

CHAPTER 16

PRICES AND PUBLIC DISTRIBUTION

16.01 Price stability is an essential factor for achieving steady economic growth. Relative price stability with mild dose of inflation is a basic necessity for the growth of a developing economy like India. While a small dose of inflation is said to grease the wheels of development, uncontrolled price rise or galloping inflation imposes considerable hardship on the people and adversely affects economic welfare particularly of the poor and the fixed income groups. Price stability is achieved by controlling inflation on the one hand and maintaining the flow of essential commodities and services at reasonable prices on the other. 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) reflects the overall price movement in the country. The WPI at the all-India level is computed by the Central Statistical

Organisation (CSO), Government of India. Table 16.1 shows the trend of WPI (base year 1993-94=100) by major Groups from 2001-02 to 2005-06. The WPI for all commodities reached a level of 195.6 during 2005-06 as against 187.3 during 2004-05, registering an increase of 4.4%. The annual rise in WPI was maintained at single digit level for the years 2001-02 to 2005-06.

16.03 Table 16.1 exhibits that the wholesale price index (WPI) for primary articles increased by 2.9% over 2004-05, the corresponding increase in case of fuel, power, light, lubricant and manufactured products has been recorded as 9.5% and 3.1% respectively. The trend of WPI by major groups from 2001-02 to 2005-06 reflected that the WPI for all commodities mounted to 195.6 during 2005-06 registering an increase of 4.4% over 2004-05. The annual rise in WPI has remained at single digit from the year 2001-02 to 2005-06.

Table 16.1
Index Number of Wholesale Prices in India by Major Groups (Averages).
(Base 1993-94=100)

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
2001-02	176.1	152.9	119.3	168.4	226.7	144.3	161.3	3.6
2002-03	179.2	165.4	118.8	174	239.2	148.1	166.8	3.4
2003-04	181.5	186.3	121.6	181.5	254.5	156.5	175.9	5.5
2004-05	186.3	187.6	255.1	188.1	280.1	166.3	187.3	6.5
2005-06(P)	195.3	179.1	322.8	193.6	306.8	171.5	195.6	4.4

P – Provisional / Source : R.B.I. Bulletin, October, 2006.

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16.04 The point to point Wholesale Price Index for all commodities for April to August, 2005 and 2006 with 1993-94 base has been presented in Table 16.2.

Table 16.2
Point to Point Wholesale Price
Index for All Commodities

(Base 1993-94=100)			
Month	2005	2006(P)	% change over previous year during the month
1	2	3	4
April	191.6	199.0	3.9
May	192.1	201.3	4.8
June	193.2	203.1	5.1
July	194.6	204.1	4.9
August	195.3	205.3	5.1

P - Provisional
Source: R. B. I. Bulletin, October, 2005

16.05 The WPI for all commodities computed on a point to point basis for the months of April, 2006 to August, 2006 shows an increasing trend. While the variation in WPI was 3.9% in April, 2006 over April, 2005, it was 5.1% in August, 2006 over August, 2005.

CONSUMER PRICE INDEX (CPI)

16.06 The overall level of price movement of goods and services at the ultimate consumption stage is measured by Consumer Price Index (CPI), which indicates the price at which the commodities are made available to the consumer. Consumer Price Index is computed for specified regions and sections of the people.

16.07 Till the end of 2004-05, CPI for industrial workers was collected from two selected centers of Orissa namely Barbil and

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Rourkela. But during 2005-06, Talcher and Anugul has been selected in place of Barbil with base year 2001-02. Table 16.3 shows the Consumer Price Index (CPI) for industrial workers at all India level and Barbil, Rourkella centres of Orissa till 2004-05 with base year 1981-82 and CPI for all India and Angul, Talcher & Rourkella centres for 2005-06 with base year 2001-02.

Table 16.3
Consumer Price Index for Industrial
Workers at All-India level and for
Selected Centres in Orissa

Year/ Month	All-India (General)	Orissa	
		Barbil (General)	Rourkela (General)
1	2	3	4
(Base year 1981-82 = 100)			
2001-02	463	421	407
2002-03	482	430	419
2003-04	500	439	438
2004-05	520	456	457
(Base year 2001 = 100)			
		Angul-Talcher	Rourkela
2005-06*	540	485	478
April, 2006	120	118	121
May, 2006	121	119	121
June, 2006	123	119	122
July, 2006	124	120	125
August, 2006	124	120	126

P : Provisional

*Average is based on 9 months from April to December 2005.
Source: Indian Labour Journal, Labour Bureau, Simla, Govt. of India.

