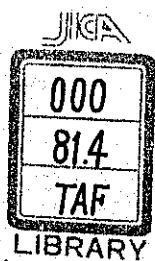


REVISION OF CURRENT BASE YEAR (1975)
FOR
INDEX NUMBERS OF RURAL COMMODITY PRICES

JAPAN INTERNATIONAL COOPERATION AGENCY



国際協力事業団	
受入 月日 84.5.21 7	000
登録No. 06405	8/4
	TAE

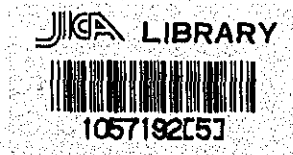
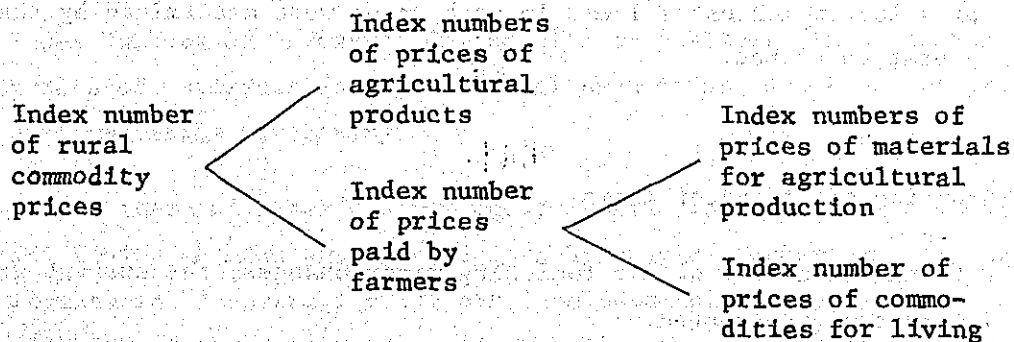
Revision of Current Base Year (1975)
for
Index Numbers of Rural Commodity Prices

Introduction:

"Index numbers of rural commodity prices" comprise two kinds of index numbers, i.e., the "index numbers of prices of agricultural products" which are prepared by integrating the producer price data of farm produce sold by farmers, and the "index numbers of prices paid by farmers" which are prepared by integrating the retail price data of various commodities purchased by farmers. They are used as basic data in estimating and measuring the market condition and commodity price level in rural communities, and Laspeyres formula is applied for their calculation with 1970 taken as base year at present. As in other economic index numbers, the base year and weight for the index numbers of rural commodity prices have been revised every five years in the past. Further, the lapse of five years since the current base year (1975) has been considerable structural changes both in agricultural production and farmers' consumption. For these reasons, the base year for the index numbers and relevant weight calculation was revised from 1970 to 1975.

1. Composition of the Index Numbers

The following figure shows the series of index numbers of rural commodity prices.



2. Base Year

The base year was changed from 1970 to 1975.

3. Index Number Formula

The currently applied base period weight index relative calculation formula (Laspeyres formula) was adopted continuously.

4. Year of Weight Application, and Method of Weight Calculation

(1) Year of Weight Application

The year of weight application was revised from 1970 to 1975.

(2) Method of Weight Calculation

The weights to be applied in the calculation of index numbers of rural commodity prices were obtained on the basis of the average producer prices of agricultural products per farm household and the average prices of commodities (materials for agricultural production and commodities for living) purchased per farm household as disclosed by the 1975 Farm Household Economy Survey. To be more specific, weights by group were first obtained for index numbers of rural commodity prices and those of commodities to purchase (the latter comprising index numbers of prices of materials for agricultural production and those of commodities for living), then the weights of selected indicator items in each group were determined by the proration method.

5. Grouping of Indicator Items

With the exception of the following minor changes, the current grouping system was adopted.

a. Agricultural products

"Leguminous vegetables" was introduced as a new sub-group.

b. Materials for agricultural production

a) "Automobiles and relevant prices and costs" was introduced as a new group.

b) "Miscellaneous materials and processing materials" was renamed "Miscellaneous materials."

6. Index Items

Items for index coverage were selected by the method described below on the basis of the average producer prices of agricultural products per farm household and the average prices of commodities purchased per farm household as revealed by the 1975 Farm Household Economy Survey.

(1) Index Numbers of Prices of Agricultural Products

All items of agricultural products covered by the said Farm Household Economy Survey were arranged in the descending order of the average producer price per household, and selection was sequentially from the topmost item down to the item where the cumulative total of sales proceeds accounted for more than 95% of aggregate sales proceeds.

(2) Index Numbers of Prices of Commodities to Purchase (Index numbers of prices of materials for agricultural production, and those of prices of commodities for living)

Of all items of materials for agricultural production and commodities for living covered by the said Farm Household Economy Survey, those registering an average price per farm household which exceeded 1/10,000 of the total price paid by all sample households were selected.

