

## STATE INCOME AND PRICES

### Introduction

This chapter analyses Karnataka's economic growth in terms of changes in Aggregate and Per Capita State Income including stability of prices in indices of wholesale as well as retail prices in the State. In addition, this chapter also provides an analysis of District Income Estimates and related Inter-District Variations.

### 2.1 State Income

The growth of GSDP at constant prices (year-on-year) slightly decreased from 7.2% in 2013-14 to 7.0% in 2014-15, mainly attributable to the decline in the growth of agriculture from 9.4% in 2013-14 to 4.5% in 2014-15. However, the growth rate of industry and services slightly increased from 4.2% and 8.0% in 2013-14 to 4.4% and 8.9% during 2014-15 respectively. The State economy showed reviving trends with growth rate of 6.1% in 2012-13, 7.2% in 2013-14 and 7.0% during 2014-15.

#### 2.1.1 Advance Estimates of Gross State Domestic Product (GSDP) for 2014-15

Karnataka's Gross State Domestic Product (GSDP) at constant (2004-05) prices is expected to grow at 7.0% and reach Rs. 344106 crore in 2014-15. 'Railways', 'Storage', 'Trade, Hotels and Restaurants', 'Real Estate, Ownership of dwellings and Business Services', 'Communication', 'Public Administration' and 'Other Services' have all contributed to the growth of services sector (8.9%). Manufacturing

sector is expected to grow at 3.2%. The expected growth rate of 'Electricity, Gas and Water Supply' is around 8.7%. 'Agriculture and Livestock' (4.3%) is the main contributor to the growth rate achieved in the Agriculture sector (4.5%).

#### 2.1.2 Comparison of GSDP and GDP

At constant (2004-05) prices, the anticipated GSDP of Karnataka is expected to grow at 7.0% during 2014-15 compared to 2013-14. At national level, the GDP estimates at constant (2011-12) prices is expected to grow at 7.4% in 2014-15 compared to 2013-14. The central statistical office, Government of India has revised the base year from 2004-05 to 2011-12. Due to this, the growth rate for the year 2011-12 has been kept at 2004-05 prices. The corresponding annual increase in GDP is 7.4% with GDP at Rs. 10656925 crore. The growth rates of GSDP and GDP at constant (2004-05) prices from 2004-05 to 2014-15 are presented in **Table 2.1**.

The anticipated GSDP (current prices) of Karnataka in 2014-15 is expected to reach 702131 crore or a growth rate of 14.2%. The fall in the growth rate during 2014-15 is due to decline in the production of food grains by 3%. At current prices, the anticipated GDP is equal to Rs. 12653762 crore in 2014-15; an increase of 11.5% over the previous year. The growth rates of GSDP and GDP at current prices from 2004-05 to 2014-15 are presented in **Table 2.2**.

**Table 2.1: Annual Growth Rate of GSDP and GDP at Constant (2004-05) Prices**

Year	GSDP (Rs. crore)	Growth Rate of GSDP (%)	GDP (Rs. crore)	Growth Rate of GDP (%)
2004-05	166747	-	2971464	-
2005-06	184277	10.5	3253073	9.5
2006-07	202660	10.0	3564364	9.6
2007-08	228202	12.6	3896636	9.3
2008-09	244421	7.1	4158676	6.7
2009-10	247590	1.3	4516071	8.6
2010-11	272721	10.2	4918533	8.9
2011-12	282784	3.7	8832012*	6.7**
2012-13	299990	6.1	9280803*	5.1*
2013-14	321455	7.2	9921106*	6.9*
2014-15	344106	7.0	10656925*	7.4*

Source: 1. Directorate of Economics and Statistics, Government of Karnataka.

2. Central Statistical Office, Government of India.

\* New series estimates (Base Year 2011-12) \*\* Old series Growth Rate (Base Year 2004-05)

**Table 2.2: Annual Growth Rate of GSDP and GDP at Current Prices**

Year	GSDP (Rs. crore)	Growth Rate of GSDP (%)	GDP (Rs. crore)	Growth Rate of GDP (%)
2004-05	166747	-	2971464	-
2005-06	195904	17.5	3390503	14.1
2006-07	227237	16.0	3953276	16.6
2007-08	270629	19.1	4582086	15.9
2008-09	310312	14.7	5303566	15.7
2009-10	337558	8.8	6108903	15.2
2010-11	410703	21.7	7248859	18.7
2011-12	455212	10.8	8832012*	15.8**
2012-13	522673	14.8	9988540*	13.1*
2013-14	614607	17.6	11345056*	13.6*
2014-15	702131	14.2	12653762*	11.5*

Source: 1. Directorate of Economics and Statistics, Government of Karnataka.

2. Central Statistical Office, Government of India.

\* New series estimates (Base Year 2011-12) \*\* Old series Growth Rate (Base Year 2004-05)

### 2.1.3 Comparison between Advance Estimates of 2014-15 and First Revised Estimates of 2013-14

A comparison of the estimates is presented by annual growth rates in **Table 2.3**. The growth rate under agriculture and allied sector is expected to reach 4.5% in 2014-15 as compared to a growth rate of 9.4% during 2013-14. Industry sector (comprising mining & quarrying, manufacturing, construction and electricity, gas & water supply) is estimated to increase marginally to 4.4% during 2014-15, compared to a

growth rate of 4.2% during 2013-14. The growth rate of service sector has improved from 8.0% in 2013-14 to 8.9% in 2014-15. Real Estate, Ownership of Dwellings and Business Services, Banking and Insurance, Public Administration and Other Services which have each grown beyond 10% are the key drivers of the 7.0% growth of GSDP in 2014-15 (i.e. from Rs. 321455 crore in 2013-14 to Rs. 344106 crore in 2014-15). At the same time, per capita GSDP at constant prices is expected to increase from Rs. 52719 in 2013-14 to Rs. 55898 in 2014-15, i.e. by about 6.0%.

**Table 2.3: Sectoral Growth Rates of GSDP at Constant (2004-05) Prices**

Sl.No.	Sector	2013-14 F.R.E.	2014-15 A.E.
1	Agriculture	10.0	4.3
2	Forestry and Logging	5.3	5.7
3	Fishing	12.1	6.8
	<b>Agriculture and Allied Sector</b>	<b>9.4</b>	<b>4.5</b>
4	Mining and Quarrying	41.0	2.3
5	Registered Manufacturing	3.2	3.2
6	Un-registered Manufacturing	3.2	3.2
7	Construction	3.6	5.7
8	Electricity, Gas and Water supply	10.7	8.7
	<b>Industry Sector</b>	<b>4.2</b>	<b>4.4</b>
9	Railways	2.6	3.3
10	Transport by other means	7.9	9.8
11	Storage	1.9	1.7
12	Communication	7.0	8.6
13	Trade, Hotels and Restaurants	0.3	2.2
14	Banking and Insurance	12.5	10.0
15	Real estate, Ownership of Dwellings and Business services	10.5	10.4
16	Public Administration	1.6	11.3
17	Other services	13.9	13.8
	<b>Services Sector</b>	<b>8.0</b>	<b>8.9</b>
	<b>Total GSDP</b>	<b>7.2</b>	<b>7.0</b>

A.E.: Advance Estimates, F.R.E.: First Revised Estimates

Source: Directorate of Economics and Statistics, Government of Karnataka

### 2.1.4 Net State Domestic Product

The estimates of Net State Domestic Product (NSDP) are derived from the Gross State Domestic Product (GSDP) by deducting Consumption of Fixed Capital (CFC) or Depreciation. The estimated NSDP at constant (2004-05) prices is Rs. 301071 crore in 2014-15 compared to Rs. 280560 crore in 2013-14, showing a growth of 7.3% in 2014-15 against 7.4% during 2013-14. Agriculture & allied activities, industry and service sectors are expected to register a growth of 4.5%, 4.8% and 9.0%

respectively in 2014-15. The NSDP at current prices is estimated at Rs. 625412 crore in 2014-15, higher by 14.5% than that achieved in 2013-14 (**Table 2.4**). On NSDP basis too, the agriculture & allied activities, industry and service sectors are expected to register a similar growth of 17.2%, 8.5% and 16.0% respectively at current prices.