16.08 Consumer Price Index (CPI) for agricultural labourers of Orissa and all India from 2001-02 to 2005-06 for food and general items is presented in Table 16.5. It revealed that during 2005-06, the CPI for agricultural laborers in Orissa under food and general items showing an increase of 10.8% and 11.7% over 2001-02, in case of all India level

the corresponding increases recorded as 15.5% and 15.1% respectively.

16.09 Further while CPI for agricultural labourers on food items in Orissa increased by 5.3% over 2004-05, the corresponding figure at all India level stood at 4.8%. In general the percentage increase over 2004-05 remain same i.e. 4.7% both in case of Orissa as well as all India.

Table 16.5

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

(Base 1986-87 = 100)

Year	Orissa		All-India	
	Food	General	Food	General
1	2	3	4	5
2001-02	286	300	304	311
2002-03	280	298	316	323
2003-04	296	314	326	332
2004-05	301	320	335	342
2005-06	317	335	351	358

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

16.10 The comparative position of CPI for agricultural labourers of 16 selected states for August, 2005 and August, 2006 with 1986-87 base has been presented in table 16.6. This table reflects that CPI for agricultural workers in Orissa during August, 2006 has increased by 5.7% over August, 2005 while at all India level, it increased by 6.5%. The highest variation of 9.9% was observed in case of Rajasthan while the lowest variation observed in Karnataka (2.6%) during the above said period.

Table 16.6

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

(Base 1986-87 = 100)

Sl. No.	Name of State	Aug. 2005	Aug. 2006	Point to point change in percentage
1	2	3	4	5
1	Andhra Pradesh	366	389	6.3
2	Assam	356	376	5.6
3	Bihar	338	366	8.3
4	Gujarat	366	389	6.3
5	Haryana	371	391	5.4
6	Jammu & Kashmir	350	379	8.3
7	Karnataka	342	351	2.6
8	Kerala	350	367	4.9
9	Madhya Pradesh	348	377	8.3
10	Maharashtra	366	390	6.6
11	Orissa	336	355	5.7
12	Punjab	368	402	9.2
13	Rajasthan	364	400	9.9
14	Tamil Nadu	344	358	4.1
15	Uttar Pradesh	356	390	9.6
16	West Bengal	341	354	3.8
	All-India	352	375	6.5

Source: R.B.I. Bulletin, October, 2006

16.11 Table 16.7 reflects the picture of CPI for urban non-manual employees for Orissa and all India. The CPI for urban non-manual employees in Orissa is being estimated at two selected centres, namely Cuttack and Sambalpur. In 2005-06, the Consumer Price Indices for urban non-manual employees in Cuttack and Sambalpur centres were 447 and 386 respectively, which were lower than the CPI of 458 at the all-India level.

Table - 16.7**Consumer Price Index for Urban Non-Manual Employees in Orissa and All-India.**

(Base 1984-85 = 100)

Year/ Month	All- India	Orissa	
		Cuttack	Sambalpur
1	2	3	4
2001-02	390	379	338
2002-03	405	390	346
2003-04	420	412	358
2004-05	436	428	370
2005-06	458	447	386
April, 06	465	454	391
May, 06	471	459	397
June, 06	477	464	401
July, 06	481	474	403
Aug., 06	484	479	408

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

SUPPORT PRICE

16.12 During 2005-06, Government have fixed the support prices of Rs.570.00 and Rs.600.00 per quintal of Common and Grade 'A' paddy of Fair Average Quality (FAQ) for the marketing season on the recommendation of the Commission for Agricultural Costs and Prices (CACP). Due to non-availability of paddy of FAQ standard, Government of India have relaxed the FAQ norms and fixed Rs.547.00 and Rs.576.00 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.650.00 per quintal for the marketing season 2005-06 against Rs.640.00 during last season 2004-05. 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. Besides, Government intervention in procurement operation has created a competitive atmosphere and farmers are able to get remunerative prices for their produce. Hence the problem of distress sale has been eradicated to a great extent.

