Wholesale Price Index Numbers

of

Manufactured Commodities of Kerala

(1970-71 to 1987-88)

Department of Economics and Statistics
Trivandrum, Kerala
October - 1988

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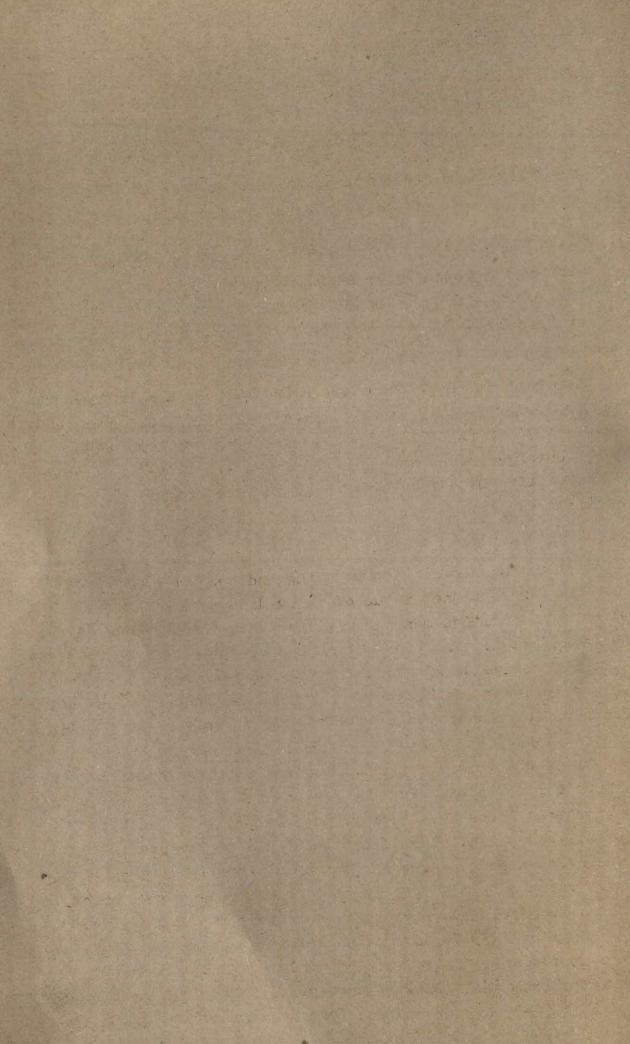
## Preface

The wholesale price Index of Manufactured Commodities in Kerala is an indicator of price movements in the primary markets of the state. To measure this change, the Department of Economics and Statistics compute the wholesale price indices of manufactured commodities.

The indices are computed both for organized and un-organised sectors. The present series is computed for the year 1987-88. The indices for 1970-71 and 1975-76 are given for comparison. The indices are computed by the Index of Industrial Production Unit of the Department of Economics and Statistics.

Trivandrum, 22-10-1988.

K.Balakrishnan Nair
Director of Economics and
Statistics.



# Wholesale Price Index of Manufactured Articles

### Introduction: -

The wholesale price indices of manufactured commodities in Kerala have been computed to trace the price movements in the wholesale transactions of manufactured articles in the primary markets of the state. The indices are also used as price deflators for State income computation. Two series of wholesale price indices are computed. One for commodities manufactured in the organised sector, ie., registered factories and the other for commodities manufactured in the unorganised sector, ie., small establishments and own account enterprises that are not registered as factories.

#### Base period :-

Two separate base years are used for computing indices. For the series relating to the organised sector, the base year used is 1975-76 (April to March), while for the series relating to the un-organised sector, the base year is 1978-79. However the comparison base for both the series used is 1975-76 (April to March).