**Figure 2.1** shows the GSDP, NSDP and CFC at constant (2004-05) prices from 2004-05 to 2014-15. The difference in GSDP and NSDP indicates the extent of consumption or depreciation of fixed capital.

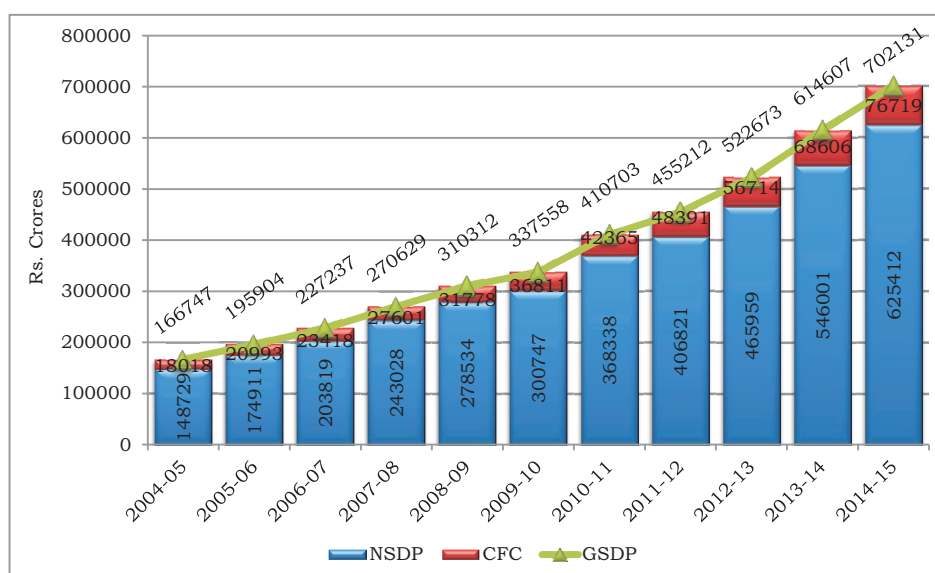
**Table 2.4: NSDP at Current and Constant (2004-05) PricesA**

Sectors	NSDP at Current Prices		NSDP at Constant (2004-05) Prices	
	2013-14 F.R.E.	2014-15 A.E.	2013-14 F.R.E.	2014-15 A.E.
Agriculture	97570	114398	44243	46256
Industry	121294	131575	66125	69282
Services	327137	379439	170192	185533
<b>NSDP</b>	<b>546001</b>	<b>625412</b>	<b>280560</b>	<b>301071</b>

A.E.: Advance Estimates, F.R.E.: First Revised Estimates

Source: Directorate of Economics and Statistics, Government of Karnataka

**Figure 2.1: GSDP, NSDP and CFC at constant prices**



### 2.1.5 Sectoral Composition of Gross State Domestic Product

The composition of GSDP of agriculture & allied activities and that of service sector (from 17.1% to 17.5% and 58.2% to 59.1%, respectively) saw a marginal increase in 2014-15 against 2013-14. During the last few years, services sector has been contributing as the largest component of GSDP. It is evident from the **Table 2.5**, that industry sector saw a marginal decrease

from 24.7% in 2013-14 to 23.4% in 2014-15. The composition of 'Real estate, Ownership of Dwellings and Business services' is highest with 18.9% in 2013-14 and 19.9% in 2014-15. This is followed by 'Trade, Hotels & Restaurants', 'Manufacturing' and 'Agriculture (including livestock and horticulture)'.

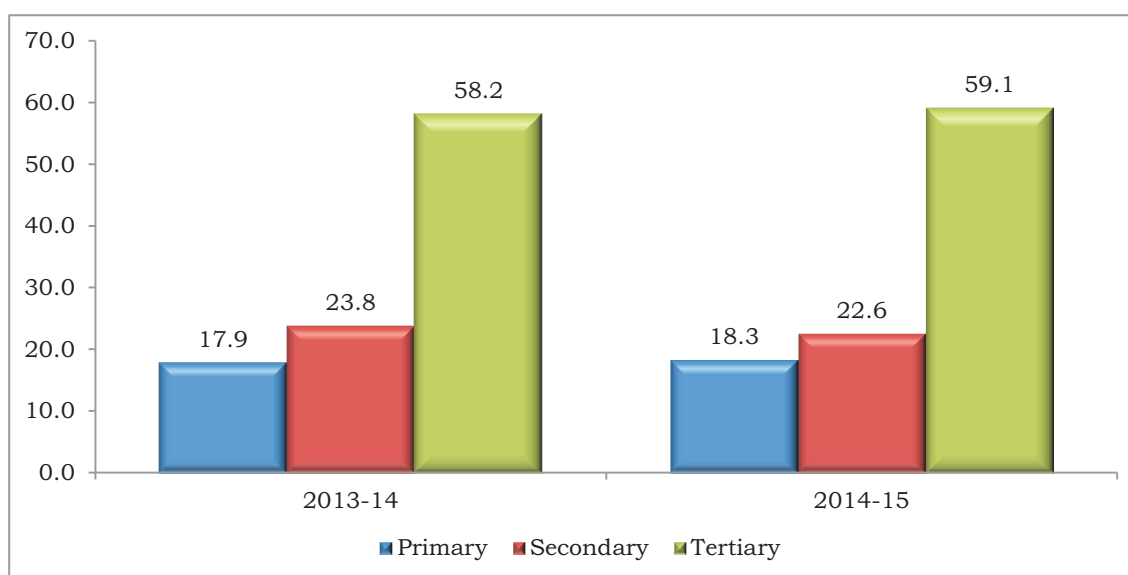
The sectoral composition of GSDP in 2013-14 and 2014-15 at current prices is given in **Table 2.5**. The sectoral composition of GSDP is shown in **Figure 2.2** by primary, secondary and tertiary sectors.

