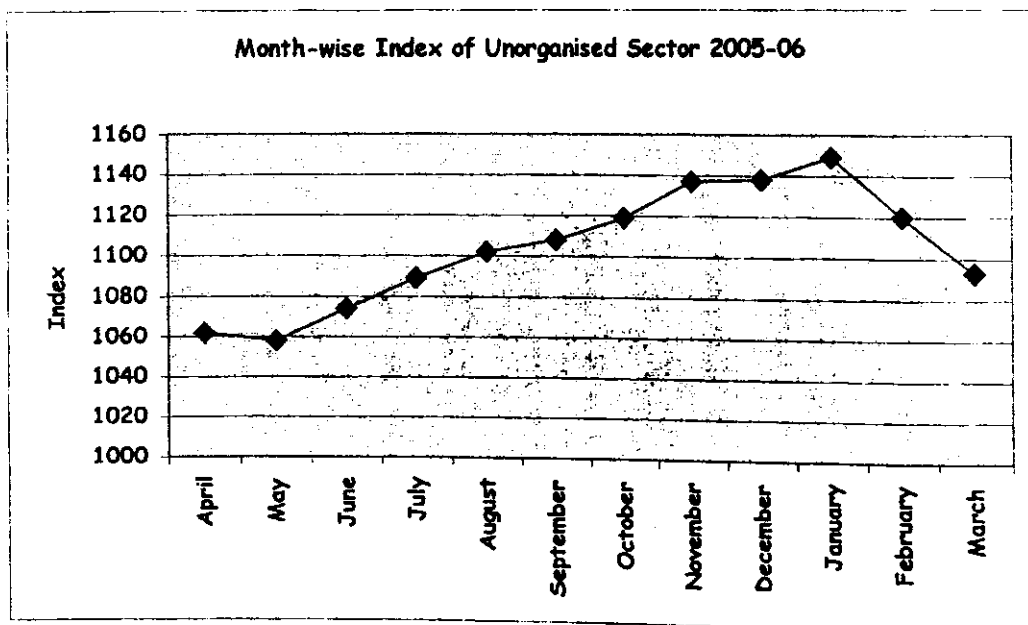


Chart VIII



Trend of Wholesale Price Index over Years