### Weighting Diagram: -

Weighting diagram for both the indices are constructed using the proportional value of individual items to the gross value of commodities manufactured for sale in the state during the base period. Thus for the series relating to the organised sector, gross value of production during the year 1975-76 and for the series relating to the un-organised sector, gross value of production for the year 1978-79 were taken for computation of the weight. Manufactured articles flowing into the primary markets from outside the state have not been included for the preparation of index. For the assignment of weights individual manufactured items have been grouped on the basis of the National Industrial classification at two digit level. In certain cases where the contribution of individual groups to tottal value of production is nominal, the groups have arranged under a broad class. Production data from the Annual Survey of Industries 1975-76 have been used for organised sector, where as for un-organised sector value of gross production estimated from the follow up surveys of Economic Census conducted in 1978-79 have been used for the preparation of weights.

#### Price Collection: -

The items for the price collection were fixed considering the importance of each item as decided by the gross value of production in the base year and the representative nature as reflected by the price movements of the group it represents. The availability of a particular item in the market for a fairly long period during the year has also been taken into consideration for selecting the items for price collection. In the organised sector, 37 representative items have been selected for collection of price. Under the un-organised sector 27 items have been included for computation of the index.

# Method of Computation: -

The wholesale price index numbers of manufactured commodities have been computed using the formula

$$I = \frac{n}{\sum_{i=1}^{n} \frac{\text{W1 x Pn}}{\text{Po}}} \times 100$$

$$\frac{n}{i=1} \quad \text{Wi}$$

$$i = 1$$

I = Index numbers

W1= Weight attached to the ith item

Pn= Wholesale Price in the current period

Po= Wholesale price in the base period.

## General findings:-

The movement of the general wholesale price index of manufactured commodities in the organised and un-organised sector are given below:-

- Wholesale Price Index Numbers of Manufactured Commodities - (Base: 1975-76 = 100)

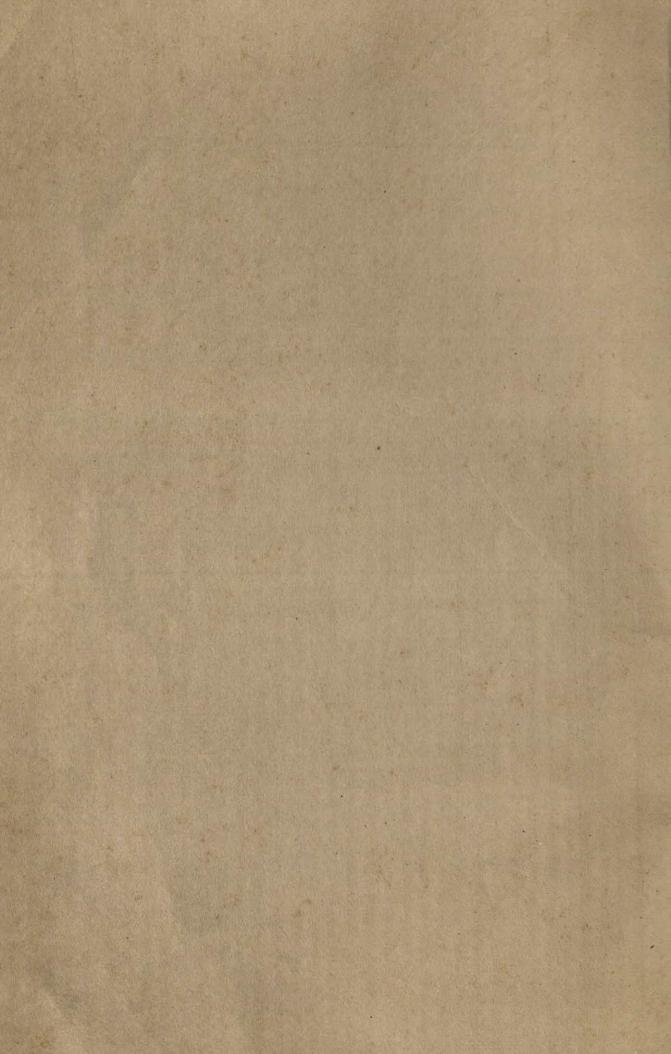
Year	General Inde	x
	Organised sector	Un-organised sector
(1)	(2)	(3)
1970-71	56	66
1975-76	100	100
1976-77	106	105
1977-78	119	112

Contd....

