

CHAPTER 16

PRICES AND PUBLIC DISTRIBUTION

16.01 A stable price regime with mild inflationary pressure is said to stimulate economic development, particularly in economies where resources are substantially under-employed. Persistent and unchecked rise in prices endangers economic development and social stability and adversely affects economic welfares particularly of the poor. An efficient Public Distribution System should ensure availability of essential commodities to the weaker sections of the society at reasonable prices and provide insurance against instability when inflationary pressures cannot be controlled. The inflation rate in the country had remained at single digit level since 1997-98.

WHOLESALE PRICE INDEX (WPI)

16.02 The Wholesale Price Index (WPI) at the All-India level is computed by the Central Statistical Organisation, Government of India. Table 16.1 shows the trend of Wholesale Price Index (base year 1993-94=100) from 1999-00 to 2003-04. The Wholesale Price Index for all commodities reached a level of 175.9 during 2003-04 as against 166.8 during 2002-03 registering an increase of 5.5%. The annual rise in WPI was maintained at single digit level for the years 1999-2000 to 2003-04.

16.03 Table 16.1 further shows that the WPI for primary articles has reached the level of 181.5 during the year 2003-04 recording an increase of 4.3% over the previous year. Fuel, power, light and lubricants reached a level of 254.5 in the year 2003-04 registering an increase of 6.4% over the previous year. Similarly, in case of manufactured products, the WPI moved up to 156.5 showing a rise of 5.7% during the year 2003-04 over the previous year.

Table 16.1**Index Number of Wholesale Prices in India by Major Groups (Averages)**

(Base 1993-94=100)

Sl No.	Year	Primary articles				Fuel, power, light, lubricants	Manufactured products	All commodities	
		Food	Non-food	Minerals	Total			Index	% rise over previous year
1	2	3	4	5	6	7	8	9	10
1.	1999-00	165.5	143.0	110.4	158.0	162.0	137.2	145.3	2.5
2.	2000-01	170.5	146.5	113.5	162.5	208.1	141.7	155.7	7.2
3.	2001-02	176.1	152.9	119.3	168.4	226.7	144.3	161.3	3.6
4.	2002-03(P)	179.2	165.4	118.8	174.0	239.2	148.1	166.8	3.4
5.	2003-04(P)	181.5	186.3	121.6	181.5	254.5	156.5	175.9	5.5

*P - Provisional**Source : R.B.I. Bulletin, October, 2004*

16.04 The point to point Wholesale Price Index for all commodities with 1993-94 base for April to August, 2003 and 2004 has been presented in Table 16.2.

Table 16.2**Point to Point Wholesale Price Index for All Commodities**

(Base 1993-94=100)

Sl. No.	Month	2003	2004 (P)	Percentage change over previous year during the month
1	2	3	4	5
1.	April	173.1	180.9	4.5
2.	May	173.4	182.1	5.0
3.	June	173.5	185.2	6.7
4.	July	173.4	186.6	7.6
5.	August	173.7	188.5	8.5

*P - Provisional**Source : R. B. I. Bulletin , October, 2004*

16.05 The WPI for all commodities computed on a point to point basis for the months of April, 2004 to August, 2004 shows an increasing trend. While the variation in WPI was 4.5% in April, 2004 over April, 2003, it was 8.5% in August, 2004 over August, 2003.

CONSUMER PRICE INDEX (CPI)

16.06 The Consumer Price Index (CPI) measures the overall price movement of goods and services at the ultimate consumption stage. It reflects the price at which the commodities are available to the consumers. Consumer Price Index numbers are computed for specified regions and sections of the people.

16.07 The All-India Consumer Price Index for industrial workers and for two selected centres of Orissa, namely Barbil and Rourkela, from 1999-00 to 2003-04 and from April, 2004 to August, 2004 are presented in Table 16.3.

Table 16.3

Consumer Price Index for Industrial Workers at All-India level and for Selected Centres in Orissa

(Base 1981-82 = 100)

Sl. No.	Year/ Month	All-India (General)	Orissa	
			Barbil (General)	Rourkela (General)
1	2	3	4	5
1.	1999-00	426	392	398
2.	2000-01	444	415	408
3.	2001-02	463	421	407
4.	2002-03	482	430	419
5.	2003-04(P)	500	439	438
i)	April,2004	504	442	442
ii)	May.2004	508	447	446
iii)	June,2004	512	454	453
iv)	July,2004	517	453	455
v)	August,2004	522	457	464

P : Provisional

Source : Indian Labour Journal, Labour Bureau, Simla, Govt. of India.

