

# A Note on the Wholesale Price Index in 1960-61

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In this note an attempt is made to extend the wholesale price index prepared in the Institute of Development Economics<sup>1</sup> to 1960-61. That index, which was computed for the East and West wings separately and for the whole of Pakistan, covered a period of nine years from 1951-52 to 1959-60 (July-June) with 1951-52 as the base year. The West Pakistan index covers 35 commodities while the commodities included in East Pakistan index number 25. The weights for each wing are derived from the net quantity available to final users in each year. It should be remembered that this wholesale price index is not an all-purpose general price index; its coverage and scope are limited. It is a measure of annual wholesale price changes for certain goods in East and in West Pakistan. Further details of the index may be found in the monograph cited in footnote 1. The present index for 1960-61 is computed by the Laspeyres formula alone as it was not possible to calculate the Paasche index without information on quantities available during 1960-61.<sup>2</sup> For the same reason it is not possible to extend the analysis of quantity indices previously presented for both wings of Pakistan.<sup>3</sup>

The Laspeyres index weights prices by the quantity in the base year and therefore is not influenced by a change in weights. However, since the structure of the economy has changed since 1951-52, the weights have undergone significant changes. This is particularly the case in West Pakistan where, for instance, wheat has declined in weight from 37 per cent in 1951-52 to 28 per cent in 1959-60 while the weight of cloth has risen from 2 per cent to 9 per cent over the same period. To reduce the bias caused by such changes, the index for 1960-61 is prepared using 1959-60 weights as well as 1951-52 weights.

The following table shows the price indices for 1960-61 as compared to the preceding two years.

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<sup>1</sup>. See Monograph No. 4, *A Measure of Inflation in Pakistan*, 1951-60. Karachi: Institute of Development Economics, March 1961.

<sup>2</sup>. This information was not collected in the interest of speed. Since the Central Statistical Office will soon be publishing a much more complete price index, this is the final appearance of the Institute of Development Economics Index.

<sup>3</sup>. S.U. Khan, "A Measure of Economic Growth in East and in West Pakistan", *The Pakistan Development Review*, Autumn 1961.

YEAR	1951-52=100*			1959-60=100*		
	East Pakistan	West Pakistan	All** Pakistan	East Pakistan	West Pakistan	All** Pakistan
1958-59	119	117	118	95	94	95
1959-60	125	121	123	100	100	100
1960-61	119	133	126	95	110	103

\*Quantity weights of base year are used.

\*\*Simple average of wing indices.

The East Pakistan index for 1960-61 shows a decline of 4.6 per cent over the preceding year in terms of both 1951-52 quantities and 1959-60 quantities. This is explained by the abnormally high and practically unchanging weight of one single commodity, rice.<sup>4</sup> The fall in the index reflected lower prices of rice which declined 7.4 per cent. This movement serves, however, to conceal significant increases in the price of most other items, notably raw sugar and tobacco.

The West Pakistan index, on the other hand, increased by 10.6 per cent during 1960-61 and attained its highest level over (133.4 with 1951-52 base and weights). The increase reflected presumably the impact of decontrol of wheat and rice which more than offset a fall in prices of a few other commodities, particularly maize (17 per cent) and coal (7 per cent). Prices of wheat rose by 24 per cent and of most of the other agricultural commodities also increased. In terms of 1959-60 weights, however, the index showed a rise of only 9.5 per cent during 1960-61. Appendices A and B show the prices of all the commodities in 1959-60 and 1960-61 in West and East Pakistan respectively.

Several mistakes were detected after the publication of Monograph No. 4. These have since been corrected.<sup>5</sup> As a result, the West Pakistan Paasche index for 1958-59 and 1959-60 now stands at 111.2 and 118.2, respectively. The Fisher "Ideal" is consequently changed, for these years, to 114.1 and 119.7 for West Pakistan and to 115.9 and 121.7 for All Pakistan. These figures should be accordingly corrected in the monograph. The changes do not significantly affect the analysis or conclusions of that study.

<sup>4</sup>. Rice has on average 80 per cent of weight in East Pakistan index. It declined from 83 per cent in 1951-52 to 80 per cent in 1959-60.

<sup>5</sup>. Serious errors are listed in Appendix D.

