

II

Terms of Trade: Agriculture vis-a-vis Manufactured Products

5.26 It is noteworthy that over the years most of the important crops have registered a rise in prices, though a seasonal fall in prices may be there for some commodities due to overproduction, slack international demand or global surplus. The current agricultural policy also aims at providing more incentives to the agricultural producers to facilitate domestic and international trade. Quantitative restrictions on most agricultural products have been lifted to encourage export of agri products. Consequently, the movement in the wholesale price index for agricultural and industrial products since the early 1980s and particularly so during the 1990s indicates that agricultural product prices have moved faster relative to the prices of industrial products, (Table 5.8). This is an indication of emerging favourable terms of trade for agriculture.

TABLE 5.8				
Index Numbers of Wholesale Prices of Agricultural Commodities Relative to Manufactured Products				
Year	General Index of Wholesale Prices	Price Index of Agricultural Products*	Price Index of Manufactured Products	Agriculture Price index as per cent of Manufacturing
Base : 1981-82=100				
1982-83	104.9	107.3	103.5	103.7
1983-84	112.8	121.4	109.8	110.6
1984-85	120.1	129.2	117.5	110.0
1985-86	125.4	129.1	124.4	103.8
1986-87	132.7	142.8	129.2	110.5
1987-88	143.5	161.8	138.5	116.8
1988-89	154.2	170.9	151.6	112.7
1989-90	165.7	174.4	168.6	103.4
1990-91	182.7	198.3	182.8	108.5
1991-92	207.8	236.8	203.4	116.4
1992-93	228.7	255.5	225.6	113.3
1993-94	247.8	271.4	243.2	111.6
Base : 1993-94=100				
1994-95	112.6	116.1	112.3	103.3
1995-96	121.6	126.0	121.9	103.3
1996-97	127.2	136.4	124.4	109.7
1997-98	132.8	140.3	128.0	109.6
1998-99	140.7	157.2	133.6	117.7
1999-00	145.3	159.1	137.2	116.0
2000-01	155.7	163.7	141.7	115.5
2001-02**	161.3	169.9	144.4	117.7
*Composite index of the sub-groups - Food Articles and Non-food Articles				
** Apr-Dec 2001				