**Table 2.5: Sectoral shares of GSDP at Current Prices**

Sl.No.	Sector	2013-14 F.R.E.	2014-15 A.E.
1	Agriculture	14.3	14.7
2	Forestry and Logging	2.2	2.2
3	Fishing	0.6	0.6
	<b>Agriculture and Allied Sector</b>	<b>17.1</b>	<b>17.5</b>
4	Mining and Quarrying	0.8	0.8
5	Registered Manufacturing	10.2	9.5
6	Un-registered Manufacturing	2.9	2.7
7	Construction	8.8	8.4
8	Electricity, Gas and Water supply	2.0	1.9
	<b>Industry Sector</b>	<b>24.7</b>	<b>23.4</b>
9	Railways	0.4	0.4
10	Transport by other means	5.6	5.6
11	Storage	0.02	0.02
12	Communication	1.6	1.7
13	Trade, Hotels and Restaurants	12.2	11.4
14	Banking and Insurance	5.9	5.9
15	Real estate, Ownership of Dwellings and Business services	18.9	19.9
16	Public Administration	3.3	3.3
17	Other services	10.3	10.8
	<b>Services Sector</b>	<b>58.2</b>	<b>59.1</b>
	<b>Total GSDP</b>	<b>100.0</b>	<b>100.0</b>

A.E.: Advance Estimates, F.R.E.: First Revised Estimates

Source: Directorate of Economics and Statistics, Government of Karnataka

**Figure 2.2: Sectoral composition of GSDP at Current Prices**

### 2.1.6 Per Capita Income

Per capita income is estimated by dividing NSDP at current prices with mid-financial year projected population. Per Capita State Income (i.e. per capita NSDP) of Karnataka at current prices is estimated at Rs. 101594 during 2014-15, against Rs. 89545 in 2013-14, an increase of 13.5%.

On comparison, the level of per capita income at constant (2004-05) prices is expected to increase from Rs. 46012 during 2013-14 to Rs. 48907 for the year 2014-15 with an increase of 6.3%.

Sectorwise details of GSDP and NSDP for the years 2004-05 to 2014-15, both at current and constant (2004-05) prices including growth rates and sectoral composition are presented in **Appendices 2.1 to 2.12**.

### 2.1.7. Growth of NSDP and Per Capita Income

**Table 2.6** presents the growth of Net State Domestic Product and Per Capita Income of

the state over the years are presented below. The time series data from 1960-61 to 2014-15 is presented in **Appendix 2.13**.

### 2.1.8 Inter-State Comparison

The comparison of GSDP or State Income and per capita income of Karnataka for 2013-14 with some important states and with All India is presented in **Table 2.7**. It can be observed that Karnataka is placed at 6th position under State Income and 5th place under per capita income.

### 2.1.9 District Income

The estimates of gross and net district incomes at current and constant (2004-05) prices including per capita net district domestic product at current prices for the year 2012-13 for 30 districts in the State are presented in **Appendices 2.14 and 2.15**.

These district income estimates are prepared on a provisional basis. The database for the estimation is available for primary sector only. In respect of secondary and tertiary sectors, the State level estimates are allocated to districts with

**Table 2.6: Growth of NSDP and Per Capita Income**

Year	NSDP at Current Prices (Rs.Crore)	Per Capita Income (Rs.)
1960-61	692	296
1970-71	1858	641
1980-81	5587	1520
1990-91	20551	4598
2000-01	96348	18344
2010-11	368338	62251
2011-12	406821	68053
2012-13 (S.R.E.)	465959	77168
2013-14 (F.R.E.)	546001	89545
2014-15 (A.E.)	625412	101594

A.E.: Advance Estimates, F.R.E.: First Revised Estimates, S.R.E.: Second Revised Estimates

Source: Directorate of Economics and Statistics, Government of Karnataka

**Table 2.7: Comparison of State Income and Per Capita Income**

Sl. No.	State	State Income in Rs Crore	Rank	Per capita Income in Rs	Rank
1	Maharashtra	1476233	1	114392	2
2	Uttar Pradesh	890265	2	37630	14
3	Andhra Pradesh (undivided)	854822	3	88876	6
4	Tamil Nadu	854238	4	112664	3
5	West Bengal	700117	5	69413	8
<b>6</b>	<b>Karnataka</b>	<b>614607</b>	<b>6</b>	<b>89545</b>	<b>5</b>
7	Rajasthan	513688	7	65098	9
8	Madhya Pradesh	450900	8	54030	12
9	Haryana	383911	9	132089	1
10	Bihar	343054	10	31229	15
11	Punjab	317054	11	92638	4
12	Odisha	288414	12	54241	11
13	Chhattisgarh	185060	13	58297	10
14	Assam	162652	14	46354	13
<b>All India</b>		<b>10472807</b>		<b>74380</b>	7

Source: 1. Karnataka: Directorate of Economics and Statistics, Government of Karnataka.

2. Rest of the States and all India: Central Statistical Office, Government of India.

appropriate available indicators at the time of preparation of estimates as per the guidelines of CSO. Because of the data limitations, it may not be very useful to analyze the sectorwise district estimates between any two given points of time as the estimates are not firmed up. However, a brief description of the broader sectorwise district estimates is given in **Appendix 2.15**.

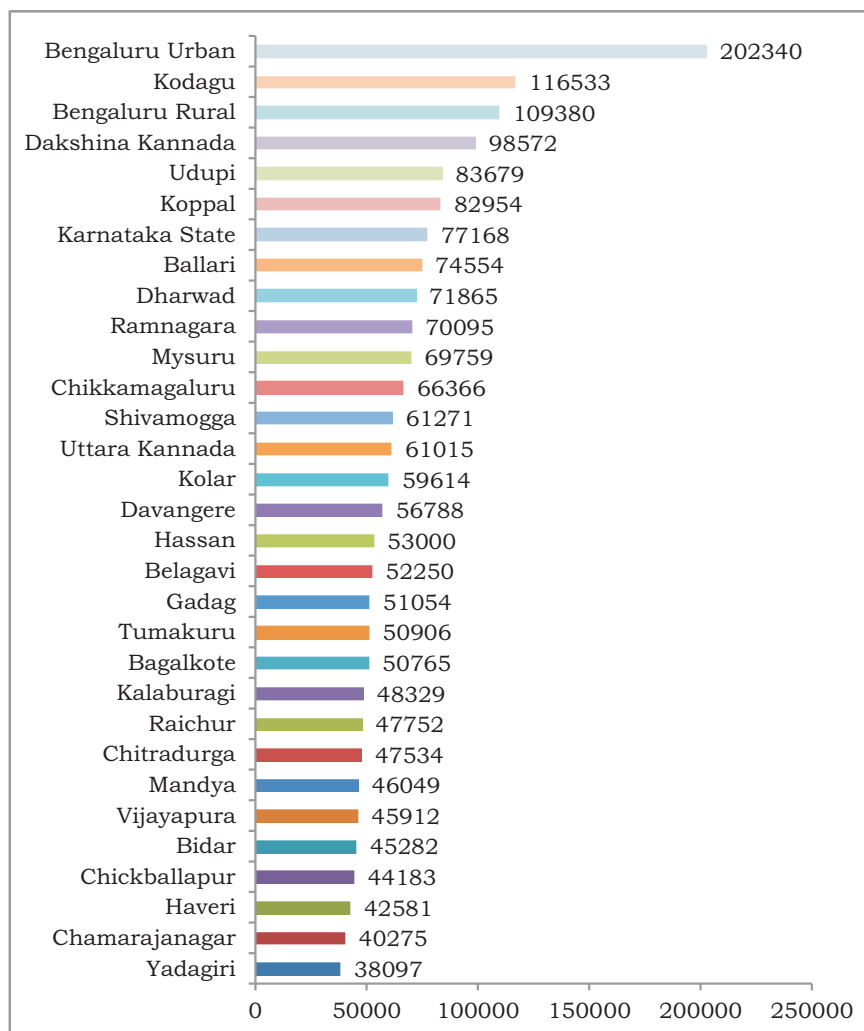
Bengaluru Urban District stood first in the total District Income as well as per capita district income for the year 2012-13. Bengaluru Urban District contributes 32.6% to GSDP at current Prices followed by Belagavi (5.4%), Dakshina Kannada

(4.5%), Mysuru (4.4%). However, Yadgiri and Chamarajanagar both standing at 0.9% and last in the districts' contribution to the GSDP.