(1)	(2)	(3)
1978-79	121	124
1979-80	131	145
1980-81	166	159
1981-82	179	171
1982-83	188	184
1983-84	214	202
1984-85	244	208
1985-86	254	225
1986-87	319	244
1987-88	324	280

It can be seen that, the General Index has sleadily increased from 166 in 1980-81 to 324 in 1987-'88 under organise sector and from 159 to 280 under un-organised sector. Though the increase is marked both for organised and unorganised sectors, the rate of increase is higher in the case of organise sector. If the look into the decadal increase (1977-78 to 1987-88) of the General Index, the marked increase is 173% under organised sector and 150% under unorganised sector. This increase of general index in the organised sector is attributed by the price rise of industry group 20-21, manufacture of food productin, 22 (manufacture of beverages, tobacco and tobacco products, 27 (Menufacture of wood and wood products, furniture & fixtures) 32 (Non-metalic mineral products) etc. under organised sector. The Index of certain groups are steady or decreased. The industry groups are 28 (paper), 36 (electrical goods) 37 (Transport equipments), 35 (Machinery, machine tools etc.) etc. Under unorganised sector, all the groups marked increase in index.

The sub group-wise indices relating to organised and un-organised sectors are given in Appendices I and II respectively.



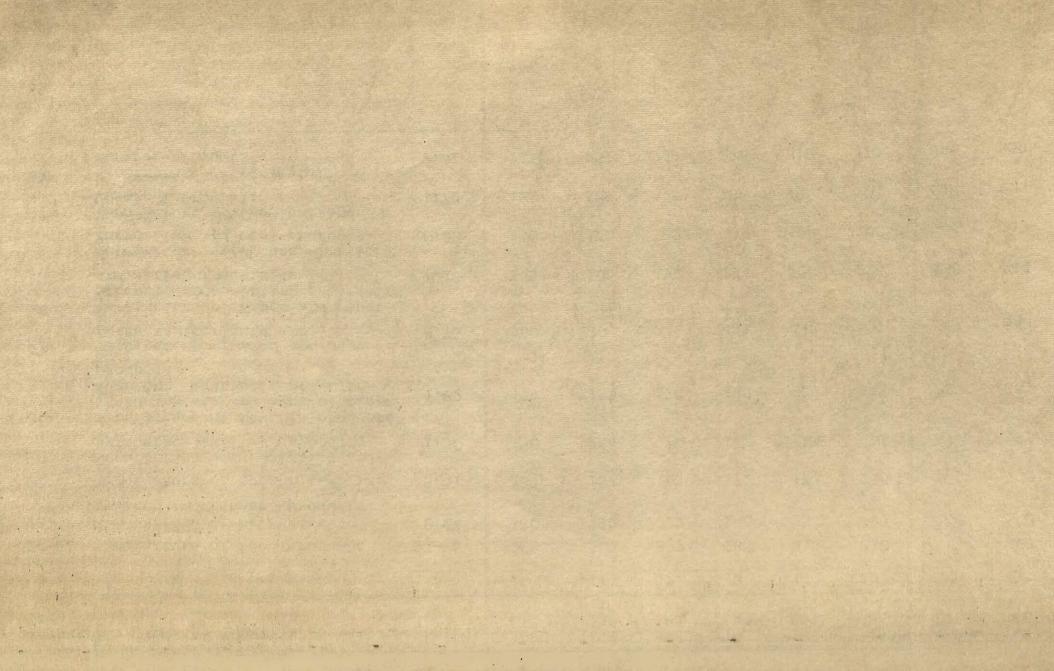
Wholesale price index numbers of manufactured articles (sub-group indices)
Organised Sector (Base: 1975-76 = 100)

