

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 2007-08. The WPI for all commodities reached a level of 215.9 during 2007-08 as against 206.1 during 2006-07, registering an increase of 4.8%. The annual rise in WPI was maintained at single digit level since 2001-02.

16.03 During 2007-08, the wholesale price index for primary articles stood at 224.8, showing an increase of 7.77% over the previous year. Similarly, the WPI of fuel, power, light and lubricants and manufacturing products have increased by 0.7% and 5.0% respectively over 2006-07.

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	174.0	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	210.3	188.2	413.2	208.6	324.9	179.0	206.1	5.4
2007-08(P)	222.1	212.2	469.5	224.8	327.2	188.0	215.9	4.8

P – Provisional / Source: R.B.I. Bulletin, October, 2008.

16.04 The point to point WPI for all commodities for the period April to August of 2007 and 2008 with 1993-94 bases has been presented in Table 16.2. The table reveals that the WPI for all commodities computed on a point to point basis exhibits an increasing trend. The variation in April, 2008 over April, 2007 was 8.04%, which increased to 12.58% in August, 2008 over August, 2007.

Table 16.2
Point to Point Wholesale Price
Index for All Commodities

(Base 1993-94=100)

Month	2007	2008	% change over previous year during the month
April	211.5	228.5	8.04
May	212.3	231.1	8.86
June	212.3	237.4	11.82
July	213.4	239.6	12.28
August	213.9	240.8	12.58

Source: R. B. I. Bulletin, 2008.

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 ,Rourkela 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
2007-08	133	131	139
April,07	128	125	131
May, 07	129	125	135
June, 07	130	126	135
July, 07	132	129	139
Aug, 07	133	129	140
Sept, 07	133	132	140
Oct, 07	133	134	141
Nov, 07	134	133	145
Dec, 07	134	134	143
Jan, 08	134	134	143
Feb, 08	135	135	141
Mar, 08	137	137	141
April,08	138	138	144
May, 08	139	139	147
June, 08	140	141	148

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 2007-08 for food and general items is presented in Table 16.4. It reveals that during 2007-08, the CPI for Agricultural Labourers in Orissa under food and general items exhibited an increase of 11.5% and 9.3% respectively over 2006-07, while at the all India level the corresponding increases recorded were 8.3% and 7.4% respectively.

Further, the CPI for Agricultural Labourers on food as well as general items in Orissa remained below the CPI for Agricultural Labourers at all India level over the years.

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	352
2006-07	340	356	375	380
2007-08	379	389	406	408

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

16.08 The comparative position of CPI for Agricultural Labourers of 16 selected States for August, 2007 and August, 2008 with 1986-87 bases has been presented in Table 16.5. This table reflects that CPI for agricultural workers in Orissa during August, 2008 has increased by 10.7% over August, 2007 while at all India level, it increased by 10.3%. The highest variation of 12.6% was observed in case of Tamilnadu while the lowest variation was observed in Gujarat (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, 2007	Aug, 2008	Point to point change in percentage
Andhra Pradesh	421	468	11.2
Assam	409	442	8.1
Bihar	400	440	10.0
Gujarat	423	447	5.7
Haryana	432	483	11.8
Jammu & Kashmir	405	430	6.2
Karnataka	399	437	9.5
Kerala	388	436	12.4
Madhya Pradesh	403	446	10.7
Maharashtra	424	467	10.1
Orissa	391	433	10.7
Punjab	437	491	12.4
Rajasthan	430	473	10.0
Tamil Nadu	388	437	12.6
Uttar Pradesh	429	464	8.2
West Bengal	381	423	11.0
All-India	408	450	10.3

Source: R.B.I. Bulletin, October, 2008.

16.09 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 2007-08, the Consumer Price Indices for urban non-manual employees in Cuttack and Sambalpur centres were 507 and 434 respectively as against 479 and 409 respectively during 2006-07, which were lower than the CPI of 515 at all India level during 2007-08.

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
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
2007-08	515	507	434

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

SUPPORT PRICE

16.10 The food and procurement policy of Government is given effect to from 1st October to 30th September. For the current marketing season 2007-08, procurement target has been fixed at 25 lakh MT, against which 24 lakh MT rice has been procured by the end of March, 2008.

16.11 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 2008-09, the minimum support price of FAQ common paddy and Grade-A paddy were fixed at Rs.850.00 and Rs.880.00 per quintal respectively as against Rs.645.00 and Rs.675.00 fixed for 2007-08.

16.12 The procurement price of levy rice during 2007-08 was fixed at Rs.1199.30 per quintal for common raw rice and Rs.1196.90 for common para-boiled rice as against

Rs.1245.00 and Rs.1241.90 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, Antodaya, Food for Work etc.

PUBLIC DISTRIBUTION SYSTEM (PDS)

16.13 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.