## Appendix A

AVERAGE WHOLESALE PRICES DURING 1959-60 AND 1960-61  
(JULY-JUNE)

(WEST PAKISTAN)

(in Rupees)

Sr. No.	Commodity	Market Centre	UNIT	Source of Data	Average Wholesale Prices	
					1959-60	1960-61
1.	Wheat ..	Lyallpur	Maund	Pakistan Times	13.25	16.42
2.	Rice (Sugdasi) ..	Karachi	"	C.S.O.B.	31.91	32.12(a)
3.	Jowar (Fair average quality) ..	Multan	"	"	14.00	13.25
4.	Bajra (Fair average quality) ..	"	"	"	14.83	15.54
5.	Maize (Fair average quality) ..	Lyallpur	"	"	15.95	13.31
6.	Barley (Fair average quality) ..	Multan	"	"	11.69	12.03(b)
7.	Gram (Fair average quality whole) ..	Okara	"	"	15.27	15.05
8.	Mash (Whole) ..	Multan	"	"	24.17	26.89
9.	Moong (Split, Punjab) ..	Karachi	"	"	30.38	30.57
10.	Masoor (Whole) ..	Lyallpur	"	"	19.78	21.78
11.	Gur (First quality and fair average) ..	Lyallpur & Mardan	"	"	25.13	33.66
12.	Sugar (Refined) ..	Lahore	"	"	55.00	55.00
13.	Tea (Original; Jokoja Dust and White Label) ..	Karachi & Lahore	Lb.	"	3.98	3.75
14.	Salt (Rock Salt; Lahori) ..	Lahore	Maund	"	5.00	5.82
15.	Cigarettes (Scissors) ..	Karachi	1000	"	26.09	26.09
16.	Leaf Tobacco (Leaf Dry and first quality) ..	Sargodha & Mardan	Maund	"	123.88	138.30
17.	Fish (Salmon) ..	Karachi	Seer	Markets & Prices	1.16	0.61(c)
18.	Mustard Seed (Punjab) ..	Lyallpur	Maund	C.S.O.B.	25.39	25.00(d)
19.	Fine Cloth (Poplin W 36"; Colony) ..	Karachi	Yard	"	5.70	5.53(e)
20.	Medium Cloth (Bleached long cloth 15000, W 36"; Colony) ..	"	"	"	1.48	1.58(f)
21.	Coarse Cloth (Grey long cloth; W 44"; Habib) ..	"	"	"	0.98	1.15(g)
22.	Hessian Cloth (W 45"; Adamjee) ..	Narayanganj	"	"	0.70	0.75(h)
23.	Gunny Bag (B. Twill 2-½lbs; Bawani) ..	Karachi	100 Bags	"	181.31	195.58(i)
24.	Paper (White Printing and Creamlaid) ..	Karachi	Ton	C.S.O.B.	2170.00	2150.40(j)
25.	Matches (Butterfly 50 sticks) ..	"	Gross	"	7.52	7.59
26.	Cycle Tyres (National Road Master 28"x1½") ..	"	Dozen	"	104.25	108.00
27.	Cycle Tubes (National Road Master 28"x1½") ..	"	"	"	37.50	42.00

(Contd.)

Sr. No.	Commodity	Market Centre	Unit	Source of Data	Average Wholesale Prices	
					1959-60	1960-61
28.	Auto Tyres (32"x6" Cover Dunlop; 10 ply)	Karachi	Piece	C.S.O.B.	349.02	358.58
29.	Auto Tubes 3½"x6" (Tube)	"	"	"	27.80	28.50
30.	Cement (Dalmia Portland and Zeal Pak)	"	Ton	"	100.81	105.97(k)
31.	Coal (South African High Grade and Indian Selected 'A')	W. Pakistan	"	"	76.81	71.60(l)
32.	Steel Ingots	"	"	"	466.75	466.75(m)
33.	Kerosene Oil	Lahore	Gallon	"	1.58	1.37
34.	Motor Spirit (Shell)	Karachi	"	"	2.81	2.81
35.	Electricity (for domestic use)	"	Kwh	K.E.S.C.	0.28	0.28

- (a) Only September price available.
- (b) Seven months' average only. Prices for August to September and January to March not available.
- (c) Eleven months' average only. March price not available.
- (d) Eleven months' average only. September price not available.
- (e) Nine months' average only. Prices for December to February not available. Adjusted.
- (f) Ten months' average only. December and January prices not available.
- (g) Two months' average only. Prices for July to February and May to June not available.
- (h) Ex-mill price plus 12½ per cent sales tax.
- (i) Four months' average only. Price for November to June not available.
- (j) Eleven months' average only. June price not available.
- (k) Dalmia Portland Cement includes sales tax.
- (l) (i) Prices for July to December are of Indian selected 'A' and those for January to June are of High Grade South African Coal, (ii) Price includes 10 per cent sales tax; (iii) Price F.O.R. at Keamari (Karachi) direct delivery from steamer.
- m) Repeated for want of data.

