

## **CHAPTER - XII**

### **TRENDS IN PRICES**



### BASIC INFORMATION ABOUT THE CURRENT WHOLESALE PRICE INDEX (WPI)

Wholesale price used in the WPI is the basic (ex-factory/ex-mining) price of a commodity minus trade discount (if any) plus central excise duty (including cess). Under the existing series of WPI, the prices are collected for 435 commodities. The number of commodities remains unchanged, price tend to vary.

Commodity basket	Weight (%)	Items(No.)	Quotations(No.)	Source of price data
All commodities	100.00	435	1918	497
Primary articles	22.02	98(22.53)	455(23.72)	31(6.24)
Fuel, power, light & lubricant	14.23	19(4.37)	72(3.75)	9(1.81)
Manufactured Products	63.75	318(73.10)	1391(72.52)	457(91.95)

- Base year: 1993-94 = 100 (previous series 1981-82 =100)
- No. of items and quotations in the 1993-94 series of WPI figures (figures in bracket are percentage to column total)
- (a) No. of essential commodities in the WPI basket =30  
(b) Weight of 30 items in the WPI =17.63%
- Break-up of sources of price quotations of 1993-94 series

Total	Government	Non- Government
1918 (100.00)	833 (43.00)	1085 (57.00)

- Geographical spread of sources of 1993-94 series  
Delhi = 741 No.s (39.00)  
Outside Delhi = 1177 No.s (61.00)
- Average response rate (as on 15.3.2005) = 7.013%  
(i) Mineral items have highest response rate of 100%  
(ii) Non- metallic Mineral products have lowest response rate of 52.38%
- WPI data are released on weekly frequency. They are released on provisional basis with a time lag of 2weeks from the date of release. As for instance, data released on 25.3.2005 pertain to the week-ended 12.3.05. Finalized data are released with a time lag of 8 weeks.
- Method for construction of WPI  
Laspeyre's formula is used to measure WPI

$$\text{WPI} = \frac{[Q_0 P_0 X (P_n / P_0)]}{[Q_0 P_0]}$$

## BASIC INFORMATION ABOUT THE CURRENT WHOLESALE PRICE INDEX (WPI)

9. Formula for measuring contribution of a sub-group to overall change in WPI during a specified period: (Change in sub-group Index divided by the change in all-commodity WPI of initial (previous) point of time) multiplied by the weights of the sub-group.
10. For linking the indices of base 1981-82 =100 to the indices of base 1993-94 =100, the linking factor is 2.478. Thus, the WPI with base 1981-82, when converted to 1993-94 base, would be WPI number of 1981-82 multiplied by 2.478. Similarly, WPI of base 1993-94 =100 when converted to WPI of base 1981-82 =100 would be the WPI number of 1993-94 base divided by 2.478.
11. WPI is compiled by the Office of the Economic Adviser in the Department of Industrial Policy & Promotion. Matters relating to WPI can be accessed at the website <http://eaindustry.nic.in>
12. Wholesale Price Indices and Inflation Rate (%) over years based on WPI (base year 1993- 94 =100).

Year	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Index	145.3	155.7	161.3	166.8	175.9	187.3	195.6	206.2	215.7
Inflation (%)	3.27	7.16	3.60	3.41	5.46	6.48	4.43	5.42	4.6

The index number for 1994-95 is 112.6. This means that the wholesale prices of 'all-commodities' increased by 12.6% in 1994-95 over 1993-94. The index for 2000-01 is 155.7. This implies that compared to the price in 1993-94, the price in 2000-01 was 55.7% higher. It also implies that from 1993-94 to 2000-01, prices rose by 55.7%. It further implies that price in 2000-01 was 155.7% of what it was in 1993-94.

It is very important to understand that changes in the Index from year to year may not be interpreted as percentages when one of the two years is the base year. The fact that the Index for 2000-01 is 155.7 and for 2001-02 is 161.3 does not imply that the price in 2001-02 was  $61.3 - 55.7 = 5.6\%$  higher than in 2000-01. Comparisons in terms of percentages may be made only with the base-year. We can only say that price in 2000-01 was 55.7% higher than 1993-94 and was 61.3% higher in 2001-02 than in 1993-94.

