

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 2006-07. The WPI for all commodities reached a level of 206.1 during 2006-07 as against 195.6 during 2005-06, registering an increase of 5.4%. The annual rise in WPI was maintained at single digit level since 2001-02.

16.03 During 2006-07, the wholesale price index for primary articles stood at 208.6, showing an increase of 7.7% over the previous year. Similarly, the WPI of fuel, power, light and lubricants and manufacturing products have increased by 5.9% and 4.4% respectively over 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
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	195.3	179.1	322.8	193.6	306.8	171.5	195.6	4.4
2006-07(P)	210.3	188.2	413.2	208.6	324.9	179.0	206.1	5.4

P – Provisional / Source: R.B.I. Bulletin, October, 2007.

16.04 The point to point WPI for all commodities for the period April to August of 2006 and 2007 with 1993-94 bases has been presented in Table 16.2. The table reveals that while the WPI for all commodities computed on a point to point basis exhibits an increasing trend, the percentage change over previous year during the month of April to August exhibits a declining trend. The variation in April, 2007 over April, 2006 was 6.3%, which declined to 4.0% in August, 2007 over August, 2006.

Table 16.2
Point to Point Wholesale Price
Index for All Commodities

(Base 1993-94=100)

Month	2006	2007	% change over previous year during the month
April	199.0	211.5	6.3
May	201.3	212.3	5.5
June	203.1	212.3	4.5
July	204.0	213.4	4.6
August	205.3	213.6	4.0

Source: R. B. I. Bulletin, 2007.

CONSUMER PRICE INDEX (CPI)

16.05 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.

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

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

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

Year/ Month	India (General)	Orissa	
		Barbil (General)	Rourkela (General)
(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	525	485	478
2006-07	125	121	127
Jan, 06	119	117	118
Feb, 06	119	116	118
Mar, 06	119	117	119
Apr, 06	120	118	121
May, 06	121	119	121
June, 06	123	119	122
July, 06	124	120	125
Aug, 06	124	120	126
Sept, 06	125	121	128
Oct, 06	127	122	129
Nov, 06	127	123	130
Dec, 06	127	124	129
Jan, 07	127	124	130
Feb, 07	128	124	129
Mar, 07	127	124	130

*Average is based on 9 months from April to December 2005.

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

16.07 Consumer Price Index (CPI) for agricultural labourers of Orissa and India from 2001-02 to 2006-07 for food and general items is presented in Table 16.4. It reveals that during 2006-07, the CPI for agricultural laborers in Orissa under food and general

items exhibited an increase of 18.9% and 18.7% respectively over 2001-02, while at the all India level the corresponding increases recorded were 23.4% and 22.2% respectively.

16.08 Further, while CPI for agricultural labourers on food items in Orissa increased by 7.3% over 2005-06, the corresponding figure at all India level stood at 6.8%. In general the percentage increase over 2005-06 stood at 6.3% and 6.1% respectively.

Table 16.4

Consumer Price Index for Agricultural Labourers of Orissa and India.

(Base 1986-87 = 100)

Year	Orissa		All-India	
	Food	General	Food	General
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
2006-07	340	356	375	380

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

16.09 The comparative position of CPI for agricultural labourers of 16 selected states for August, 2006 and August, 2007 with 1986-87 base has been presented in table 16.5. This table reflects that CPI for agricultural workers in Orissa during August, 2007 has increased by 10.1% over August, 2006 while at all India level, it increased by 8.8%. The highest variation of 13.7% was observed in case of Karnataka while the lowest variation was observed in Kerala (5.7%) during the said period.

Table 16.5

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

(Base 1986-87 = 100)

Name of State	Aug, 2006	Aug, 2007	Point to point change in percentage
Andhra Pradesh	389	421	8.2
Assam	376	409	8.8
Bihar	366	400	9.3
Gujarat	389	423	8.7
Haryana	391	432	10.5
Jammu & Kashmir	379	405	6.9
Karnataka	351	399	13.7
Kerala	367	388	5.7
Madhya Pradesh	377	403	6.9
Maharashtra	390	424	8.7
Orissa	355	391	10.1
Punjab	402	437	8.7
Rajasthan	400	430	7.5
Tamil Nadu	358	388	8.4
Uttar Pradesh	390	429	10.0
West Bengal	354	381	7.6
All-India	375	408	8.8

Source: R.B.I. Bulletin, October, 2007.

