

CHAPTER 6

PRICE TRENDS

1. The inflation rate is the best measure of changes in the prices of groups of commodities over a period of time. This is measured by the Wholesale Price Index (WPI), Consumer Price Index (CPI) for Industrial Workers, Consumer Price Index for Urban Non-Manual Employees (UNME) and Consumer Price Index for Agricultural and Rural Labourers (CPI-ARL) depending upon what the end-user agency requires. The WPI reflects the change in wholesale prices during a year over a pre-defined base year. The rate of inflation as per Wholesale Price Index at the national level was 4.8% during 1998-99 compared to 5.3% during 1997-98 (table 6.1).

Box 6.1

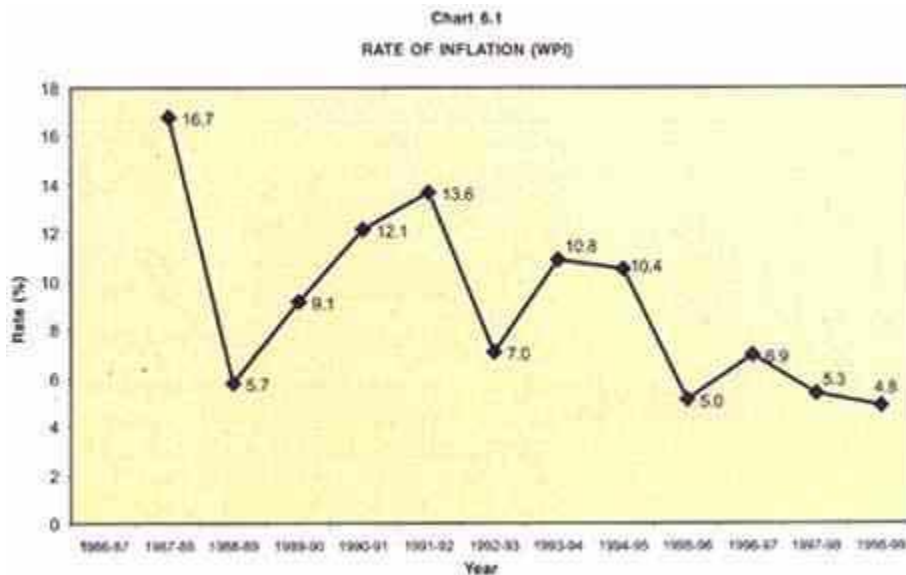
Methodology for compilation of Wholesale Price Index

The current series is calculated on the principle of weighted arithmetic mean as in the previous series. The price relatives are calculated as the percentage ratios which current prices bear to those prevailing in the base period. In other words, the price relative for each variety/quotation is calculated by dividing the current price by the corresponding base period (1981-82) price and multiplying the resulting figure by 100. The commodity index is arrived at as the simple arithmetic average of the price relatives of varieties/quotations selected for the commodity.

The indices for the sub-groups/groups/major groups of commodities are in turn, worked out as the weighted arithmetic mean of the indices of the items/sub-groups/group falling under their respective heads.

The current series includes 447 individual items and 2371 price quotations under the three major groups, namely (1) Primary Articles (93 items and 519 quotations), (2) Fuel, Power Light & Lubricants (20 items and 73 quotations) and (3) Manufactured Products (334 items and 1799 quotations).

The current series of WPI in India with base year 1981-82 = 100 is being compiled by Ministry of Industry, Govt. of India w.e.f. July, 1989, replacing the old series which had 1970-71 = 100 as the base year. WPI is compiled only at the All India level and is not compiled separately at State/Union Territory level.



CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS

2. The current series of Consumer Price Index for industrial Workers is being compiled since 1989 using 1982 as the base year, replacing the old series (1960=100). The Labour Bureau, Shimla has been compiling and releasing the index on a monthly basis for 70 selected centres in India, including Delhi. Price data is collected by the field staff of the State Government for respective centres. In Delhi, the field staff of Directorate of Economics & Statistics collects price data from six different markets namely Subji Mandi, Bara Hindurao, Moti Nagar, Rani Bagh, Shahdara and Bhogal on weekly and monthly basis. These rates are supplied to Labour Bureau, Shimla for compilation of the Consumer Price Index Number.

3. This Index Number is used to work out dearness allowance of Govt. Employees and Industrial workers.

4. The Consumer Price Index for Industrial Workers for Delhi since 1989 indicates that the Index was 180 in 1989, 299 in 1994 and 480 in 1999. The Index registered its highest increase of 17.63% in 1998 (Table 6.2).

Among the metropolitan cities, the percentage increase in the CPI during 1999 (Calendar Year) was the highest in Delhi(7.38%) followed by Calcutta (5.05%), Chennai (4.94%) and Mumbai (3.31%) (Table 6.3).



5. The Index is separately prepared for six groups and then combined by assigning weights to each group. The weighted diagram for each group differs for each centre in the country. In the case of Delhi, the highest weight (50.70%) is assigned to the food group, followed by 14% for housing and 12.5% for clothing, bedding and footwear. The highest weight in Delhi is accorded to milk & products followed by cereals & products (Table 6.4).

6. Delhi's annual average Index increased from 447 in 1998 to 480 in 1999 (7.38%). The disaggregated picture reveals that :

(a) Index for food group decreased by 2.42% due to fall in prices of oil & fats, condiments & spices, vegetables & fruits.

(b) Index for Housing Group Increased by 48.67% due to substantial increase in House rent Allowance of Government employees @ 30% of the basic pay after the implementation of the Fifth Pay Commission.

(c) Index for Medical Care increased by 28.09% due to hike in the prices of medicines and consultation fee of Doctors.

(d) Index for Transport & Communication Group increased by 22.46% due to increase in DTC fare and increase in postal charges.

Time series data of CPI from 1989 to 1999 under six major groups is given in table 6.5

CONSUMER PRICE INDEX FOR URBAN NON-MANUAL EMPLOYEES

7. The CPI is compiled by the Central Statistical Organization, Government of India on monthly basis and the twelve monthly average is calculated to give the index for the year. Data is collected from 59 centers located all over the country, including Delhi, and a separate index is calculated for each center. This index is used by Public Sector Undertakings, Banks and Insurance companies etc. to grant dearness allowance to their employees. Table 6.6 presents average Consumer Price Index Number for Urban Non-manual Employees in respect of 59 centers from 1991 to 1999. Among the metropolitan cities, the highest average increase in CPI in 1999 was 9.54% in Delhi followed by 5.82% in Chennai, 4.80% in Mumbai, 4.50% in Calcutta and 5.45% at the National Level.

CONSUMER PRICE INDEX FOR AGRICULTURAL LABOURERS AND RURAL LABOURERS

8. The present Consumer Price Index Number for Agricultural Labourers and Rural Labourers is being compiled by Labour Bureau, Shimla from November 1995 with base year 1986-87, replacing the old base of 1960-61. The New series of index number covers 20 States at All India level but not Delhi. Table No. 6.7 presents CPI for Agricultural Labourers and Rural Labourers with base year 1986-87 = 100.

Table 6.1

All India Wholesale Price Index (WPI)

(Base 1981-82=100)

Year	WPI	Rate or inflation
1	2	3
1986-87	134.2	-
1987-88	148.5	16.7
1988-89	156.9	5.7
1989-90	171.1	9.1
1990-91	191.8	12.1
1991-92	217.8	13.6
1992-93	233.1	7.0
1993-94	258.3	10.8
1994-95	285.2	10.4
1995-96	299.5	5.0

1996-97	320.1	6.9
1997-98	337.1	5.3
1998-99	353.3	4.8

WPI based on Annual Average

Source: Office of the Economic Advisor, Department of Industrial Policy & Promotion, Govt. of India.