Industry code	Name of industry	Weight	1970-71	1975-76	1976-77	1977 <b>-7</b> 8	1978-79	1979-80
20-21	Manufacture of food products	27-96	65	100	120	154	141	151
22	Manufacture of Beverages, tobacco and tobacco products	0.64	86	100	118	123	123	136
23	Manufacture of cotton textiles	8.41	164	100	103	114	121	125
24	Manufacture of wool, silk and synthetic fibre textiles	1.30	61	100	83	127	121	135
26	Manufacture of textile products including wearing apparel other than foot wear (coir and coir products)	1.82	73	100	122	127	140	177
27	Manufacture of wood and wood products, furniture etc.	3.73	64	100	107	115	122	158
28	Manufacture of paper and raper products & printing, publishing and allied industries	7.18	47	100	102	113	126	142
30	Manufacture of Author, Plastic, petroleum and coal products	10.53	67	100	102	105	114	131
31	Manufacture of chemical and chemical products (except products of petroleum & Coal)	21.72	37	100	97	97	96	99
32	Manufacture of non-metallic mineral products	2.41	56	100	98	104	126	162



Appendix - I(Contd...)

1	2	3	4	5	6	7	8	9
33	Basic metal and alloys Industries	3.63		. 100 _	102	108	130	149
34	Manufacture of metal products, parts except machinery and transport equipments	1.67	61	100	107	115	118	139
35	Manufacture of machinery, machine tools and parts	2.04	45	100	101	105	133	144
36	Manufacture of Electrical machinery, apparatus appliances and supplies and parts	5.93	63	100	100	100	104	134.
37	Manufacture of transport equipments and parts	0.47	73	100	100	100	119	123
38	Other manufacturing industries General Index Numbers	0.56	83	100	100	100	112	112
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Appendix - I (contd...)

١	2	3	10	1.1	12	13	14	15	16	17
3.	Basic Metal and alloys industries	3.63	177	198	198	196	221	244	238	255
14.	Manufacture of Metal products, parts except machinery and transport equipments.	1.67	132	162	158	171	196	238	239	259
15.	Manufacture of machinery, machine tools and parts	2.04	156	183	183	186	210	232	238	238
36.	Manufacture of Electrical Machniery, Apparatus, Appliance and Supplies and parts	5.93	151	157	252	154	166	177	181	144
37.	Manufacture of transport equipments and parts	0.47	121	121	124	124	137	139	161	169
88.	Other manufacturing industries	0.56	134	126	126	130	150	170	175	182
	General Index	100	166	179	188	214	244	254	319	324

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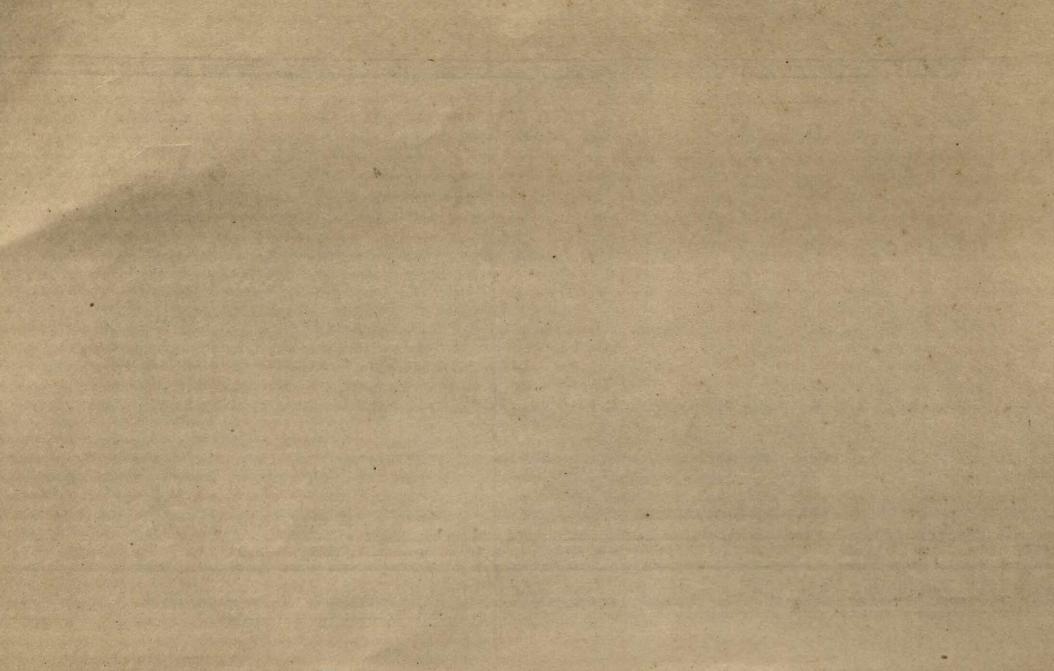
Appendix - 2
Wholesale Price Index Numbers of Manufactured Articles(Sub-group Indices)
(Un-organised Sector)
(Base year 1975-76 = 100)