PUBLIC DISTRIBUTION SYSTEM (PDS)

16.13 Public Distribution System is an effective instrument for maintaining price stability as well as for equitable distribution of essential commodities particularly among the needy group of society. This system operates through a network of fair price shops. The public distribution policy of the State Government follows a three pronged strategy of ensuring price stability, adequate availability of food grains, sugar and kerosene oil to consumers, and implementing a special programme for drought prone and tribal areas. By the end of December 2005, essential commodities were distributed through a network of 28,093 fair price shops, out of which 24,071 were in rural areas and 4,022 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 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 subsidized price of Rs.4.75 per kg and additional 9 kg of rice at Rs.6.30 during 2005-06. 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 2005-06. The monthly quota of BPL rice has been enhanced from 16 Kg to 25 Kg since Sept.,2002. All the APL families of KBK region are also supplied with rice @ 25 kg per month at BPL rate of Rs. 6.30 per kg during 2005-06. 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 subsidized rate of Rs.6.30 per kg during 2005-06. For sale of subsidized 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.

16.14 Under Annapurna scheme, 10 kg of rice per month per beneficiary is supplied free

of cost to 64,800 senior citizens aged 65 years or above, who are eligible for old age pension under National / State Old Age Pension Schemes but not covered so far. Under this scheme Government of India are allotting 648 MT rice per month.

16.15 Under Antyodaya Anna Yojana, 5,05,500 poorest of the poor families in the State are supplied with 35 kg of rice per family per month at Rs.3.00 per kg. Government of India have expanded the Antyodaya Anna Yojana to cover additional 2,53,000 poorest below poverty line families of our state in first phase during June,2003 and another 2,42,800 in second phase during August,2004. Against 4,95,800 beneficiaries allocated by Govt. of India under expanded Antyodaya Anna Yojana, 4,95,492 beneficiaries have been selected including primitive tribal. Rice has been allocated to all districts for distribution with effect from January,2005 @ 35 kg per family under this scheme Government of India are allotting 35,046 MT rice per month to 10,01,300 families.

16.16 Government of India has allotted the following quantities of essential commodities to Orissa for distribution through PDS during 2001-02 to 2005-06 which have been presented at Table 16.8.

Table 16.8
Allotment of Essential Commodities Received from Government of India.

Commodities	Unit	Allotment during				
		2001-02	2002-03	2003.04	2004.05	2005-06(P)
1	2	3	4	5	6	7
Sugar	Lakh MT	1.08	1.04	0.27	1.08	1.05
Wheat	Lakh MT	-	3.00	3.60	3.60	3.51
Rice (APL, BPL)	Lakh MT	9.97	24.99**	22.80**	22.81**	20.81**
Rice (AP)	Lakh MT	-	0.08	0.08	0.08	0.08
Rice (AAY)	Lakh MT	-	-	2.12	2.61	4.21
Kerosene Oil	Lakh KL	4.24	4.08	4.00	4.05	4.05

P : Provisional / * For BPL beneficiaries. / ** For APL + BPL beneficiaries.

Source : Food Supplies and Consumer Welfare Department, Orissa.

QUALITY CONTROL

16.17 The scheme aims at undertaking enforcement activities for ensuring quality control and for protecting consumers from sub-standard goods. 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. During procurement of Paddy, quality check in ensuring minimum support price to farmers and preventing distress sale are being taken up. Quality control measures also help in curbing rising malpractices of adulteration in Petrol and Diesel. During 2005-06, the quality control officers of the Department have imparted training to field officers of Orissa State Civil Supplies Corporation Ltd., NAFED and MARKFED.

CONSUMER PROTECTION

16.18 Consumer protection movement is gradually attracting considerable public interest in Orissa. 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 4,305 cases have been registered in these Fora out of which 2,163 cases have been disposed of during 2004. 103 C.D. cases and 946 C.D. appeals have been filed before the commission and 55 C.D. cases and 440 C.D. appeals have been disposed of during the period from January, 2004 to November, 2004.