At constant (2004-05) prices, contribution of Belagavi district to the primary sector GSDP is highest in 2012-13, due to a higher contribution in agriculture. Bengaluru Urban District tops in secondary and tertiary sectors due to high concentration of major industries and infrastructure facilities.

The per capita income (in rupees) at current prices for all 30 districts for the year 2012-13 is presented in Figure 2.3.

**Figure 2.3 : District wise Per Capita Income (in rupees) for the year 2012-13**

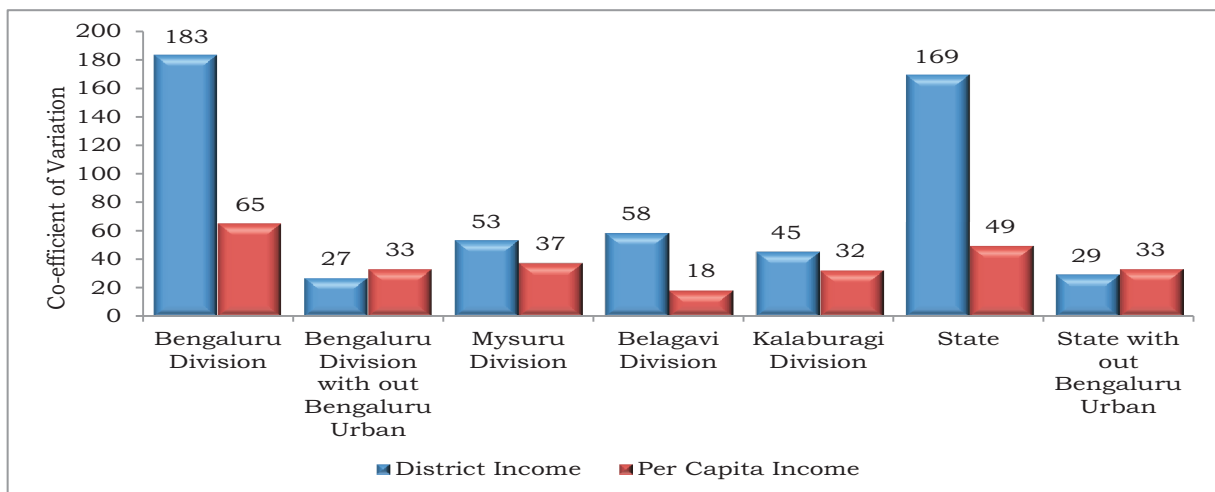




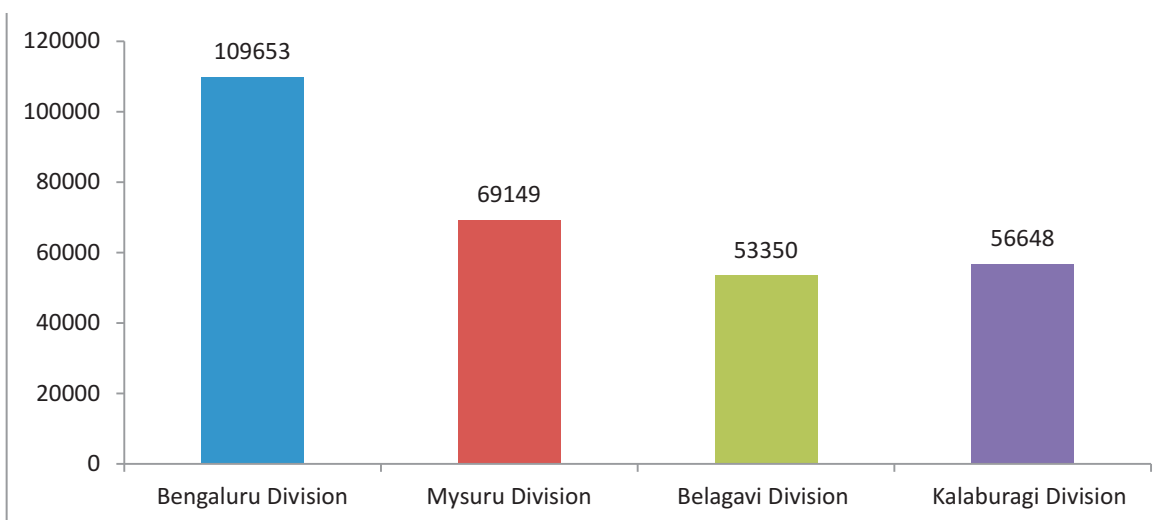
The district income is also a measure of the level and growth of economic development at the district level. It is a useful policy indicator to monitor the nature and degree of inter-district variations as well as, disparities in the process of economic growth at the State level. A simple statistical indicator of inter-district variations in the levels of district income is coefficient of variation. Figure 2.4 shows these computed values across the four divisions and at the State level.

Figure 2.4 indicates the variations in gross district and per capita district income among the revenue divisions of the State. The highest variation is evident with respect to Bengaluru division, if Bengaluru Urban District also included. Excluding Bengaluru Urban, inter-district variations in district income and per capita district income gets remarkably reduced at the division and State level. The growing inter-district variation is an important indicator and source of broader inter-regional

**Figure 2.4: Inter-district variations of Gross District Income and Per Capita Income by Divisions in Karnataka for 2012-13**



**Figure 2.5: Division wise Per Capita Income**



disparities in the process of State's economic development. However, a low coefficient of variation as such does not necessarily imply either a higher or lower district economic growth or regional disparity.

It can be observed from **Figure 2.5** that Belagavi the revenue division (comprising Belagavi, Vijayapura, Bagalkote, Dharwad, Haveri, Gadag and Uttara Kannada districts), stood lowest in the per capita income. Belagavi division's per capita income is less than half of the per capita income of the Bengaluru division.

#### **2.1.10. Challenges and Outcomes**

The major challenge in computing GSDP estimates at State and district level is accessibility to employment data. At present, the National Sample Survey Organisation conducts quinquennial Employment and Unemployment Surveys. Inter survey growth rates are being used to extrapolate for the forthcoming years.

The statistical data required for computation of Gross Value Added from registered manufacturing sector is being collected from the Annual Survey of Industries (ASI). The data collected from these surveys is sufficient to arrive at state level estimates. However these are not adequate enough to compute the estimates at district level.

Estimates of some of the more important sectors like: Gross Value Added (GVA) of computer related services, private sector construction, etc., are being calculated at the All India level and the same is being allocated to the States based on employment, prevailing in the concerned sectors.