### 13. Changing the base period of an Index:

It is done by changing the index number of the new base period so that it will equal 100 and then to change all other number using the same operation. Thus, all number in the old index is divided by the index value of the proposed new base period, and then by 100:

$$\text{New Index Value} = \text{Old Index Value} / \text{Index Value of new base} * 100$$

*Source: Office of the Economic Adviser, Ministry of Commerce & Industry.*

TABLE 12.1  
WHOLESALE PRICE INDEX - FINANCIAL AVERAGE OF MAJOR GROUPS AND SUB-GROUPS

(Base : 1993-94=100)

Major Groups/Groups All Commodities	Weight 100.00000	Financial Averages					Percentage Change				
		2003-04 175.9	2004-05 187.3	2005-06 195.6	2006-07 206.2	2007-08 215.7	2004-05 6.5	2005-06 4.4	2006-07 5.4	2007-08 4.6	
I. Primary Article	22.02525	181.5	188.1	193.6	208.7	224.4	3.6	2.9	7.8	7.5	
A. Food Articles	15.40246	181.5	186.3	195.3	210.5	222.0	2.6	4.8	7.8	5.5	
B. Non-Food Articles	6.13812	186.3	187.6	179.1	188.2	211.9	0.7	(-)4.5	5.1	12.6	
C. Minerals	0.48468	121.6	255.1	322.8	413.6	460.4	109.8	26.5	28.1	11.3	
II. Fuel Power Light & Lubricant	14.22624	254.5	280.2	306.8	323.9	327.0	10.1	9.5	5.6	1.0	
III. Manufactured Products	63.74851	156.5	166.3	171.4	179.0	187.8	6.3	3.1	4.4	4.9	
A. Food Products	11.53781	166.7	174.9	176.8	182.5	190.2	4.9	1.1	3.2	4.2	
Beverages Tobacco & Tobacco Product	1.33912	205.6	216.2	226.8	243.5	268.3	5.2	4.9	7.4	10.2	
C. Textiles	9.79992	131.6	135.7	129.5	132.3	130.9	3.1	(-)4.6	2.2	(-)1.1	
D. Wood & Wood Products	0.17306	179.4	179.5	194.6	206.3	215.9	0.1	8.4	6.0	4.7	
E. Paper & Paper Products	2.04403	173.3	174.6	178.5	190.7	194.2	0.8	2.2	6.8	1.8	
F. Leather & Leather Products	1.01933	146.9	155.7	166.8	159.5	166.1	6.0	7.1	(-)4.4	4.1	
G. Rubber & Plastic Products	2.38819	135.0	134.5	139.1	148.2	158.9	(-)0.4	3.4	6.5	7.2	
H. Chemical & Chemical Products	11.93121	177.2	181.7	188.2	193.9	204.6	2.5	3.6	3.0	5.5	
I. Non-Metalllic Mineral Products	2.51591	148.3	157.7	170.0	191.7	208.7	6.3	7.8	12.8	8.9	
Basic Metal Alloys & Metals Products	8.34186	167.8	203.3	218.4	233.3	248.6	21.2	7.4	6.8	6.6	
K. Machinery & Machine Tools	8.36331	132.7	140.2	147.4	155.6	166.6	5.7	5.1	5.6	7.1	
L. Transport Equipment & Parts	4.29475	147.4	154.3	159.9	162.4	166.8	4.7	3.6	1.6	2.7	

Source: Office of the Economic Adviser, Ministry of Commerce & Industry

**TABLE 12.2**  
**INDEX NUMBERS OF WHOLESALE PRICE (AVERAGE OF MONTHS)**

(Base: 1981-82=100)