16.10 Table 16.6 reflects the picture of CPI for urban non-manual employees for Orissa and India. The CPI for urban non-manual employees in Orissa is being estimated at two selected centres, namely Cuttack and Sambalpur. In 2006-07, the Consumer Price Indices for urban non-manual employees in Cuttack and Sambalpur centres were 479 and 409 respectively as against 447 and 386 respectively during 2005-06, which were lower than the CPI of 486 at all India level during 2006-07.

Table - 16.6
**Consumer Price Index for Urban Non-
Manual Employees in Orissa and India.**

(Base 1984-85 = 100)

Year/ Month	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
2006-07	486	479	409
April, 07	501	495	419
May, 07	503	497	421
June, 07	506	501	424
July, 07	514	511	431
Aug., 07	515	512	433
Sept, 07	516	507	434
Oct, 07	520	511	439
Nov, 07	519	512	441

Source : C.S.O., Government of India.

SUPPORT PRICE

16.11 The food and procurement policy of government is given effect to from 1st October to 30th September. For the current marketing season 2006-07, procurement target has been fixed at 22 lakh MT, against which 12.91 LMT rice has been procured by the end of February, 2007.

16.12 Generally, paddy of Fair Average Quality (FAQ) standards is not available in the markets of the state due to poor agricultural technology, natural calamities etc. However to the disadvantage to the State, Government of India have fixed the Fair Average Quality norm and have been declaring support price and procurement price of different varieties of

rice every year. During 2006-07, the minimum support price of FAQ common paddy and Grade-A paddy were fixed at Rs.580 and Rs.610.00 per quintal respectively as against Rs.570 and Rs.600 fixed for 2005-06. Due to non availability of paddy of FAQ standard, the government of India relaxed the same to Rs.557 per quintal for common and Rs.586 per qtl. for Grade-A paddy during 2006-07 as against Rs.547 per quintal for common paddy and Rs.576 per quintal for Grade-A paddy during 2005-06.

16.13 The procurement price of levy rice during 2006-07 was fixed at Rs.1041.20 per quintal for common raw rice and Rs.1041.80 for common paraboiled rice as against Rs.1088.30 and Rs.1088.20 per quintal fixed for Grade-A raw and paraboiled rice. The State Government have taken a number of measures to prevent distress sale of paddy and recycling of subsidized rice received under different schemes like Annapurna, Antyodaya, Food for Work etc.

PUBLIC DISTRIBUTION SYSTEM (PDS)

16.14 Public Distribution System is an effective instrument for maintaining price stability as well as for ensuring equitable distribution of essential commodities particularly among the needy groups of the 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.

13.15 Public Distribution System Commodities are being distributed to the consumers through 86,97,331 nos. of ration cards issued under different schemes. There are 64,800 cards circulated under Annapurna schemes, 12,64,500 numbers of cards under Antyodaya Anna Yojana. This apart there are 37,49,505 nos. of BPL and 36,18,548 nos. of APL cards. For smooth functioning of the public distributions system 29,976 fair price shops are functioning in the state including 839 cooperative societies, 3509 gram panchayats and 6488 women SHGs.