To overcome these deficiencies, the Government has initiated the following measures:

- The Common Business Register to provide the sector-wise employment with number of establishments. Sample surveys based on these units

will yield "Value Added Per Worker" (VAPW). This data is being used to prepare GSDP estimates at district and state level.

- The reliable estimates for manufacturing sector at the district level can be prepared by increasing the sample size significantly by participating in the residual survey of ASI. By pooling the central and state sample of ASI data, District level estimates can be prepared.
- Karnataka is way ahead in software exports for several years, now. Its share in the All India software exports is around 33% to 36% to the total software exported. The Government of India calculates the GVA of this sector and allocates the same to the States based on the private corporate employment in this sector as revealed from Employment and Unemployment Survey of 2004-05. The GVA allocated to Karnataka is around 15-16% of the all India GVA. A study has also been underway to know the actual contribution from these services to GSDP of the State.

By employing these measures, the estimates of GSDP will be more realistic in the years to come.

## **2.2 Prices**

### **2.2.1 Introduction**

Price is one of the key indicators in the economic planning process. Changes in prices have a direct bearing on all sections of the society irrespective of their level of living. Prices indicate the purchasing power of money and inflation rate at both wholesale & retail levels. To measure inflation at wholesale and retail levels, the commonly used indicators are Wholesale Price Index and Consumer Price Index.

### **2.2.2 Wholesale Price Index**

Wholesale Price Index (WPI) is used to measure the price situation in different sectors of the economy. This index is

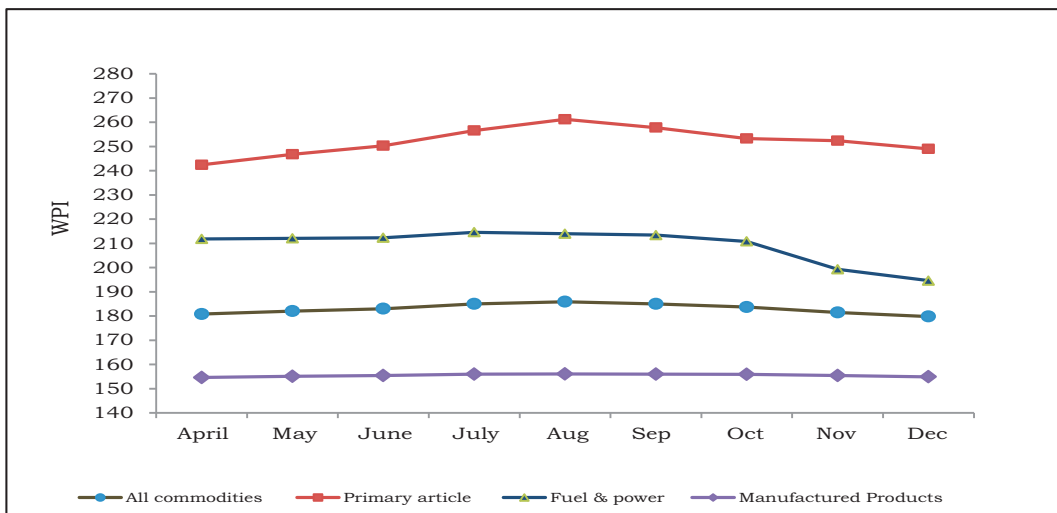
The Directorate of Economics and Statistics makes use of customized software for calculation of various price indices in the State. Web-based software application is used for the on line transmission of data from the field level directly. This enables the efficient collection of data and calculation of indices. Due to introduction of this application, delay in submitting the price quotations has reduced considerably. The final indices are generated within a short time.

released every week at the National level by the Office of the Economic Adviser in the department of Industrial Policy and Promotion, Ministry of Commerce and Industry. The base year for the construction of this index has been changed from 1993-94 to 2004-05 in order to cover existing commodities in the recent past. For better representation and wider coverage, 676 commodities have been included which include 102 primary articles, 19 fuel & power items and 555 manufactured products.

At the all India level, the WPI, which was 179.6 in December 2013 rose to 179.8 in December 2014, showing an annual inflation rate of 0.11%. The inflation rate based on WPI was 6.39% for the previous year. The WPI in December 2012 which was 168.8 rose to 179.6 in December 2013.

During 2014-15, the index of all commodities decreased from 180.8 in April 2014 to 179.8 in December 2014, showing a decrease of 0.55% as against an increase of 4.85% during the corresponding period in 2013-14, wherein the index of all commodities increased from 171.3 in April 2013 to 179.6 in December 2013. Group wise changes in WPI are shown in **Figure 2.6**. It can be seen that the 'Primary Articles' group index increased by 2.72%, 'Manufactured Products' group index increased by 0.19% and 'Fuel & Power' group index decreased by 8.12% during April 2014 and December 2014. The details of all India wholesale price index in April and December of 2012-13, 2013-14 and 2014-15 are presented in **Appendix 2.16**. **Appendix 2.17** contains details of annual all India wholesale price index from 2000-01 to

**Figure 2.6: Group-wise all India WPI**



2013-14 and monthly data for the current year (i.e, 2014-15).

In Karnataka, the Directorate of Economics and Statistics constructs the WPI for 33 agricultural commodities with 1981-82 as the base year. However, under Karnataka State Strategic Statistical Plan, shifting of the base year from 1981-82 to 2007-08 has been taken up for better coverage. In the State, WPI is useful to monitor the trends in prices at the first stage of commercial transactions of agricultural commodities. The main source of primary data for the construction of this index is 40 Agricultural Produce Marketing Committees (APMC's) of Agricultural Marketing Department situated across the State, who compile the prices of agricultural commodities and also the Sugar Directorate, Coffee Board, Tobacco Board and Spices Board.

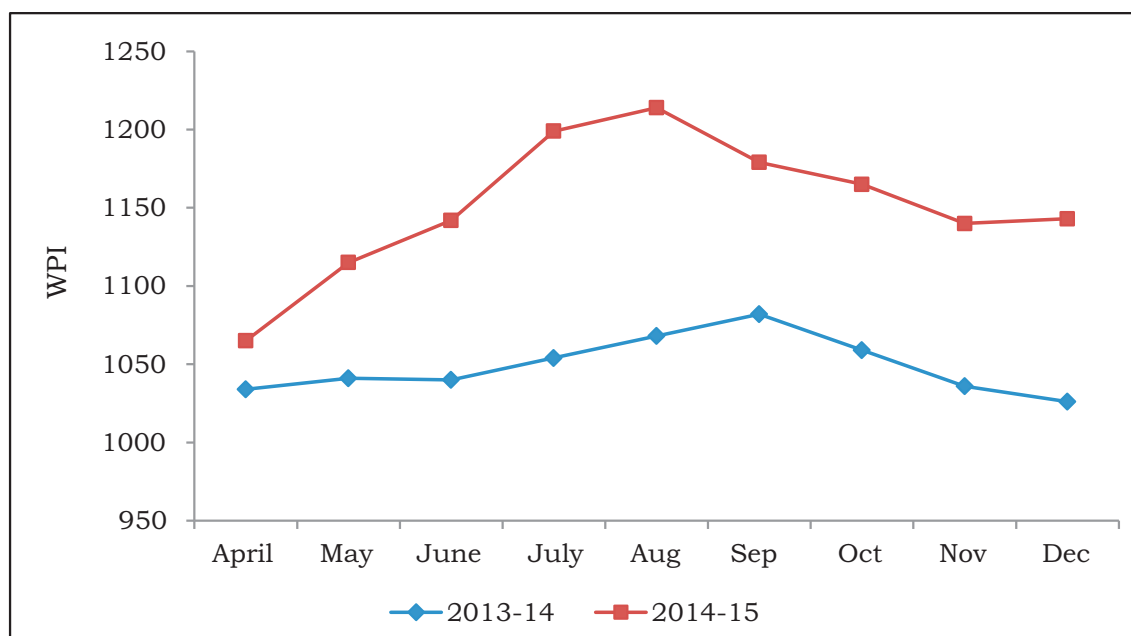
During 2014-15, the WPI of agricultural commodities constructed by the Directorate of Economics and Statistics has recorded increase in Index from 1065 in April 2014 to 1143 in December 2014, i.e., increase of 7.32% against a decrease of

