Workshop on Revision of State Level Indices of Industrial Production

Working Steps to prepare the item basket and weighting diagram

Item basket:

1. Retain all data having NIC-04 2-digit codes 15-36.

2. Make a copy of the sheet "data".

3. Arrange the data first in ascending order of NIC-2d and then by descending order of values.

4. Compute the NIC-2d wise subtotal.

5. Convert all value figures in percentage w.r.t. the total value of that 2-digit group (NIC-2d).

6. Convert all the formulae (%) into value by using "Paste Special by Values"

7. Remove all subtotals.

8. Delete all the items having % contribution <0.2.

Weighting Diagram:

1. Check whether there is any negative GVA for any 4-digit industry group; if found (say for the industry group 1721), make the necessary adjustment by multiplying the corresponding GVO by the ratio of All India GVA/GVO of that 4-digit industry group (1721).

2. Make necessary adjustment for the 2/3 digit industry groups under which the 4-digit industry group falls (172 and 17 respectively in this example).

3. Make all such adjustments for all the 2/3/4 digit industry groups having negative GVA.

4. For industry groups with positive GVA only, adjusted GVA will be equal to original (given) GVA.

5. Sum of all adjusted GVA as described in steps 1-4, will give the total GVA for the manufacturing sector for the state.

6. GVA of electricity (G_E) and mining sector (G_{Mi}) is given; and the same should be added with GVA of the manufacturing sector (G_{Mf}) as obtained in step-5 above.

7. Weight of electricity sector (W_E) = $[(G_E)/[(G_E) + (G_{Mi}) + (G_{Mf})]]*1000$.

   Weight of mining sector (W_{Mi}) = $[(G_{Mi})/[(G_E) + (G_{Mi}) + (G_{Mf})]]*1000$.

   Weight of manufacturing sector (W_{Mf}) = $[(G_{Mf})/[(G_E) + (G_{Mi}) + (G_{Mf})]]*1000$.

8. Weight of manufacturing sector will then be distributed among the 2-digit NIC codes in the same process as above as per their adjusted GVA. Similarly, weight of 2-digit industry groups will be distributed among the representative 3-digit industry groups and weight of each 3-digit industry group will be distributed among the representative 4-digit industry groups falling under the respective 3-digit groups as per their adjusted GVA.

9. Finally, the weight at 4-digit group will be distributed among the items selected in the item basket from that 4-digit group as per their GVO.

10. If any 2/3/4 digit industry is not represented in the item basket, the corresponding weight has to be re-distributed among the other 2/3/4 digit industries present, w.r.t. their adjusted GVA.