16.16 The Targeted Public Distribution System (TPDS) with its focus on the poor is being implemented in the state since June, 1997. Government of India are allotting 97,131 MT of BPL rice and 56,938 MT of APL rice per month under Targeted Public

Distribution System. The overall scenario of subsidized rice distribution to BPL and APL families during 2006-07 was as follows:

- 1583210 nos. of BPL families in 143 ITDA / DPAP blocks were entitled to 16 kgs. of rice per family per month @ Rs.4.75 per kg. and additional 9 kg. of rice @ Rs. 6.30 per kg.
- 2173876 nos. of BPL families in Non ITDP blocks and Non-DPAP blocks and urban areas were entitled for 25 kgs. of rice @ Rs.6.30 per kg. per month.
- 557251 nos. of APL families of KBK districts were entitled for rice @ 25 kgs. Per month at BPL rate i.e. Rs.6.30 per kg.
- Under "Antyodaya Anna Yojana" Government of India are allotting 44260 MT of rice per month. About 1264500 families are being provided 35 kg. of rice per family per month @ Rs. 3.00 per kg.
- Under "Annapurna Scheme" the Government of India is allotting 648 MT of rice per month. Under this scheme 10 kg. of rice per family per month free of cost are being supplied to 64800 senior citizens, uncovered under NOAP / SOAP.

16.17 Government of India have allotted following quantities of essential commodities to Orissa for distribution through PDS during 2002-03 to 2006-07 as indicated at Table 16.7.

Table 16.7

Allotment of Essential Commodities Received from Government of India.

Commodities	Unit	Allotment during				
		2002-03	2003.04	2004.05	2005-06	2006-07(P)
Sugar	Lakh MT	1.04	0.27	1.08	1.05	1.07
Wheat (APL)	Lakh MT	3.00	3.60	3.60	3.51	1.55
Rice (APL, BPL)	Lakh MT	24.99**	22.80**	22.81**	20.81**	18.49
Rice (AP)	Lakh MT	0.08	0.08	0.08	0.08	0.08
Rice (AAY)	Lakh MT	-	2.12	2.61	4.31	5.31
Kerosene Oil	Lakh KL	4.08	4.00	4.05	4.05	4.06

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

Source : Food Supplies and Consumer Welfare Department, Orissa.

QUALITY CONTROL

16.18 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 consumers under different Government Programmes. With a view to check the rising trend of adulteration and to ensure supply of commodities of good quality, the cell is taking cyclic testing exercise of food grains. During procurement of Paddy, quality check for 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 2006-07, 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

16.19 Consumer protection movement is gradually attracting considerable public interest in Orissa. The Consumer Protection Act, 1986 aims at providing speedy, and in expensive redressal of consumer grievances. It also seeks to promote broadbased

consumer movement in the state. The State Government have established 31 District CDR Forums, one in each Revenue District and one additional forum at Rourkela in Sundargarh district. State Consumer Disputes Redressal Commission has been established at Cuttack to decide the original as well as appeal cases and also to supervise the work of District Fora. Besides, consumer clubs have been setup in 500 schools of 21 districts through 25 voluntary organizations, which have been entrusted to act as coordinating agencies. Steps have been taken to establish consumer counseling centre in all district forums to guide and advice the consumer.

16.20 Since inception till the end of November, 2007 a total of 71,126 numbers of cases have been filed in different district Fora, out of which 66,726 cases have been disposed of and 4400 cases were pending. Similarly, about 16,700 cases were filed under State Commission (C.C. – 3046 and F.A. – 13604) out of which 9839 cases (C.C. 2392 and F.A. 7447) were disposed of by the end of November, 2007.

WHOLESALE PRICE

16.21 The average wholesale price of some essential agricultural commodities in the State for the period 2001-02 to 2006-07 is presented in Table 16.8. The Table shows that the prices of all items have increased during 2006-07 over 2005-06 except mustard.

16.22 The average wholesale price of paddy (Common) during 2005-06 was Rs.515.00 per quintal, which increased to Rs.547.05 per quintal during 2006-07, showing an increase of about 6.2%. Similarly, wholesale price of wheat increased by 11.0% during the same period. Highest increase observed was incase of maize (110.25%) followed by Ragi (86.01%) while in case of mustard seeds, the same declined by 9.14%.

Table 16.8
State Weighted Average Wholesale Price of Some Essential Commodities.