Table 6.2
CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS IN DELHI AND ALL INDIA

(BASE 1982=100)

Year (Jan. To Dec.)	Delhi Index	Percentage Variation Over Previous Year	Index	All India Percentage Variation Over Previous Year
1	2	3	4	5
1989	180	-	171	-
1990	195	8.33	186	8.77
1991	218	11.79	212	13.98
1992	247	13.3	237	11.79
1993	272	10.12	252	6.33
1994	299	9.93	278	10.32
1995	327	9.36	306	10.07
1996	346	5.81	334	9.15
1997	380	9.83	358	7.19
1998	447	17.63	405	13.13
1999	480	7.38	424	4.69

Source : Labour Bureau, Shimla

Table 6.3
CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS
1989to1999-Metro Cities

(Base 1982=100)

Year All India Percentage Delhi Percentage Calcutta Percentage Chennai Percentage Mumbai
Percentage
Variation Variation Variation Variation Variation

1	2	3	4	5	6	7	8	9	10	11
1989	171		180		176		170		176	

1990	186	8.77	195	8.33	196	11.36	183	7.65	195	10.79
1991	212	13.98	218	11.79	218	11.22	208	13.66	226	15.90
1992	237	11.79	247	13.30	238	9.17	238	14.42	255	12.83
1993	252	6.33	272	10.12	257	7.98	258	8.40	273	7.06
1994	278	10.32	299	9.93	280	8.95	287	11.24	306	12.09
1995	306	10.07	327	9.36	312	11.43	330	14.98	330	10.78
1996	334	9.15	346	5.81	340	8.97	356	7.88	363	7.08
1997	358	7.19	380	9.83	359	5.59	382	7.30	400	10.19
1998	405	13.13	447	17.63	416	15.88	425	11.26	453	13.25
1999	424	4.69	480	7.38	437	5.05	446	4.94	468	3.31

Source: Labour Bureau, Shimla

Table 6.4

DELHI CONSUMER PRICE INDEX NUMBER FOR INDUSTRIAL

WORKERS BY GROUP/SUB-GROUP FOR THE YEAR 1998 & 1999

(Base 1982=100)

Annual average

Group	Sub-Group	Weight	1998	1999	Percentage variation over previous year
1	2	3	4	5	6
1-A	FOOD				
(a)	Cereals & Products	21.75	471	515	9.34
(b)	Pulses & products	6.61	573	593	3.49
(c)	Oils & Fats	11.23	377	349	-7.42
(d)	Meats, Fish & Eggs	3.50	476	479	0.63
(e)	Milk & Products	22.86	405	415	2.47
(f)	Condiments & Spices	5.22	772	629	-18.52
(g)	Vegetables & Fruits	10.94	642	501	-21.96

(h)	Others Food	17.89	524	528	0.76
	FOOD TOTAL	50.70	496	484	-2.42
1-B	Pan, Supari, Tobacco &	2.40	532	565	6.20
	Intoxicants				
2	Fuel & Light	5.60	288	290	0.69
3	Housing	14.00	413	614	48.67
4	Clothing, Bedding & Foot wear	12.50	354	370	4.52
MISCELLANEOUS					
(a)	Medical care	9.39	445	570	28.09
(b)	Education, Recreation & Amusement	13.73	302	323	6.95
(c)	Transport & Communication	22.15	619	758	22.46
(d)	Personal & Effects	24.11	377	396	5.04
(e)	Others	30.62	410	422	2.93
	MISC. TOTAL	14.80	437	491	12.36
	GENERAL INDEX	100	447	480	7.38

Source: Labour Bureau, Shimla.