0.77% during the corresponding period in 2013-14. The 9-month average index in 2014-15 was 1151 as against the corresponding period average index of 1049 in 2013-14, showing an increase of 9.72%. The trend of WPI for 33 agricultural commodities in Karnataka for the year 2014-15 and 2013-14 are shown in **Figure 2.7**.

During the reporting period of 2014-15, indices of pulses, miscellaneous and condiments and spices group have increased by 34.95%, 21.41% and 6.77% respectively. Higher increase in index of pulses and miscellaneous indices has resulted in the increase of the State index. On the other hand, the indices declined in respect of Gur & Sugar by 5.09%, Cereals & Fiber by 1.87%.

Among miscellaneous group onion commodity shows an increase in index i.e an increase of 92.37% in December 2014 over April 2014. The average index value of onion between April to December of 2014-15 decreased by 41.04% as compared to the corresponding period 2013-14. The average

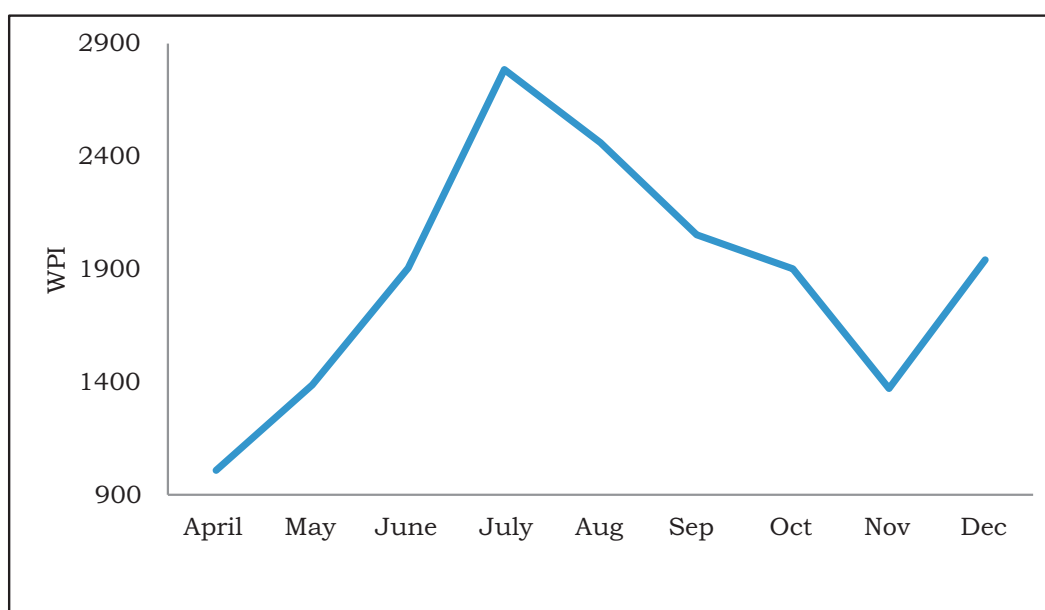
**Figure 2.7: The trend of WPI for 33 Agricultural Commodities in Karnataka**



index of this commodity is 1868 in 2014-15, where as it was 3168 during 2013-14. **Figure 2.8** shows the trends of onion in Karnataka.

WPI numbers of agricultural commodities in Karnataka since 2000-01 are given in **Appendix 2.18** and groupwise index numbers for 2012-13, 2013-14 and 2014-15 are given in **Appendix 2.19**.

**Figure 2.8: Trends of WPI of onion in Karnataka**



### 2.2.3 Consumer Price Index

In order to study the changes in the retail prices of a basket of selected goods consumed and services utilized by a selected group of population, four different types of Consumer Price Indices are being constructed every month. They are Consumer Price Index for (a) Industrial Workers(CPI-IW) (b) Agricultural Labourers(CPI-AL) (c) Rural Labourers(CPI-RL) and (d) Rural and Urban(CPI – R & U). The first three indices are constructed and released by the Labour Bureau, Shimla and the fourth by the Central Statistical Office(CSO), New Delhi. In Karnataka, the Directorate of Economics & Statistics constructs and releases only CPI-IW for State series every month, whereas the remaining three indices are not being constructed by the State Directorate.

#### 2.2.3.1 Consumer Price Index for Industrial Workers

The target group of CPI-IW is workers of factories, mining, plantations, motor transport, docks, railways& electricity. This index is mainly used to determine the dearness allowance for the employees in both the public and private sectors. At the National level, CPI (IW) for Central series is constructed for 78 selected industrially developed centres across the country, with 5 of these centres based in Karnataka (Bengaluru, Belagavi, Hubballi-Dharwad, Madikeri and Mysuru). The base year for CPI-IW is 2001=100.

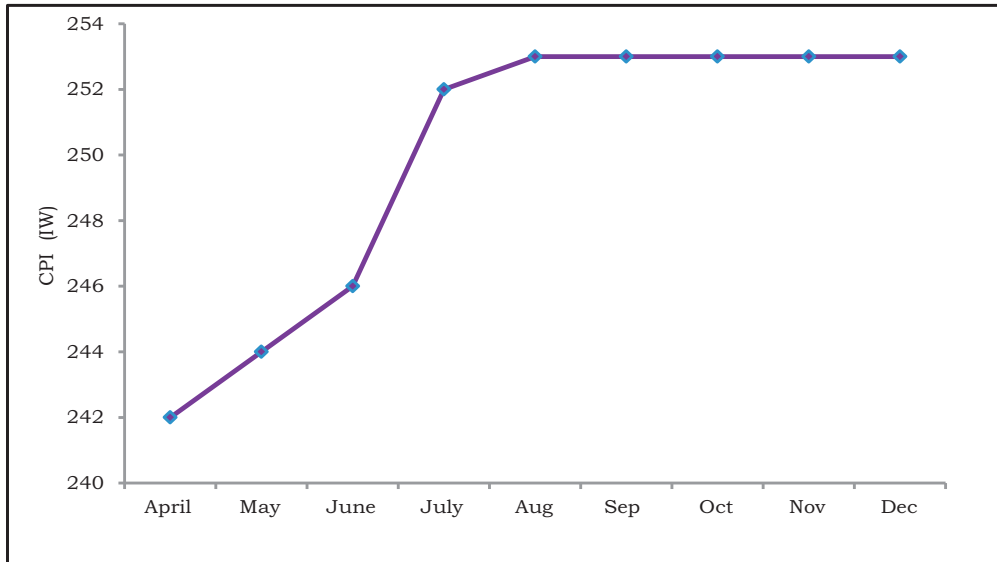
At the all India level, CPI(IW) moved to 253 points in December 2014 from 239 points in December 2013. The point-to-point rate of inflation for the month of December 2014 was 5.86%, whereas it was 9.13% in the

corresponding month of the previous year. The average all India CPI-IW during 2014-15 upto December 2014 is 250 as against the corresponding period average was 235 during 2013-14, which shows an increase by about 6.38%. The trend of all India CPI-IW is shown in **Figure 2.9**.