However, those items which are likely to be subjected to frequent brand fluctuation and are consequently involve difficulty in price level estimation were excluded even if they satisfied the selection criteria described in Items (1) and (2) above.

7. Number of Index Items and Coverage

The following table shows the numbers of former index items, additional index items, excluded index items and new index items, as well as the coverages of former and new index items.

	Number of Index Items				Coverage	
	Former items	Additional items	Excluded items	New items	Former items	New items
Index number of agricultural products	83	21	3	101	95.6	96.3
Index numbers of prices of materials for agricultural production	161	35	43	153	79.7	75.5
Index numbers of prices of agricultural products { Index numbers of prices of commodities for living	269	22	32	259	73.0	71.1
Total	513	78	78	513	-	-

8. Base Year Prices

The base year prices were determined on the basis of the national average prices as disclosed by the 1975 Survey of Prices Received and Paid by Farmers.

9. Current Prices

The item-wise national average prices as revealed by the said Survey of Prices Received and Paid by Farmers were adopted as current prices.

10. Seasonal Commodities

As for the prices of seasonal commodities, index numbers were determined for the month or months which come within the period of each crop/commodity moving season, and the average prices in such month or months were used in the period of non-moving season pending the advent of the following moving period.

11. Linkage of Former and New Index Numbers

The new index numbers were revised for the period starting on April 1, 1975 with 1975 taken 100.0. As for annual index number for 1974 and prior years, the link relatives was obtained from the 1975 annual index number calculated with 1970 as base year, and the former index numbers were multiplied by the link relatives thus obtained for re-calculation and linkage with the period subsequent to 1951 when the announcement of index numbers was commenced.

I. Weights of Revised Index Numbers by Group and Sub-group

1. Agricultural Products

Group	Sub-Group	Weight	
		New (Base year: 1975)	Old (Base year: 1970)
Agricultural products		10,000	10,000
Rice		3,442	3,407
	Government procurement under food control system	2,218	2,632
	Sales to designated collecting organs and wholesales	874	439
	Free marketing	350	336
Barley and wheat		61	106
Pulses		95	117
Potato		132	143
Vegetables		1,804	1,545
	Vegetable fruits	969	879
	Leaf and stem vegetables	502	504
	Root vegetables	267	199
	Leguminous vegetables (newly introduced)	66	...
Fruits		845	886
Industrial crops		628	627
Flowering grasses		209	139
Cocoons		195	330
Livestock products		2,563	2,638
	Hen eggs	518	597
	Raw milk	752	766
	Beef cattle	765	787
	Calves	444	400
	Adult cattle	84	88
Rice straw and its products		26	25

2. Materials for Agricultural Production

Group	Sub-Group	Weight	
		New (Base year: 1975)	Old (Base year: 1970)
Materials for agricultural production		10,000	10,000
Seeds and seedlings		275	272
Animals for live-stock production		707	913
Fertilizers		1,095	1,147
	Inorganic	1,035	1,097
	Organic	60	50
Feed		2,341	2,759
Agricultural chemicals		607	510
Miscellaneous materials		585	510
Fuel and electric power		496	374
Farming equipment and machinery (Newly introduced)		2,007	1,991
	Small type	129	111
	Large type	1,878	1,880
Automobiles and relevant charges and costs		460	...
Construction materials		643	931
Working clothes		69	83
Rent and other charges		715	510

3. Commodities for Living

Group	Sub-Group	Weight	
		New (Base year: 1975)	Old (Base year: 1970)
Commodities for living		10,000	10,000
Foods		2,741	2,634
Cereals		171	178
	Rice	88	93
	Barley and wheat	83	85
Other foods		2,570	2,456
	Potatoes	6	6
	Pulses	6	6
	Vegetables	96	101
	Sea weeds and dried fish	63	62
	Fish and shellfish	468	438
	Meat, hen eggs, and cow milk	435	407
	Processed foods	212	152
	Seasonings, and cooking oils and fats	196	210
	Liquors	261	286
	Confectionery	284	287
	Fruits	181	182
	Beverages	183	93
	Dining-outs	229	226
Clothing		1,307	1,368
	Clothes	1,134	1,174
	Footwear and personal outfittings	173	194
Fuel and electric power		419	412
Housing		2,246	2,230

Group	Sub-Group	Weight	
		New (Base year: 1975)	Old (Base year: 1970)
Miscellaneous	Housing material	1,315	1,239
	Furnitures and fixtures	931	991
		3,287	3,356
	Health and sanitation	587	614
	Education	336	436
	Culture and recreation	818	778
	Tobacco	110	169
	Transportation and communications	305	310
	Automobiles and relevant charges and costs	1,131	1,049