Table 6.5

GROUP-WISE CONSUMER PRICE INDEX NUMBER FOR INDUSTRIAL WORKERS IN DELHI

(BASE 1982=100)

ANNUAL AVERAGE

GROUP	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1	2	3	4	5	6	7	8	9	10	11	12
FOOD	190	210	243	270	303	337	376	392	423	496	484
PAN, SUPARI, TOBACCO & INTOXICANTS	216	250	267	293	325	354	389	423	478	532	565
FUEL AND LIGHT	138	144	163	168	178	195	198	224	266	288	290

HOUSING	199	195	195	225	236	242	247	250	258	413	614
CLOTHING, BEDDING & FOOTWEAR	140	159	177	194	217	246	281	303	327	354	370
MISCELLANEOUS	172	183	203	256	275	296	311	351	421	437	491
GENERAL INDEX	180	195	218	247	272	299	327	346	380	447	480

Table 6.6

Consumer Price Index Number for Urban Non-Manual Employees

(General Index)

(Base: 1984-85=100)

State/U.T./Centre	Weight	1991	1993	1994	1995	1996	1997	1998	1999	1999 % Variation over 1998
1	2	3	4	5	6	7	8	9	10	11
Andhra Pradesh										
1.Hyderabad	1.99	181	217	235	266	290	309	339	352	3.83
2. Kurnool	1.30	182	221	242	274	292	306	344	359	4.36
3. Vijayawada	1.30	188	222	248	275	301	324	359	382	6.41
4. Visakhapatnam	1.60	180	219	235	258	287	304	337	348	3.26
5. Warangal	1.49	180	223	248	279	301	330	360	375	4.17
Assam										
6.Guwahati	0.95	168	204	219	243	274	290	320	350	9.38
Bihar										
7. Patna	1.28	188	223	238	256	279	286	325	338	4.00
8.Muzaffarpur	1.54	179	205	222	241	264	275	313	331	5.75
9. Ranchi	1.63	180	208	229	249	271	291	325	333	2.46
Gujarat										
10. Ahmedabad	1.68	168	194	214	234	248	257	288	313	8.68
11. Bhavnagar	1.21	183	214	243	262	289	303	337	348	3.26
12. Rajkot	1.52	175	197	221	238	268	286	308	318	3.25
13. Surat	1.56	168	197	213	231	246	258	286	301	5.24
Haryana										
14. Rohtak	1.66	186	224	243	266	284	312	344	378	9.88
Himachal Pradesh										
5. Shimla	0.40	177	213	236	252	268	299	332	352	6.02

[illegible]

39. Jaipur	1.39	182	216	238	257	285	311	342	355	3.80
40. Ajmer	1.29	194	232	260	285	309	330	362	373	3.04
41. Jodhpur	1.3	185	211	230	250	271	291	325	341	4.92
Sikkim										
42. Gangtok	0.06	177	216	227	245	264	296	339	374	10.32
Tamil Nadu										
43. Chennai	3.86	183	226	253	279	302	328	361	382	5.82
44. Coimbatore	1.61	178	218	248	283	315	344	375	393	4.80
45. Madurai	1.80	182	222	249	282	310	350	384	404	5.21
46. Salem	1.43	173	214	245	272	297	326	351	371	5.70
47. Tiruchirapalli	1.83	181	212	239	269	295	320	347	375	8.07
Tripura										
48. Agartala	0.19	183	231	250	273	290	317	346	389	12.43
Uttar Pradesh										
49. Lucknow	1.53	175	202	220	242	264	285	319	324	1.57
50. Agra	1.29	171	200	218	235	255	281	314	325	3.50
51. Allahabad	1.27	187	228	242	268	288	307	344	368	6.98
52. Kanpur	1.44	180	211	226	248	267	281	314	326	3.82
53. Meerut	1.36	165	192	212	233	249	264	297	312	5.05
West Bengal										
54. Calcutta	6.92	176	209	224	246	264	281	311	325	4.50
55. Asansol	1.06	172	214	237	259	275	289	313	339	8.31
56. Kharagpur	1.11	171	202	218	236	255	271	309	338	9.39
57. Silliguri	1.06	178	218	228	247	261	275	308	379	23.05
UT's										
58. Chandigarh	0.78	193	232	255	276	296	320	377	423	12.20
59. Delhi	6.56	171	207	224	243	261	281	325	356	9.54
All India	100	177	212	231	254	276	297	330	348	5.45

Source : Central Statistical Organization, Govt. of India.