16.19 The average wholesale price of some essential agricultural commodities in the State for the period 2001-02 to 2005-06 is presented in Table 16.9. The Table shows that the prices of all items have increased in 2005-06 as compared to 2004-05 prices.

16.20 In case of paddy (common), the wholesale price increased from Rs.425.14 per

quintal in 2001-02 to Rs.516.00 per quintal in 2005-06 showing an increase of 21.37%. In case of wheat it also increased from Rs.776.50 per quintal in 2001-02 to Rs.908.00 per quintal in 2005-06 registering an increase of 16.93% during the period.

Table 16.9

Average Wholesale Prices of some Essential Agricultural Commodities in Orissa from 2001-02 to 2005-06.

(Rupees/quintal)

Commodities	2001-02	2002-03	2003-04	2004-05	2005-06(P)
1	2	3	4	5	6
Paddy (common)	425.14	430.31	453.92	490.00	516.00
Wheat	776.5	822.47	774.08	805.00	908.00
Ragi	476.98	525.8	505.02	548.00	560.00
Maize	477.14	603.23	406.99	453.00	489.00
Mung	1855.1	2123.04	2035.98	1968.00	2505.00
Biri	1767.08	1621.86	1443.71	1558.00	2545.00
Gram	1566.91	1911.89	1807.1	1694.00	1943.00
Kulthy	827.09	966.99	971.75	966.00	1004.00
Til	1535.66	1866.41	2035.54	2126.00	2150.00
Mustard seeds	1692.32	2121.81	2181.74	2297.00	2378.00
Groundnut	1382.74	1641.16	1721.39	1715.00	1729.00
Potato	429.11	519.58	499.12	595.00	670.00
Jute	960.52	952.33	971.01	1019.00	1370.00
Gur	1140.95	1338.39	1310.76	1507.00	1654.00
Dry chillies	4030.54	4534.15	4874.29	4306.00	4488.00

P – Provisional , Note : Weighted average price.

Source : Directorate of Economics and Statistics, Orissa.

16.21 The average retail prices of some selected essential commodities in the State for the period from 2002 to 2006 is presented in Table 16.10. The average retail prices for Rice (Common), wheat, Mung Dal, Sugar (free sale), Gur (local), Potato, Palmolein oil, Atta, Salt, Maida and Suji have increased in 2006 as compared to their retail prices in 2005, where as in case of other commodities retail prices have decreased.

Table 16.10

Average Retail Prices of some Essential Commodities in Orissa from 2002 to 2006.

Commodities	2002	2003	2004	2005	2006 (P)
1	2	3	4	5	6
Rice (common)	7.95	7.98	8.47	8.45	9.00
Wheat	8.84	9.26	9.31	9.54	11.00
Mung Dal	28.58	26.92	24.08	25.68	38.25
Arhar Dal	25.61	27.22	28.42	28.92	28.25
Mustard Oil	45.88	58.23	55.53	55.14	49.87
Palmolein Oil	N.A.	48.36	50.79	46.36	47.50
Vanaspati	42.63	48.26	51.10	48.82	46.12
Sugar(free sale)	15.54	14.70	17.23	17.20	21.00
Gur (local)	14.15	13.50	17.17	17.05	18.25
Salt	2.22	2.39	2.43	2.40	2.50
Potato	6.73	4.91	6.82	4.53	7.50
Onion (ulli)	6.75	7.98	8.44	7.67	6.87
Atta	9.58	10.25	10.50	11.40	12.37
Maida	10.43	11.08	11.50	11.66	13.83
Suji	10.95	11.58	11.99	12.02	14.35

P : Provisional , NA- Not Available

Source : Food Supplies and Consumer Welfare Department, Orissa.

ENFORCEMENT ACTIVITIES

16.22 For prevention of black marketing, District 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 2005, 54,721 checks and 1,335 raids were made detecting 1,569 cases. In 146 cases PR was filed and 5 persons were

arrested and 3 persons were convicted. Besides, 590 licenses were suspended and 257 licenses were cancelled. Essential commodities worth Rs.57.12 lakh were seized and security deposit of Rs.1,00,050/- was forfeited during the same year. Essential commodities worth Rs.5.84 lakh was confiscated and Rs.12.67 lakh was imposed as fines.