Year	General Index of wholesale Prices (Weight= 100.00)	Percentage change compared to previous year	Wholesale Prices Index for Manu- factured Products (Weight=570.42)	Percentage change compared to previous year
1	2	3	4	5
1971-72	105.6	5.6	109.5	9.5
1975-76	173.0	(-)1.1	171.2	1.4
1976-77	176.6	2.1	175.2	2.3
1977-78	185.8	5.2	179.2	2.3
1978-79	185.8	—	179.5	0.2
1979-80	217.6	17.1	215.8	20.2
1980-81	257.5	18.2	257.3	19.2
1981-82	100.0	9.3	270.6	5.2
1982-83	104.9	4.9	103.5	3.0
1983-84	112.8	7.5	109.8	6.0
1984-85	120.1	6.5	117.5	7.0
1985-86	125.4	4.4	124.5	6.0
1986-87	132.7	5.8	129.2	3.0
1987-88	143.5	8.1	138.5	7.0
1988-89	154.2	7.5	151.5	9.4
1989-90	165.7	7.5	168.6	11.3
1990-91	182.7	10.3	182.8	8.4
1991-92	207.8	13.7	203.4	11.3
1992-93	228.7	10.1	225.6	10.9
<b>(Base : 1993-94=100)</b>				
1993-94	100.0	—	100.0	—
1994-95	112.6	12.6	112.3	12.3
1995-96	121.6	8.0	121.9	8.5
1996-97	127.2	4.6	124.4	2.1
1997-98	132.8	4.4	128.0	2.9
1998-99	140.7	5.9	133.6	4.4
1999-00	145.3	3.3	137.2	2.7
2000-01	155.7	7.2	141.7	3.3
2001-02	161.3	3.6	144.3	1.8
2002-03	166.8	3.4	148.1	2.6
2003-04	175.9	5.5	156.5	5.7
2004-05	187.3	6.5	166.3	6.3
2005-06	195.6	4.4	171.4	3.1
2006-07	206.2	5.4	179.0	4.4
2007-08	215.7	4.6	187.8	4.9

Note : Figures since 1971 - 72 to 1980-81 are based on old Base Year i.e  
1970-71 = 100, and 1982-83 to 1992-93 are based on base year 1981-82=100

Source : Office of the Economic Adviser, Ministry of Commerce & Industry.

**TABLE 12.3**  
**ALL INDIA CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS**  
**(AVERAGE OF MONTHS)**

Year Wise					
(Base : 1960 = 100 , 1982=100 and 2001=100)					
Calendar Year	Base Year	General Index	Financial Year	Base Year	General Index
1	2	3	4	5	6
<b>I - Base Year 1960 =100</b>					
1970	1960=100	184	1970-71	1960=100	186
1973	1960=100	236	1973-74	1960=100	250
1974	1960=100	304	1974-75	1960=100	317
1975	1960=100	321	1975-76	1960=100	313
1976	1960=100	296	1976-77	1960=100	301
1977	1960=100	321	1977-78	1960=100	324
1978	1960=100	329	1978-79	1960=100	331
1979	1960=100	350	1979-80	1960=100	360
1980	1960=100	390	1980-81	1960=100	401
1981	1960=100	441	1981-82	1960=100	451
1982	1960=100	475	1982-83	1960=100	486
1983	1960=100	532	1983-84	1960=100	547
1984	1960=100	576	1984-85	1960=100	582
1985	1960=100	608	1985-96	1960=100	620
1986	1960=100	661	1986-87	1960=100	674
1987	1960=100	719	1987-88	1960=100	736
1988*	1960=100	775	1988-89	1960=100	786
<b>II - Base Year 1982 =100</b>					
1989	1982=100	171	1989-90	1982=100	173
1990	1982=100	186	1990-91	1982=100	193
1991	1982=100	212	1991-92	1982=100	219
1992	1982=100	237	1992-93	1982=100	240
1993	1982=100	252	1993-94	1982=100	258
1994	1982=100	278	1994-95	1982=100	284
1995	1982=100	306	1995-96	1982=100	313
1996	1982=100	334	1996-97	1982=100	342
1997	1982=100	358	1997-98	1982=100	366
1998	1982=100	405	1998-99	1982=100	414
1999	1982=100	424	1999-00	1982=100	428
2000	1982=100	441	2000-01	1982=100	444
2001	1982=100	458	2001-02	1982=100	463
2002	1982=100	477	2002-03	1982=100	482
2003	1982=100	496	2003-04	1982=100	500
2004	1982=100	514	2004-05	1982=100	520
2005	1982=100	536	2005-06*	1982=100	540@
<b>III - Base Year 2001 =100</b>					
2006	2001=100	123	2006-07	2001=100	125
2007	2001=100	131	2007-08	2001=100	133
(ii) @ Average Based on 9 Months only @ . Average Based on 6 Months only					
Source : Labour Bureau, Government of India.					