16.08 Table 16.3 reveals that the All-India Consumer Price Index for industrial workers with 1981-82 base has increased from 426 in 1999-00 to 500 in 2003-04, recording a rise of 17.4% over the period. During the same period, the general index for Barbil and Rourkela which are well below the All India index has shown a rise of 12.0% and 10.1% respectively.

16.09 A comparative picture of CPI for industrial workers in respect of groups of items at the All-India level and in respect of two centres of Orissa during April, 2003 and April, 2004 has been presented in Table 16.4.

Table 16.4
Consumer Price Index for Industrial Workers

(Base 1981-82 = 100)

Sl. No.	Group of Items	All-India			Orissa					
					Barbil			Rourkela		
		April, 2003	April, 2004	Variation (%)	April, 2003	April, 2004	Variation (%)	April, 2003	April, 2004	Variation (%)
1	2	3	4	5	6	7	8	9	10	11
1.	Food	488	494	1.2	408	430	5.4	411	432	5.1
2.	Pan, supari, tobacco, intoxicants	643	669	4.0	709	676	(-) 4.7	681	631	(-) 7.3
3.	Fuel and light	560	592	5.7	605	655	8.3	423	440	4.0
4.	Housing	570	592	3.9	390	396	1.5	680	696	2.4
5.	Clothing, bedding & footwear	337	344	2.1	315	328	4.1	333	342	2.7
6.	Miscellaneous	500	515	3.0	451	450	(-) 0.2	411	424	3.2
7.	General	493	504	2.2	426	442	3.8	425	442	4.0

Source : Indian Labour Journal, Labour Bureau, Simla, Govt. of India

16.10 Table 16.4 shows that the variation in Consumer Price Index for industrial workers with 1981-82 base was highest at 5.7% in respect of fuel & light and lowest at 1.2% in respect of Food items at the All India level. Similarly, for Barbil centre, the variation was highest at 8.3% in respect of fuel & light items and lowest at (-) 4.7% in respect of Pan, Supari, Tobacco and Intoxicants items as against highest variation of 5.1% in respect of Food items and lowest variation of (-) 7.3% in respect of Pan, Supari, Tobacco and Intoxicants items for Rourkela centre.

16.11 Table 16.5 depicts the trend of CPI for agricultural labourers for Orissa and at the All-India level. Figures for the food and general indices for agricultural labourers with 1986-87 base reached the level of 296 and 314 for Orissa during 2003-04 registering an increase of 5.7% and 5.4% respectively over the previous year. Similarly, at the All-India level, figures for the food and general indices reached the level of 326 and 332 during the same period registering an increase of 3.2% and 2.8% respectively.

Table 16.5
Consumer Price Index for Agricultural Labourers of Orissa and All-India

(Base 1986-87 = 100)

Sl. No.	Year	Orissa		All-India	
		Food	General	Food	General
1	2	3	4	5	6
1	1999-00	309	309	311	306
2	2000-01	295	305	299	304
3	2001-02	286	300	304	311
4	2002-03	280	298	316	323
5	2003-04	296	314	326	332
		(5.7)	(5.4)	(3.2)	(2.8)

Figures in brackets indicate percentage change in 2003-04 over 2002-03

Source : Indian Labour Journal, Labour Bureau, Simla, Govt. of India

16.12 The comparative position of CPI for agricultural labourers of 16 selected States for July, 2003 and July, 2004 with 1986-87 base has been presented in Table 16.6 which shows that the change in the CPI for agricultural workers in Orissa during July, 2004 over July, 2003 is 1.6% as against 2.1% at the All-India level. The states like Gujarat, Jammu & Kashmir, Madhya Pradesh and Tamil Nadu have enjoyed negative variations, while other States have experienced positive variations. The highest variation of 6.6% was observed in Haryana and the lowest variation of (-) 3.1% was observed in Tamil Nadu during the above period.

