

Government of Karnataka
Directorate of Economics & Statistics
SIP Division

3. Prices Section

Price statistics play a very significant role in the economy of the state as well as country. Price is termed as a economic 'Barometer' of real purchasing power of the community. This related to both the producers and consumers. Variation in prices is measured in the form of Index Numbers.

During the year 1983, Directorate of Economics and Statistics has been declared as a nodal agency for collection, compilation and dissemination of prices statistics at the state level.

The Directorate of Economics and Statistics is collecting the following types of prices statistics:

1. Consumer prices for Industrial Workers of eleven centres (State Series)
2. Consumer prices for Industrial Workers of five centres (Central Series)
3. Wholesale prices for thirty three agricultural commodities
4. Rural retail prices of twenty nine commodities
5. Urban Wholesale and Retail Prices of twenty commodities
6. Farm harvest prices of agricultural commodities
7. Wholesale and retail prices of hundred and ten commodities
8. Agriculture wages

The collection of above said prices are undertaken on weekly, fortnightly, monthly and season-wise basis. The District Statistical Officers and APMCs are the main data suppliers of price statistics

Consumer Price Index Numbers for Industrial Workers:

Consumer price index is designed to measure the changes, over a period of time, in the level of retail prices of a fixed set of goods and services consumed by an average family of a defined population group in a given area with reference to base year.

Importance:

- It is being utilised by various labour unions, departments, small and large scale industries for revision of wages and determination of dearness allowances for their employees.
- To revise dearness allowance of Central and State Governments employees.

At the National level, CPI (IW) for central series are constructed for 78 selected industrially developed centres across the country, with 5 of these centres based in Karnataka (Bangalore, Belgaum, Hubli-Dharwad, Madikeri and Mysore). Prices are collected by our Directorate personnel from the selected shops and markets for these centres and sent to Labour Bureau, Shimla, for the construction of Consumer Price Index Numbers for Industrial Workers. The base year of the central series is 2001=100. From 2006 onwards index is being constructed.

For the construction of Index Numbers for 11 centres (Bellary, Bhadravathi, Davanagere, Dandeli, Gulbarga, Harihara, Hassan, Mandya, Mangalore, Raichur and Tumkur) of State series, the necessary item basket and weighting diagram have been derived separately for each centre on the basis of General Family Income and Expenditure survey conducted during 1987-88. General Family Income and Expenditure survey includes employees working in Factories, Mines, Plantations, Motor transport, Port & Docks, Railways & Electricity sectors. Index has been constructed from January-1993 on the base year 1987-88.

Our Directorate personnel should collect the prices from the selected shops and markets as mentioned below. Within 3 days, of the price collection the data should be entered through online and it should be submitted to Head Office.

Price collection report	Collection period
Weekly reports	Selected day of every week
Monthly (General) reports	First week of every month
Monthly Fair price reports	First week of every month
Monthly (Clothing Footwear) reports	Second week of every month

Accordingly, on the basis of information collected every month Index Numbers of 11 centers are being constructed separately in Head Office and released for the users.

Monthly weighted average of 16 centres is being prepared every month after converting five centers of central series to the base 1987-88 which are released by Labour Bureau, Shimla

.On the basis of monthly weighted average Karnataka State Annual Average of Consumer Price Index Numbers of Industrial Workers is released.

Methodology:

The formula used in computing Consumer Price Index [IW] is "Laspeyers' Formula".

$$I_n = \frac{\sum P_n Q_o}{\sum P_o Q_o} \times 100 \quad \text{Or} \quad I_n = \frac{\sum P_o Q_o \left(\frac{P_n}{P_o} \right)}{\sum P_o Q_o} \times 100$$

Where

I_n = Index Numbers

P_n = Price for current period

P_o = Price for base period

Q_o = Quantity for base period

(weights derived by the Family Budget Survey)

Wholesale Price Index of 33 Agricultural Commodities: (Base year: 1981-82=100)

The “Wholesale Price” is defined as the price at which a commodity is sold to the sellers or processors. The price quotation refers to the “Model Price” that is the price at which the largest transaction takes place.

Importance:

- For measuring changes in the wholesale prices
- To study the trends in prices in the first stages of commercial transaction
- Used in estimation of state domestic product

This index is computed based on the price information on thirty three agricultural commodities collecting from 40 Agricultural Produce Marketing Committees every week and from 3 board's viz., Spices Board, Tobacco Board, Coffee Board and Sugar Directorate every month.

Methodology:

The formula used in computing Wholesale Price Index is "Laspeyers' Formula".

Rural Retail Price Index: (Base year 1970=100)

Importance:

This index Number are being constructed to know the trends of essential retail prices in rural areas and for preparation of periodicals.

Statistical inspectors should collect the retail prices of twenty nine essential commodities from each taluk of 2 villages and in each village of 2 selected shops every month. The information is to be collected in prescribed format within 5th of every month and has to be submitted to DSO's office.

In a prescribed format of rural retail price report, selected village, name of the shop, and shop owner should be clearly mentioned.

Accordingly, in taluk office, the collected information should be recorded in a register separately.

The price reports collected from all taluks are consolidated in District Statistical Office, then district report in prescribed format has to be submitted to the head office with in 10th of every month.

On the basis of collected reports from DSO's Office, index is computed. For index computation base year is taken as 1970.

Methodology:

This index numbers are based on un-weighted diagram.

The formula used in computing this Index is Simple average of price relatives
 $= \Sigma P / n$, where $=P=$ price relative $= pn/ po*100$

Wholesale and Retail Prices of Twenty Important Commodities:

Importance:

It is being used to know the Wholesale and retail price trends of Urban areas and for the construction of Urban retail price index (Base year 1970=100). Also trends of wholesale and retail prices report is prepared every month and submitted to Honorable Governor's office.