**TABLE 12.4**  
**CONSUMER PRICE INDEX NUMBERS (GENERAL) FOR INDUSTRIAL WORKERS -**  
**ALL INDIA AND SELECTED CENTRES**

Centres	(Base : 1982=100 )				(Base : 2001=100 )			
	1991	2001	2002	2003	2004	2005	2006	2007
1	2	3	4	5	6	7	8	9
1 Ajmer	217	452	472	487	510	537	122	129
2 Ahmedabad	218	460	476	488	507	519	120	129
3 Alwaye	195	458	478	490	515	542	125	131
4 Amritsar	204	403	418	431	452	492	130	139
5 Bangalore	204	438	452	476	501	533	125	136
6 Bhopal	218	488	510	525	537	561	127	135
7 Mumbai	226	528	558	583	604	611	126	134
8 Kolkata	218	492	530	541	565	587	121	132
9 Delhi	218	529	550	570	598	648	122	128
10 Hyderabad	203	438	468	496	512	532	116	123
11 Indore	222	470	488	511	521	537	122	131
12 Jamshedpur	204	419	431	456	479	508	126	132
13 Kanpur	222	447	459	471	489	520	125	132
14 Chennai	208	487	513	533	549	565	118	124
15 Srinagar	202	520	547	574	599	632	118	125
16 Yamunagar	201	428	443	462	486	521	127	133
<b>All India</b>	<b>212</b>	<b>458</b>	<b>477</b>	<b>496</b>	<b>514</b>	<b>536</b>	<b>123</b>	<b>131</b>

@ = New Series Base: 2001=100 has been introduced w.e.f. the indices of January, 2006 replacing the earlier series on base: 1982=100

Source : Labour Bureau, Shimla.

**TABLE 12.5**  
**CONSUMER PRICE INDEX NUMBERS (GENERAL) FOR AGRICULTURE LABOURERS**  
**(AVERAGE OF MONTHS)**

Agriculture Year (July-June)	Index	Calender Year	Index
1	2	3	4
1970-71	192	1970	194
1974-75	368	1974	332
1975-76	317	1975	360
1976-77	302	1976	290
1977-78	323	1977	320
1978-79	317	1978	319
1979-80	360	1979	333
1980-81	409	1980	383
1981-82	448	1981	436
1982-83	481	1982	458
1983-84	522	1983	511
1984-85	525	1984	521
1985-86	555	1985	538
1986-87	578	1986	567
1987-88	650	1987	608
1988-89	724	1988	690
1989-90	752	1989	745
1990-91	830	1990	774
1991-92	1007	1991	913
1992-93	1073	1992	1070
1993-94	1147	1993	1086
1994-95	1283	1994	1215
1995-96	240@	1995	1347*
1996-97	260	1996	249
1997-98	269	1997	262
1998-99	299	1998	287
1999-00	309	1999	304
2000-01	304	2000	307
2001-02	311	2001	307
2002-03	323	2002	315
2003-04	332	2003	328
2004-05	342	2004	337
2005-06	358	2005	348
2006-07	388	2006	372
2007-08	417	2007	402

@ = New Series of CPI Numbers for Agriculture Labourers on Base 1986-87=100 released w.e.f November, 1995. Linking factor for Agri. Labourers is 5.89. Average based on 8 months i.e. November, 1995 to June, 1996.  
\*: Average based on 10 months i.e. from January, 1995 to October, 1995