Table 16.6

**Consumer Price Index for Agricultural Labourers
of Selected States (General Index)**

(Base 1986-87 = 100)

Sl. No.	Name of State	July, 2003	July, 2004	Point to point change in percentage
1	2	3	4	5
1	Andhra Pradesh	349	353	1.1
2	Assam	342	351	2.6
3	Bihar	303	315	4.0
4	Gujarat	343	339	(-) 1.2
5	Haryana	332	354	6.6
6	Jammu & Kashmir	347	340	(-) 2.0
7	Karnataka	336	347	3.3
8	Kerala	343	350	2.0
9	Madhya Pradesh	324	321	(-) 0.9
10	Maharashtra	334	344	3.0
11	Orissa	313	318	1.6
12	Punjab	338	350	3.6
13	Rajasthan	329	332	0.9
14	Tamil Nadu	356	345	(-) 3.1
15	Uttar Pradesh	327	342	4.6
16	West Bengal	316	328	3.8
	All-India	331	338	2.1

Source : R.B.I. Bulletin , October, 2004

16.13 The Consumer Price Index for urban non-manual employees in Orissa is being estimated at two selected centres, namely Cuttack and Sambalpur. In 2003-04, the Consumer Price Index numbers for urban non-manual employees in Cuttack and Sambalpur centres were 412 and 358 respectively, which were lower than the CPI of 420 at the All-India level as indicated in Table 16.7.

Table 16.7

Consumer Price Index for Urban Non-Manual Employees

in Orissa and All-India

(Base 1984-85 = 100)

SI No	Year/ Month	All-India	Orissa	
			Cuttack	Sambalpur
1	2	3	4	5
1	1999-00	350	355	309
2	2000-01	371	365	316
3	2001-02	390	379	338
4	2002-03	405	390	346
5	2003-04	420	412	358
i)	April, 2004	425	418	359
ii)	May, 2004	427	421	363
iii)	June, 2004	431	422	368
iv)	July, 2004	434	425	368
v)	August, 2004	437	432	372

Source : Monthly Abstract of Statistics, C.S.O.

SUPPORT PRICE

16.14 On recommendation of the Commission for Agricultural Costs and Prices (CACP), Government have fixed the support prices of Rs.550.00 and Rs.580.00 per quintal of Common and Grade 'A' paddy of fair average quality (FAQ) for the marketing session 2003-04. Due to non-availability of paddy of FAQ standard, Government of India have relaxed the FAQ norms and fixed Rs.528.00 and Rs.557.00 per quintal of Common and Grade 'A' paddy of relaxed specification respectively. The support price of wheat of FAQ standard has been fixed at Rs.630.00 per quintal for the marketing season 2003-04 against Rs.620.00 during last marketing season 2002-03. In order to prevent distress sale of Paddy and recycling of subsidized rice received under different schemes like Annapurna, Antyodaya and Food for work, various measures have been taken by Government in Food Supplies and Consumer Welfare Department.

PUBLIC DISTRIBUTION SYSTEM (PDS)

16.15 The public distribution policy of the State Government follows a three pronged strategy of ensuring price stability, adequate availability of food grains, sugar and kerosine oil to consumers, and implementing a special programme for drought prone and tribal areas. By the end of December - 2003, essential commodities were distributed through a network of 24,878 number of fair price shops, out of which 20,828 in rural areas and 4,050 in urban Orissa. The Targeted Public Distribution System (TPDS) with focus on the poor is being implemented in 143 ITDP and DPAP blocks with effect from 01.06.97. Under TPDS, all the rural families below the poverty line having annual income not exceeding Rs.11,000 and enlisted in the DRDA / Block BPL list in all the 143 ITDP and DPAP blocks are supplied with 16 kg of common rice per family per month at the specially subsidised price of Rs.4.75 per kg and additional 9 kgs of rice are supplied at Rs.6.30 per kg per family per month during 2003-04. In the remaining 171 non-ITDP / non-DPAP blocks, all rural families below the poverty line and enlisted in the DRDA / Block BPL list were supplied with 25 kg of common rice per family per month at the rate of Rs.6.30 per kg during 2003-04. The monthly quota of BPL rice has been enhanced from 16 Kgs to 25 Kgs since Sept.,2002. Besides, all families (ration card holders) below the poverty line in urban areas identified by H. & U.D. Department were supplied with 25 Kg of common rice per family per month at the subsidised rate of Rs.6.30 per kg during 2003-04. For sale of subsidised rice in the 143 ITDP and DPAP blocks under the targeted PDS, Government have eliminated private retailers and engaged : (i) Gram Panchayats (ii) LAMPs (iii) Rural Consumers' Co-operative Stores, (iv) Service Co-operative Societies (v) Model Fair Price Shops run by Orissa Civil Supply Corporation Ltd. and (vi) Registered Mahila Mandals. As a special consideration all the APL families of the KBK region were also supplied with rice @ 25 Kg per month at BPL rate of Rs.6.30 per Kg during 2003-04.