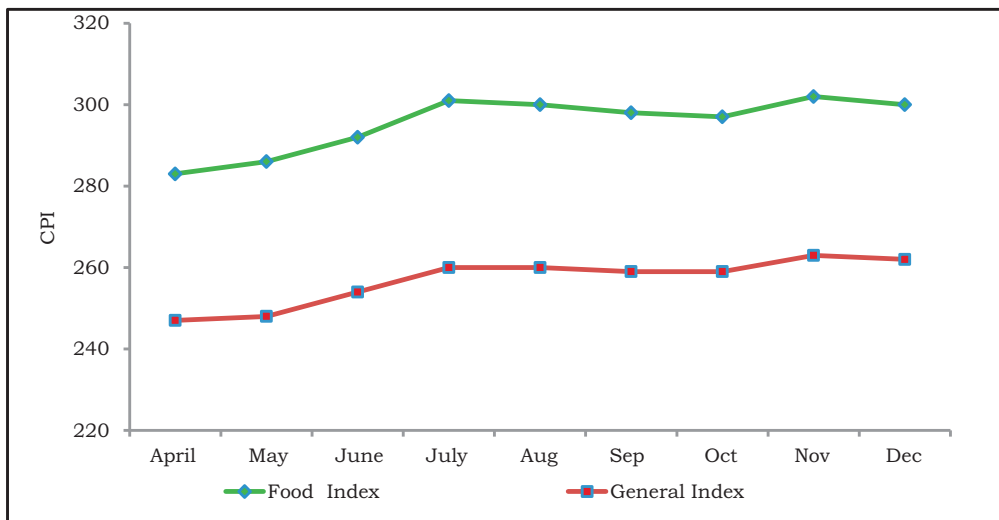
During 2014-15, among 5 centers of central series, Madikeri centre has recorded the highest increase in index i.e. an increase of 6.50% in December over April. The general index of this center for April 2014 and

December 2014 was 246 and 262 respectively. The average general index of this center was 258 up to December 2014 during 2014-15 as against the corresponding period average of 248 during 2013-14, recording an increase of 4.03%. For food index, the increase was 5.19%. Food and General Index during 2014-15 till December 2014 is illustrated in **Figure-2.10**. Details of the CPI-IW for all-India and Karnataka are presented in **Appendix - 2.20**.

**Figure 2.9: Trend of all India CPI-IW**



**Figure 2.10: Food and General Index of Madikeri**



In Karnataka, the Directorate of Economics & Statistics constructs CPI-IW for 11 centres viz. Ballari, Bhadravathi, Davangere, Dandeli, Kalaburagi, Harihara, Hassan, Mandya, Mangaluru, Raichur and Tumkuru. The base year for these State series index is 1987-88=100.

During 2014-15, among the 11 State series centres, increase in index has ranged between 2.60% in Bhadravathi centre to 5.48% in Tumkuru centre. Tumkuru centre recorded the highest increase in index i.e. from 566 in April 2014 to 597 in December 2014 recording a rise of 5.48%. The average general index from April 2014 to December 2014 of Tumkuru centre (583) has increased by 8.77%, while that of food group index increased by 7.45% as compared to the corresponding period of the previous year. The details of food and general index during 2014-15 till December 2014 are depicted in **Figure 2.11**. CPI-IW in April & December for the years 2012-13, 2013-14 and 2014-15 in Karnataka are presented in **Appendix- 2.21**. Details of CPI-IW in Karnataka for the selected Central series centres are given in **Appendix-2.22(a)** and for State series centres in **Appendix-2.22 (b)**.

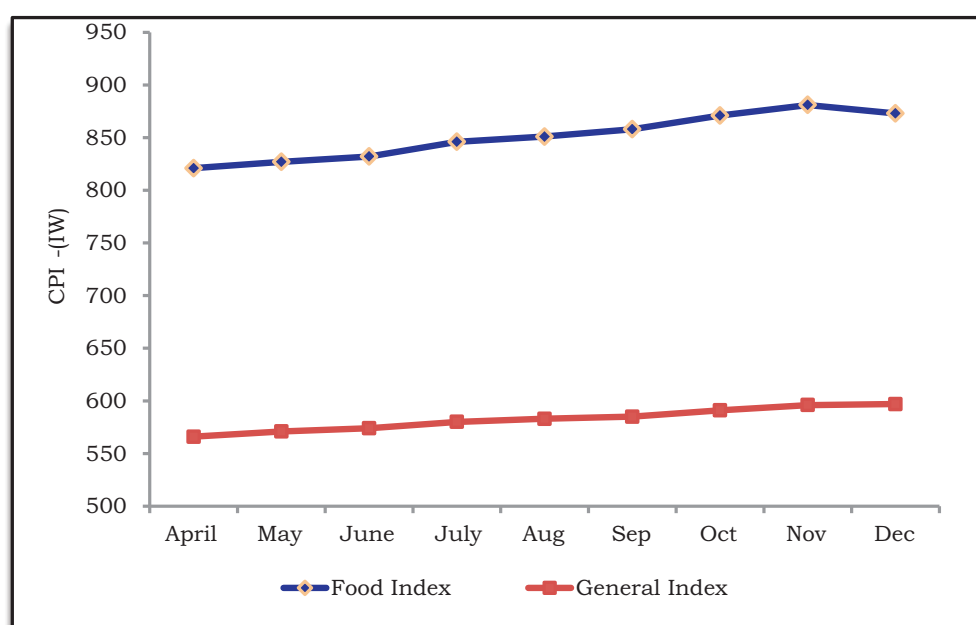
### 2.2.3.2 Consumer Price Index for Agricultural Labourers

Consumer Price Index for Agricultural Labourers (CPI-AL) for 20 States, including Karnataka, is being constructed every month by the Labour Bureau, Shimla based on the information obtaining from the Field Operation Division of National Sample Survey Office. This index is used for fixation and revision of minimum wages in agriculture sector. The base year for this index is 1986-87=100.

The general index in Karnataka recorded an increase of 5.70% in December 2014 over April 2014 as against 4.67% at all India level, whereas the food index in Karnataka showed an increase of 3.99% as against 4.13% at all India level.