*Source: Labour Bureau, Shimla.*

**TABLE 12.6**  
**AVERAGE CONSUMER PRICE INDEX NUMBERS FOR AGRICULTURE LABOURERS**  
 (Base : 1986 - 87 =100)

Sl.	State	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1		2	3	4	5	6	7	8	9
1	Andhra Pradesh	317	328	342	347	357	371	401	430
2	Assam	322	320	330	343	347	362	388	417
3	Bihar	282	290	299	311	324	347	384	411
4	Gujarat	314	320	332	339	350	369	403	424
5	Haryana	313	322	329	341	359	376	403	447
6	Himanchal Pradesh	292	298	308	321	325	343	367	376
7	Jammu & Kashmir	326	331	344	345	348	359	392	413
8	Karnataka	302	309	325	341	340	341	367	406
9	Kerala	321	321	330	342	351	356	374	403
10	Madhya Pradesh	310	310	318	318	330	352	388	412
11	Maharashtra	303	306	321	335	350	368	402	432
12	Manipur	316	304	300	308	310	328	337	367
13	Meghalaya	346	351	343	350	360	382	410	439
14	Orissa	304	300	298	314	320	334	365	400
15	Punjab	316	326	331	343	355	380	417	448
16	Rajasthan	311	309	325	323	346	377	413	439
17	Tamil Nadu	299	311	344	349	347	355	371	403
18	Tripura	324	322	325	326	337	351	383	407
19	Uttar Pradesh	301	312	323	331	343	371	408	433
20	West Bengal	292	303	305	321	333	342	365	395
	<b>All India</b>	<b>304</b>	<b>311</b>	<b>323</b>	<b>332</b>	<b>342</b>	<b>358</b>	<b>388</b>	<b>417</b>

Note : New Series of Consumer Index Number for Agricultural Labourers (Base 1986-87=100)  
 Released with effect from November, 1995 replacing the old series on Base : 1960-61=100  
 @ Average Based on 8 month i.e. from November, 95 to June,96.

Source : Labour Bureau, Shimla

**TABLE 12.7**  
**AVERAGE CONSUMER PRICE INDEX NUMBERS FOR**  
**URBAN NON-MANUAL EMPLOYEES**

Calendar Year	General Index	Financial Year	General Index
1	2	3	4
<b>(Base : 1960=100)</b>			
1970	173	1970-71	174
1971	178	1971-72	180
1972	189	1972-73	192
1973	212	1973-74	221
1974	259	1974-75	270
1975	279	1975-76	277
1976	273	1976-77	277
1977	292	1977-78	296
1978	304	1978-79	306
1979	321	1979-80	330
1980	359	1980-81	369
1981	403	1981-82	413
1982	437	1982-83	446
1983	480	1983-84	492
1984	524	1984-85	532
1985	558	1985-86	568
1986	602	1986-87	613
1987	653	1987-88	668
<b>Base :-1984-85=100</b>			
1988	133	1988-89	136
1989	143	1989-90	145
1990	156	1990-91	161
1991	177	1991-92	183
1992	199	1992-93	202
1993	212	1993-94	216
1994	231	1994-95	237
1995	254	1995-96	259
1996	276	1996-97	283
1997	297	1997-98	302
1998	330	1998-99	337
1999	348	1999-00	352
2000	366	2000-01	371
2001	386	2001-02	390
2002	402	2002-03	405
2003	416	2003-04	420
2004	432	2004-05	436
2005	451	2005-06	456
2006	478	2006-07	486
2007	509	2007-08	515
<i>Source : Central Statistical Organisation</i>			

**TABLE 12.8**  
**AVERAGE CONSUMER PRICE INDEX NUMBERS FOR URBAN NON-MANUAL EMPLOYEES**  
**ALL INDIA AND SELECTED CENTRES**

(Base Year:- 1984-85=100)

Centre	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>All India</b>	<b>371</b>	<b>390</b>	<b>405</b>	<b>420</b>	<b>436</b>	<b>456</b>	<b>486</b>	<b>515</b>
1. Mumbai	375	395	406	415	434	450	478	504
2. Delhi	381	398	412	425	446	472	499	521
3. Kolkata	344	355	364	382	398	416	439	476
4. Chennai	420	456	486	502	520	543	569	605
5. Hyderabad	383	410	427	440	459	488	526	560
6. Bangalore	389	412	424	442	456	480	513	546
7. Lucknow	342	364	383	401	421	438	465	484
8. Ahmedabad	337	350	361	371	385	400	426	449
9. Jaipur	371	388	403	411	427	443	477	515
10. Patna	344	359	366	382	396	418	451	484
11. Srinagar	393	403	403	419	430	449	475	513
12. Trivandrum	362	384	406	426	449	479	507	535
13. Cuttak	365	379	390	412	428	447	479	507
14. Bhopal	361	375	386	391	394	417	458	482
15. Chandigarh	445	464	482	525	561	605	637	665
16. Shilong	382	406	422	435	445	466	499	565

Source: Central Statistical Organisation.