16.16 Under Annapurna scheme, 10 kgs of rice per month per beneficiary is supplied free of cost to 64,800 senior citizens of 65 years age or above, who are eligible for oldage pension under National / State Old Age Pension Schemes but not covered so far. Allocation of Rs.434.15 lakh and Rs.454.16 lakh were received from Government of India for the year 2000-01 and 2001-02 respectively under the scheme. This scheme has been transferred to the State Plan from 2002-03. Rs. 522.16 lakh has been allocated under Annapurna scheme for the year 2002-03 and for the year 2003-04 as well.

16.17 Under Antyodaya Anna Yojana, 5,05,500 numbers of the poorest of the poor families in the State are supplied with 35 kgs of rice per family per month at Rs.3.00 per kg since September, 2001. The State Government is bearing a financial burden of Rs.88.5 lakh approximately per month towards transportation and other charges. For additional beneficiaries of 2,53,000 under AAY scheme, the State Government will bear Rs.44.3 lakh per month for the said charges.

16.18 Government of India have allotted the following quantities of essential commodities to Orissa for distribution through PDS during 1999-2000 to 2003-04.

Table 16.8

Allotment of Essential Commodities Received from Government of India.

Sl No.	Commodities	Unit	Allotment during				
			1999-00	2000-01	2001-02	2002-03	2003-04
1	2	3	4	5	6	7	8
1	Sugar	Lakh MT	1.67	1.75	1.08	1.04	0.27
2	Wheat	Lakh MT	3.70	0.90 *	-	3.00	3.60
3	Rice (APL, BPL, AAY)	Lakh MT	11.16	9.95	9.97	24.99**	22.80**
4	Rice (AP)	Lakh MT	-	-	-	0.08	0.08
5	Imported Edible Oil	Lakh MT	0.10	-	-	-	-
6	Kerosine Oil	Lakh KL	4.53	4.91	4.24	4.08	4.00

P : Provisional

** For BPL beneficiaries.*

*** For APL + BPL + beneficiaries.*

Source : Food Supplies and Consumer Welfare Department, Orissa.

QUALITY CONTROL

16.19 The Quality Control Cell having an Analytical Laboratory at Bhubaneswar has been expanded and seven more Regional Laboratories have been set up

in various important procurement districts to look after the quality of the commodities right from the procurement stage till its final disposal to the consumer under different Government Programmes. With a view to check the rising trend of adulteration and to ensure supply of qualitative commodities, the cell is taking cyclic testing exercise of food grains.

CONSUMER PROTECTION

16.20 Besides the State Consumer Dispute Redressal Commission and the State Consumer Protection Council, 31 Consumer Dispute Redressal Fora have been set up in 30 districts @ one each and one at Rourkela. A total number of 54,525 cases have been registered in these Fora out of which 50,478 cases have been disposed of since inception till end of Dec' 2003. During the above period, 2,611 cases and 9,491 appeals have been filed before the Commission and 1,887 cases and 4,401 appeals have been disposed of.

16.21 The average wholesale price of some essential agricultural commodities in the State for the period 1999-00 to 2003-04 is presented in Table 16.9. The Table shows that the prices of items like Wheat, Ragi, Maize, Mung, Biri, Gram, Kulthy, Potato and Gur have decreased in 2003-04 as compared to their prices in 2002-03.

16.22 While in case of paddy (common), the wholesale price declined from Rs.473.64 per quintal in 1999-00 to Rs.451.21 per quintal in 2003-04 showing a decrease of 4.7%, in case of wheat it increased from Rs.688.88 per quintal in 1999-00 to Rs.798.77 per quintal in 2003-04 registering an increase of 16.0% during the period.