Industr Code	Industry	Weight	1970-71	1975-76	1976-77	1977-78	1978-79
1	2	3	4	5	6	7	8
20-21	Manufacture of fcod products	41.55	60	100	99	105	117
22	Manufacture of beverages tobacco and tobacco products	3.47	67	100	102	103	118
23	Manufacture of Cctton Textile	s 1.11	63	100	98	99	114
26	Manufacture of Textile Productincluding wearing apparel other than footwear (Coir and Coir products)		68	100	102	115	123
27	Manufacture of wood and wood products	14.41	70	100	117	119	133
28	Manufacture of paper and paper products and printing and publishing and allied industries	2.14	69	100	103	116	117
31	wanufacture of chemical and chemical products	4.52	75	100	111	122	130
32	Manufacture of non-metallic mineral products	2.54	66	100	109	126	141

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THE SECOND SECON			
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1	2	3	4	5	6	7	8	
34	Manufacture of metal products and parts except machinery and Transport equipments							
35	Manufacture of machinery machine tools etc. except electrical machinery	2.83	70	100	106	112	131	
38	Other Manufacturing Industries	13.10	72	100	110	119	132	
	General Index numbers	100	66	100	105	112	124	

Industr code	Y Industry	Weight.	1979-	1980-	1981-	1982-	1983-	1984-	1985-	1986 <b>-</b> 87	1987 <b>-</b>
1	2	3	9	10	11	12	13	14	15	16	17
2021	Manufacture of food product	41.55	133	146	159	180	- 211	189	202	216	249
22	Manufacture of bevera- ges tobacco: and tobacco products	3.47	128	126	158	158	158	183	183	183	221
23	Manufacture of cotton Textiles	1.11	123	136	154	168	180	188	208	203	235
26	Manufacture of textile products including wearing apparel other than footwear etc. (coir and coir products)	14.33	148	152	145	144	149	198	236	260	288
27	Manufacture of wood an wood products	714.41	155	163	177	184	192	210	217	240	262
28	Manufacture of paper and paper products. printing publishing and allied industries	2.14	126	131	138	146	158	147	180	193	193
31	Manufacture of chemi- cal and chemical products	4.52	156	164	166	174	180	209	234	237	<b>2</b> 58
						100					



code	Name of Industry	Weight	1979 <b>-</b> 80	1980-	1981 82	1982- 82	1983- 84	1984 <b>-</b> 85	1985 <b>-</b> 86	1986- 87 f	1987- 88
1	2	3	o	10	15	12	23	19	15	16	17
32	Manufacture of normatalic mineral products	2.54	161	180	205	235	264	295	323	348	<b>3</b> 49
34+	Manufacture of metal products and parts except machinery and Transport equipments.	2,83	142	150	156	157	160	180	212	221	253
35	Manufacture of machinery, machine tools etc. except electrical machinery										
<b>3</b> 8	Other Manufacturing industries	ng 13.10	172	218	243	253	269	280	<b>2</b> 96	330	422
	General Index Numbers	100	145	159	171	184	202	208	225	244	280