Commodities	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07(P)
Paddy (common)	425.14	430.31	453.92	490.00	515.00	547.05
Wheat	776.5	822.47	774.08	805.00	954.00	1058.49
Ragi	476.98	525.8	505.02	548.00	567.00	1054.67
Maize	477.14	603.23	406.99	453.00	479.00	1007.09
Mung	1855.1	2123.04	2035.98	1968.00	2498.00	2867.74
Biri	1767.08	1621.86	1443.71	1558.00	2542.00	3082.96
Gram	1566.91	1911.89	1807.1	1694.00	1945.00	2547.22
Kulthy	827.09	966.99	971.75	966.00	1090.00	1272.82
Til	1535.66	1866.41	2035.54	2126.00	2139.00	2178.71
Mustard seeds	1692.32	2121.81	2181.74	2297.00	2688.00	2442.40
Groundnut	1382.74	1641.16	1721.39	1715.00	1751.00	1965.61
Potato	429.11	519.58	499.12	595.00	670.00	690.71
Jute	960.52	952.33	971.01	1019.00	1410.00	-
Gur	1140.95	1338.39	1310.76	1507.00	1600.00	1669.65
Dry chillies	4030.54	4534.15	4874.29	4306.00	4595.00	5178.89

P – Provisional , Note : Weighted average price.

Source : Directorate of Economics and Statistics, Orissa.

RETAIL PRICE

16.23 The average retail prices of some selected essential commodities in the State for the period from 2003 to 2007 is presented in Table 16.9 The average retail prices for Rice (Common), Wheat, Arhar dal, Mustard oil, Vanaspati, Onion, Potato, Palm oil, Atta, Salt, Maida and Suji increased during 2007 as compared to their retail prices during 2006. The retail prices of Mung dal, Sugar (free sale and Gur (local)) however decreased.

Table 16.9
Average Retail Prices of some Essential Commodities in Orissa.

Commodities	2003	2004	2005	2006	2007 (P)
Rice (common)	7.98	8.47	8.93	9.11	10.73
Wheat	9.26	9.31	9.72	11.51	13.85
Mung Dal	26.92	24.08	29.14	39.35	38.78
Arhar Dal	27.22	28.42	27.46	27.95	36.05
Mustard Oil	58.23	55.53	50.60	50.70	60.15
Palm Oil	48.36	50.79	45.13	48.54	54.08
Vanaspati	48.26	51.10	43.27	48.48	53.95
Sugar(free sale)	14.70	17.23	20.03	21.01	16.33
Gur (local)	13.50	17.17	18.62	18.00	14.87
Salt	2.39	2.43	2.62	2.38	2.92
Potato	4.91	6.82	7.12	8.19	8.95
Onion (ulli)	7.98	8.44	9.75	7.51	13.29
Atta	10.25	10.50	10.83	13.05	14.07
Maida	11.08	11.50	12.16	14.39	15.67
Suji	11.58	11.99	11.87	14.95	16.48

P : Provisional , NA- Not Available

Source : Food Supplies and Consumer Welfare Department, Orissa.

ENFORCEMENT ACTIVITIES

16.24 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 2006, 71530 checks and 1373 raids were made detecting 2644 cases. In 133 cases PR was filed and 36 persons were arrested and one person was convicted. Besides, 386 licenses were suspended and 274 licenses were cancelled. Essential commodities worth Rs.89.02 lakh were seized and security deposit amounting to Rs.2,60,257/- was forfeited during the same year. Essential commodities worth of Rs.25.07 lakh was confiscated and Rs.7.79 lakh fine were imposed during 2006.

MOBILE VAN SCHEME

16.25 Mobile Van Scheme, other wise known as "Mobile Fair Price Shops" is functioning in 14 districts of the state with 92 mobile vans. Out of these, 40 mobile vans are operating in 6 KBK districts. Mobile vans are utilized for door delivery of food stuff, hat sale and transportation of food stuffs from FCI points to Grampanchayats.

MODEL FAIR PRICE SHOPS (Maitree)

16.26 Orissa Civil Supply Corporation has introduced the Model Fair Price Shops, named "Maitree" where rice, wheat, sugar and kerosene oil are provided to the consumers having ration card and kerosene oil to non-card holders. At present 36 Maitree shops are functioning at different districts and at the capital of the state.