Table 6.7

**STATE/CENTRE WISE PRICE INDEX NUMBER FOR AGRICULTURAL
LABOURERS AND RURAL LABOURERS**

Weight 1995-96 1996-97 1997-98 Weight 1995-96 1996-97 1997-98

1	2	3	4	5	6	7	8	9
Agricultural Labourers								
Andhra Pradesh	12.97	243	268	282	8.28	244	273	282
Assam	1.69	244	259	281	1.24	243	258	272
Bihar	11.38	223	250	252	8.66	222	254	250
Gujarat	5.20	241	254	270	3.55	256	269	283
Haryana	1.81	235	265	278	1.17	238	275	289
Himachal Pradesh	0.10	220	240	256	0.06	231	255	272
Jammu & Kashmir	0.26	226	252	269	0.19	239	272	291
Karnataka	6.67	251	266	276	4.37	262	275	231
Kerala	5.02	259	281	292	3.35	256	277	282
Madhya Pradesh	6.86	237	261	273	4.97	239	267	277
Maharashtra	9.96	248	256	266	6.46	263	270	278
Manipur	0.10	244	252	268	0.07	249	256	270
Meghalaya	0.13	252	264	282	0.10	258	272	288
Orissa	5.07	236	254	262	3.94	233	252	257
Punjab	3.02	244	263	278	1.85	247	270	289
Rajasthan	2.14	238	261	268	1.34	238	264	269
Tamilnadu	8.47	246	261	264	5.83	249	260	254
Tripura	0.15	220	240	263	0.10	220	238	259
Uttar Pradesh	9.61	232	264	268	6.35	231	270	270
West Bengal	9.39	230	247	259	7.27	226	242	254
ALL INDIA	100	238	260	269	69.15	242	264	269
Rural Labourers								
Andhra Pradesh	12.21	244	269	282	7.62	244	272	282
Assam	1.96	243	258	278	1.42	244	259	273
Bihar	9.81	223	250	254	7.27	221	252	250
Gujarat	5.04	241	254	270	3.34	256	269	283
Haryana	2.07	237	266	279	1.25	239	274	289
Himachal Pradesh	0.19	221	240	258	0.13	230	253	270
Jammu & Kashmir	0.52	225	250	266	0.36	236	269	286
Karnataka	6.27	250	266	276	4.09	260	275	282
Kerala	6.33	260	284	294	4.25	257	279	284
Madhya Pradesh	6.38	239	262	274	4.29	239	267	277
Maharashtra	9.96	247	256	266	6.21	262	270	278
Manipur	0.08	245	253	268	0.05	249	256	270
Meghalaya	0.12	250	263	281	0.09	257	272	288
Orissa	4.47	236	254	262	3.46	233	252	257

Punjab	3.28	247	265	281	1.85	247	270	288
Rajasthan	2.78	239	262	270	1.68	237	263	268
Tamilnadu	9.35	244	260	265	5.99	249	262	257
Tripura	0.27	219	237	261	0.20	219	237	258
Uttar Pradesh	9.74	231	262	267	6.26	231	271	270
West Bengal	9.17	232	248	260	6.96	226	242	254
ALL INDIA	100	239	260	270	66.77	242	264	270

Source: Labour Bureau, Shimla.

Notes : 1. Linking factor for general and food regarding index number for Agricultural Labourers at All India level is 5.89 and 6.38 respectively.

2. Averages for the year 1995-96 are based on 8 months i.e. November, 1995 to June, 1996.