## Appendix B

AVERAGE WHOLESALE PRICES DURING 1959-60 AND 1960-61  
(JULY-JUNE)

(EAST PAKISTAN)

(in Rupees)

Sr. No.	Commodity	Market Centre	Unit	Source of Data	Average Wholesale Prices	
					1959-60	1960-61
1.	Wheat (Fair average quality) ..	Dacca	Maund	C.S.O.B.	17.56	17.12(a)
2.	Rice (Medium quality) ..	"	"	"	32.02	29.65
3.	Gram (Fair average quality) ..	"	"	"	16.19	17.60
4.	Mash (Kalai, whole) ..	"	"	"	27.27	29.01
5.	Mong (Whole) ..	"	"	"	20.14	18.88
6.	Masoor (Whole) ..	"	"	"	22.19	29.79
7.	Gur (First quality) ..	"	"	"	53.75	53.75
8.	Sugar (Refined) ..	Chittagong	"	"		
9.	Tea (Original Pekoe & Plain Sylhet Dust) ..	"	Lb.	"	3.06	2.28(c)
10.	Salt (sea salt, fine) ..	"	Maund	"	6.25	6.47
11.	Cigarettes (Scissors) ..	"	1000	"	26.00	25.62
12.	Leaf Tobacco (Motihari) ..	Dacca	Maund	"	143.05	179.21
13.	Fish (Chingri) ..	"	Seer	Markets & Prices		
14.	Mustard Seed (Local) ..	Mymensingh	Maund	C.S.O.B.	1.43	1.48
15.	Indigenous Cloth ..	Dacca			35.64	37.49(d)
		Chittagong				
		Narayanganj	Yard	"	1.38	1.51(e)
16.	Hessian Cloth (W 45"; Adamjee) ..	Narayanganj	Yard	"	0.70	0.75(f)
17.	Gunny Bag (B. Twill 2-1/2 lbs; Bawany) ..	Karachi	100 Bags	"	181.31	195.58(g)
18.	Paper (White Printing and Creamlaid) ..	Chittagong	Ton	"	2135.00	2083.20(h)
19.	Matches (Cock 50 sticks)	"	Gross	"	6.38	6.25
20.	Auto Tyres (32"x6" cover Dunlop; 10 ply) ..	Karachi	Piece	"	349.00	358.58
21.	Auto Tubes (32"x6" Tube) ..	"	"	"	27.80	28.50
22.	Coal (Indian Selected 'A')	E. Pakistan	Ton	"	63.38	62.25(i)
23.	Kerosene Oil ..	Chittagong	Gallon	"	1.58	1.77
24.	Motor Spirit (Shell) ..	"	"	"	2.94	2.94
25.	Electricity (for domestic use) ..	Dacca	Kwh	Electric supply of Pakistan Statistic (1948-55)	0.44	0.44
		Chittagong				

(a) Controlled Price.

(b) Eleven months' average only. November price not available.

(c) Ten months' average only. July &amp; May prices not available.

(d) Ten months' average only. February and March prices not available.

(e) Average retail price of shirting at Dacca, Narayanganj, Chittagong and Sylhet less 20 per cent retailers' profit.

(f) Ex-mill price, plus 12½ per cent sales tax.

(g) Four months' average only. Prices for November-June not available.

(h) Eleven months' average only. June prices not available.

(i) Price F.O.R. at Darsana and Benapole.

## Appendix C

## INDICES

YEAR	WEST PAKISTAN		EAST PAKISTAN		ALL PAKISTAN	
	1951-52 =100	1959-60 =100	1951-52 =100	1959-60 =100	1951-52 =100	1959-60 =100
1958-59	.. 117.0	93.6	119.0	95.3	118.0	94.5
1959-60	.. 121.2	100.0	124.5	100.0	122.9	100.0
1960-61	.. 133.4	109.6	118.8	95.3	126.1	102.5

## Appendix D

## LIST OF SERIOUS ERRORS

Sr. No.	Page No.	Year	Column	Printed	Correct
1.	40	1959-60	Net Availability	5629	4629
2.	43	1958-59	"	302512	302516
3.	50	—	—	Quantity in Tons	Quantity in '000' Tons
4.	52	—	—	Quantity in '000' Tons	Quantity in '000' Lbs.
5.	52	1951-52	Net Availability	15596	16596
6.	65	1959-60	Price	104.25	101.25
7.	100	1958-59	$\Sigma p_0q^t$	5012022	4925419
8.	100	"	$\Sigma p^tq^t$	5489195	5477899
9.	100	"	Paasche Index	109.5	111.2
10.	100	"	Fisher Index	113.2	114.1
11.	100	1959-60	$\Sigma p_0q^t$	5250408	5210057
12.	100	"	$\Sigma p^tq^t$	6225203	6159280
13.	100	"	Paasche Index	118.6	118.2
14.	100	"	Fisher Ideal	119.9	119.7
15.	101	1958-59	Table C-3	115.4	115.9
16.	101	1959-60	"	121.8	121.7

NOTE: Prices of fine cloth in West Pakistan for the years 1958-61 are adjusted for the difference between prices of imported variety and the domestic variety by multiplying local prices by 2.04.