During 2014-15 (upto December 2014), in Karnataka, the average general index moved to 857 from 817 during same period of 2013-14, thus showing an increase of 4.90%. At the all India level, this increase was 6.83%. The average food index in the State stood at 855 and at all India level it was 779, indicating an increase of 1.30% and 5.70% respectively over the previous year. Food and General Index during 2014-

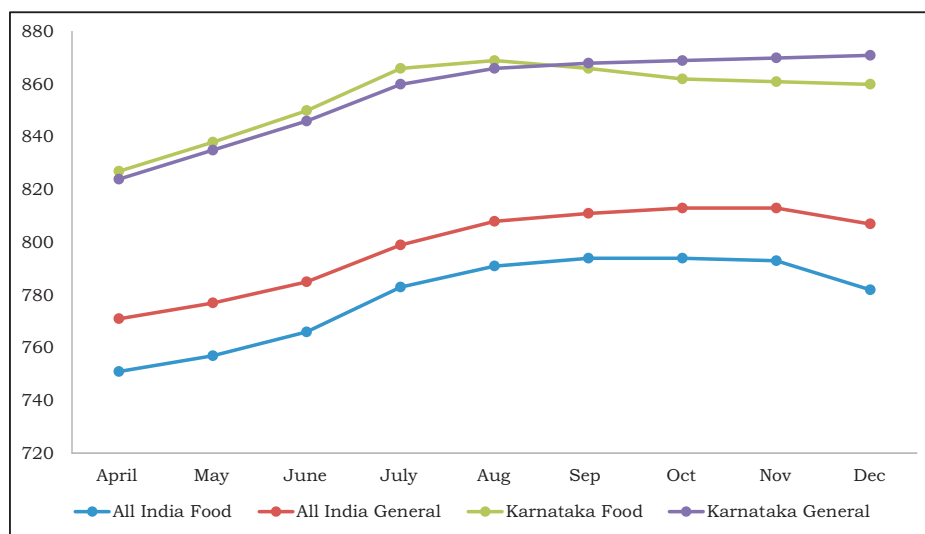
**Figure 2.11: Food and General Index of Tumkuru**



15s illustrated in **Figure. 2.12**. CPI-AL in April & December for the years 2012-13, 2013-14 and 2014-15 are presented in

**Appendix -2.23** and CPI-AL at all India and Karnataka from 2000-01 are given in **Appendix -2.24**.

**Figure 2.12: Food and General Index of Agricultural Labourers**



#### 2.2.4 Price Situation in Rural and Urban Karnataka

Directorate of Economics & Statistics, Government of Karnataka, collects retail prices of a basket of essential commodities from selected centres in rural and urban areas in order to assess the price situation in the State. Rural retail prices are collected every month and urban retail prices are collected every week for the construction of monthly Rural Retail Price Index Numbers and Urban Retail Price Index Numbers. For both these index numbers, the base year is 1970=100. These index numbers are based on un-weighted diagram and focuses on broad price trends in rural and urban areas, to guide policy decisions.

##### a) Price Situation in Rural Areas

In the State, for construction of monthly Rural Retail Price Index (RRPI), retail prices of 29 essential commodities are collected from 352 villages every month. During 2014-15, the index shows a continuous increase from 3934 in April 2014 to 4264 in December 2014, thus showing an overall increase of 8.39%. This rise was mainly due

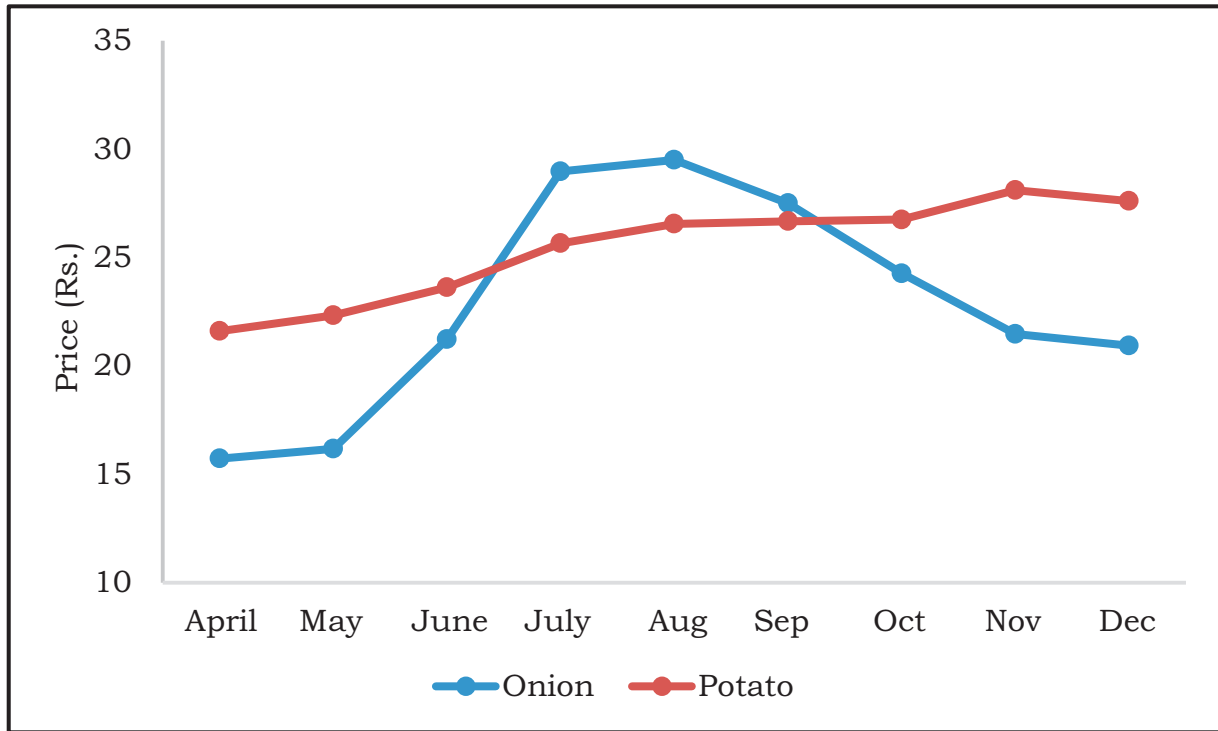
to increase in prices of onion and potato. Price trends of these commodities are shown in **Figure. 2.13**. Up to December 2014-15, the average RRPI was 4172, recording an increase of 5.86% over the RRPI (3941) of the corresponding period of the previous year. Rural Retail Price Index Numbers in Karnataka are given in **Appendix - 2.25**.

##### b) Price Situation in Urban Areas

Every week, retail prices of 20 important commodities are collected from 20 urban centres in the State in order to construct Urban Retail Price Index (URPI). During 2014-15, the URPI which was 2716 in April 2014 rose to 3093 in December 2014 showing an increase of 377 points or 13.88%. The rise in index is attributed to the increase in prices of onion & potato. The price trends of these commodities are graphically illustrated in **Figure. 2.14**. During 2014-15 (upto December 2014), the average URPI (2983) increased by 4.74% over the corresponding period of the previous year (2848). Urban Retail Price Index numbers in Karnataka are presented in **Appendix 2.26**.



**Figure. 2.13: Rural Retail Price of Onion and Potato**



**Figure. 2.14: Urban Retail Price of Onion and Potato**