Table 16.9
Average Wholesale Prices of some Essential Agricultural Commodities
in Orissa from 1999-00 to 2003-04

(Rupees/quintal)

Sl. No.	Commodities	1999-00	2000-01	2001-02	2002-03	2003-04(P)
1	2	3	4	5	6	7
1.	Paddy (common)	473.64	443.89	425.14	430.31	451.21

2.	Wheat	688.88	760.54	776.50	822.47	798.77
3.	Ragi	474.30	481.38	476.98	525.80	473.76
4.	Maize	457.78	472.86	477.14	603.23	528.10
5.	Mung	1778.07	1873.67	1855.10	2123.04	2018.03
6.	Biri	1609.65	1797.04	1767.08	1621.86	1440.30
7.	Gram	1439.63	1496.96	1566.91	1911.89	1802.70
8.	Kulthy	770.94	787.22	827.09	966.99	952.66
9.	Til	1502.81	1415.85	1535.66	1866.41	2072.45
10.	Mustard seeds	1674.18	1694.02	1692.32	2121.81	2209.22
11.	Groundnut	1327.19	1433.85	1382.74	1641.16	1732.24
12.	Potato	358.16	380.77	429.11	519.58	495.39
13.	Jute	883.55	911.77	960.52	952.33	971.33
14.	Gur	1101.27	1146.56	1140.95	1338.39	1146.81
15.	Dry chillies	4179.05	3968.00	4030.54	4534.15	4837.50

P – Provisional

Note : Weighted average price.

Source : Directorate of Economics and Statistics, Orissa.

16.23 The average retail prices of some selected essential commodities in the State for the period from 2000 to 2004 is presented in Table 16.10. The average retail prices for Mung Dal, Mustard Oil and salt decreased in 2004 as compared to their retail prices in 2003, where as in case of other commodities it has increased.

Table 16.10
Average Retail Prices of some Essential Commodities
in Orissa from 2000 to 2004

(Rs./Kg, Rs./Litre)

Sl. No.	Commodities	2000	2001	2002	2003	2004(P)
1	2	3	4	5	6	7
1.	Rice (common)	8.77	7.97	7.95	7.98	8.63

2.	Wheat	8.56	8.53	8.84	9.26	9.30
3.	Mung Dal	25.12	27.85	28.58	26.92	24.29
4.	Arhar Dal	24.67	23.26	25.61	27.22	28.79
5.	Mustard Oil	37.48	38.96	45.88	58.23	56.90
6.	Ground nut Oil	46.01	46.47	N.A.	N.A.	63.36
7.	Vanaspati	32.78	34.09	42.63	48.26	51.84
8.	Sugar (free sale)	16.51	16.47	15.54	14.70	16.74
9.	Gur (local)	12.19	14.95	14.15	13.50	15.93
10.	Salt	2.15	2.18	2.22	2.39	2.38
11.	Potato	4.58	6.66	6.73	4.91	6.44
12.	Onion (ulli)	6.26	8.05	6.75	7.98	8.29
13.	Atta	9.56	9.39	9.58	10.25	10.48
14.	Maida	10.46	10.16	10.43	11.08	11.40
15.	Suji	11.14	10.80	10.95	11.58	12.04

P : Provisional

NA- Not Available

Source : Food Supplies and Consumer Welfare Department, Orissa.

ENFORCEMENT ACTIVITIES

16.24 For prevention of Black Marketing, Collectors have been requested to enforce prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980 against hoarders, unscrupulous traders and Black Marketers. During 2003, 73,279 checks and 491 raids were made detecting 879 cases. In 31 cases PR was filed and 11 persons were arrested. Besides, 347 licences were suspended and 200 licences were cancelled. Essential commodities worth Rs.133.20 lakh were seized and security deposits of Rs.8,400 were forfeited during the same year. Amount of Essential Commodities confiscated was Rs.41.10 lakh and Rs.4.48 lakh was imposed as fines.

CONSTRUCTION OF STORAGE GODOWNS IN THE CYCLONE / FLOOD AFFECTED DISTRICTS

16.25 Government of India have sanctioned financial assistance of Rs.1,540.38 lakh for construction of 7 godowns of 2000 MT capacity each at the district headquarters and 89 godowns of 500 MT capacity each at the Bolck headquarters in the districts affected by the super cyclone/ flood of 1999. Out of 7 godowns of 2000 M.T capacity, five godowns have been completed and the construction of the rest two are under progress. Out of 89 Numbers of 500 M.T godowns, 41 have been completed and the rest 48 are expected to be completed during current year.

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