For this report information is collected every week from twenty selected urban centres and from three selected shops in each centre. The essential commodities consumed daily like rice, wheat, ragi, dal, oil etc. are also included in this report.

Concerned Enumerators/Statistical Inspectors should collect the information of wholesale and retail prices of 20 selected commodities on every Monday and report is to be submitted to the Head office within Thursday of the week after scrutiny by District Statistical Officer every month.

Methodology:

This index numbers are based on un-weighted diagram.

The formula used in computing this Index is Simple average of price relatives
 $= \Sigma P / n$, where $=P=$ price relative $= pn/ po*100$

Farm Harvest Prices of Agricultural Commodities:

Importance:

Statistics on Farm (Harvest) Prices helps in studying whether the farmer gets remunerative prices as compared to costs of cultivation when the cultivator directly sells the produce in the agricultural produce markets during the peak harvesting period.

In addition, it also helps the Government to safeguard the farmers economically by fixing the minimum prices when farmer didn't get remunerative prices for their produce.

Farm harvest price is the average wholesale price at which commodity is disposed of during the peak harvesting period.

The Directorate of Economics & Statistics has been preparing report on Farm harvest prices as per the directions of Agriculture and Co-operation department, Ministry of Agriculture, Government of India. In Karnataka around 34 agricultural commodities are selected under farm harvest prices of agricultural commodities.

Farm harvest prices of agricultural produce are being collected from all state Agriculture Produce Market Committees through our Directorate Statistical Inspectors.

In District Statistical Office, on the basis of taluk report major cropped are selected. During harvest period, in a prescribed format seasonwise, every Friday Model price of agriculture produce of selected crops which involves bulk of transactions in the taluk APMC's for about 8 weeks is required to be collected. If transactions have not taken place in that particular day then, prices should be collected for the transactions which have taken place at the last day of that week. The date when prices are collected should be mentioned in the report before submitting to the District Statistical Office every week.

Prices received from the Taluk office should be verified with the "Krishi Marata Vahini" website and then consolidated report will be submitted to the head office in a prescribed format.

The reports collected from all the District Statistical office are consolidated and State weighted average of farm harvest prices is sent to the Ministry of Agriculture, Government of India.

Index of farm harvest prices of Agricultural produce is being constructed on the basis of weighted average of farm harvest prices. Base year of this index is 1961-62.

Methodology:

The formula used in computing this report is "Simple & weighted average".

State Weighted Average Price = $\frac{\sum f_n p_n}{\sum p_n}$, Where f_n = farm harvest price of nth district and p_n = production figure of agriculture commodity of nth district

(District wise production information is taken from Fully Revised Estimates of Principal crops in Karnataka)

Time list for the submission of farm harvest prices to the head office.

Pre Kharif	Greengram, Sesamum, Blackgram	October 31 st
Kharif,	1. Jowar, Maize, Groundnut, Sunflower, Navane, Save, Cowpea, Avare, Soyabean, Onion and Potato	December 31 st
	2. Paddy, Ragi, Tur Castor, Dry chillies and Horsegram	February 28 th
Rabi	All crops of Rabi season	May 31 st
Summer	All crops of Summer season	July 31 st

Wholesale and Retail Prices of Hundred and Ten Commodities:

Importance:

- It is used to build up time series data of the state and for preparation of periodicals this information is collected.

Wholesale and Retail Prices of Hundred and Ten Commodities information is collected from the district headquarter APMCs by the District Statistical Officer. In District Statistical Office after scrutiny first fortnight report should be sent to Head office within 20th of that month and second fortnight report by 5th of next succeeding month.

Methodology:

The formula used in computing this report is "Simple average".

Agricultural Wages:

Importance:

“Wages” reflect income earning capacity of workers. Government fixes minimum wages for agricultural labourers engaged in un-organised sector from time to time. Agricultural wages information is being collected to know the trends in wages of agricultural labourers in rural areas.

Accordingly, in District statistical Office, four revenue villages are selected from each taluk. Each Statistical Inspectors and Progress Assistant should collect the information from two villages. In the absence of above staff; the remaining staff should collect the information of 4 villages.

The information related to the wages given in the form of cash to the labourer involved in agricultural activities for more than 8 hours per day should be collected. If wages are given in the form of any other kind, the information should be given by

converting to the monetary form. The information is to be collected and submitted to DSO's office within 5th of every succeeding month.

Agricultural wages separately for dry land, wet land and garden in a prescribed format and wages data of agriculture labourers of four groups engaged in each land is needed to be collected. 4 types of agricultural labourers viz, A – Labourers at the time of ploughing, digging, harrowing, sowing, interculturing, watering and uprooting. B – Labourers at the time of manuring, transplanting, weeding, reaping and pricking. C – Activities like cattle, sheep and goat grazing. D – Harvesting in areca coconut, peeling of coconuts, arecanuts, trimming spraying in areca coconut gardens and may other operations relating to arecanut and coconut gardens. Agricultural wages for male and female separately in each group is required to be collected. In addition, the data pertaining to wages of skilled labourers which includes carpenters, blacksmiths and mochies is also collected. After the collecting the information, the report should be submitted to the District Statistical Office within 5th of every succeeding month.

Accordingly, in taluk office the collected information should be recorded in a register separately.

Prices received from the Taluk office will be reviewed and consolidated in District Statistical office and district report in a prescribed format is required to be sent to the head office within 10th of every succeeding month.

After computing monthly, districtwise average agriculture wages by consolidating the reports collected from District Statistical Office, State Average of Agriculture Wages Report is prepared.

Methodology:

The formula used in computing this report is "Simple average".

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