16.14 Public Distribution System Commodities are being distributed to the consumers through 86.94 lakh ration cards including 71.83 lakh in rural areas were issued under different schemes. There are 64,800 cards circulated under Annapurna schemes, 12,64,720 numbers of cards under Antodaya Anna Yojana. This apart there are 37,58,714 nos. of BPL and 36,05,309 nos. of APL cards. For smooth functioning of the Public Distributions System 29,322 Fair Price Shops are functioning in the State as on May,

2008 including 821 Cooperative Societies, 3236 Gram Panchayats and 7649 Women SHG. Out of total, 29322 fair price shops, 24848 (84.7%) are in rural areas.

16.15 The Targeted Public Distribution System (TPDS) with its focus on the poor is being implemented in the State since June, 1997. Government of India is allotting 97,131 MT of rice for BPL and 56,938 MT of rice for APL families per month under Targeted Public Distribution System. The overall scenario of subsidized rice distribution to BPL and APL families during 2006-07 is 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.

Scheme for supply of PDS rice @Rs.2/- per kg.

16.16 State Government has introduced a new Scheme which envisages distribution of BPL and Antodaya rice @ Rs. 2/- per kg. with effect from 1st August, 2008 to all families presently getting rice under various schemes along with all SC / ST boarders in hostels of SC & ST Development Department.

16.17 The Scheme will cover about 55.79 lakh beneficiaries entitled to BPL and Antodaya rice as given below:

Scheme	Number (in lakh)	Scale of entitlement (per month) (in kg.)	Current consumer price	Revised consumer price
Antodaya Anna Yojana	12.65	35	Rs.3/kg.	Rs.2/kg
BPL families in ITDP / DPAP Blocks	15.84	25	16 kg @ Rs.4.75 / kg. 9 kg. @ Rs.6.30/kg.	Rs.2/kg.
BPL families in other area	21.75	25	Rs.6.30/kg.	Rs.2/kg.
Non BPL families in KBK districts	5.56	25	Rs.6.30/kg.	Rs.2/kg.
Hostel Boarders	-	15 / student	-	Rs.2/kg.

16.18 Government of India has allotted following quantities of essential commodities to Orissa for distribution through PDS during 2003-04 to 2007-08 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	2007-08(P)
Sugar	Lakh MT	1.04	0.27	1.08	1.05	1.07	1.06
Wheat (APL)	Lakh MT	3.00	3.60	3.60	3.51	1.55	1.39
Rice (APL, BPL)	Lakh MT	24.99	22.80**	22.81**	20.81**	18.49	17.18
Rice (AP)	Lakh MT	0.08	0.08	0.08	0.08	0.08	0.08
Rice (AAY)	Lakh MT	-	2.12	2.61	4.31	5.31	5.31
Kerosene Oil	Lakh KL	4.08	4.00	4.05	4.05	4.06	4.05

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

Source : Food Supplies and Consumer Welfare Department, Orissa.

QUALITY CONTROL

16.19 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

16.20 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 broad-based 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.

16.21 Table 16.8 shows the action taken under E.C. Act for the year 2006-07 and 2007-08. The table reflects that the crime related to essential commodities has been

increased over 2006-07. During 2007-08, about 73694 checks were made in which 6263 fraud cases were detected, comprising 8.5% as against 74145 checks made and 2388 cases detected (3.2%) during 2006-07. During 2007-08, Rs.21.68 lakh fine have been imposed against Rs.7.13 lakh fine imposed during 2006-07.

Table - 16.8

Action taken under E.C. Act.

Item	2006-07	2007-08
No. of raids made	1379	5227
No. of checks made	74145	73694
No. of cases detected	2388	6263
No. of P.R. filed	141	191
No. of persons arrested	35	30
No. of licenses suspended	387	935
No. of licenses cancelled	213	251
Amount of security deposit forfeited (Rs. in lakh)	2.68	6.64
Amount of Essential Commodities seized (Rs.in lakh)	101.8	305.9
Amount of fine imposed (Rs. in lakh)	7.13	21.68

WHOLESALE PRICE

16.22 The average wholesale price of some essential agricultural commodities in the State for the period 2002-03 to 2007-08 is presented in Table 16.9.

16.23 The average wholesale price of paddy (Common) during 2006-07 was Rs.547.00 per quintal, which increased to Rs.682.00 per quintal during 2007-08, showing an increase of about 24.7%. Similarly, wholesale price of wheat increased by 13.0% during the same period. Highest increase observed was incase of til (26.4%) followed by Mustard (18.9%) while in case of Mung, the same declined by 21.4%.

Table 16.9

State Weighted Average Wholesale Price of Some Essential Commodities

(Rupees/quintal)

Commodities	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08(P)
Paddy (common)	430.31	453.92	490.00	515.00	547.00	682.00
Wheat	822.47	774.08	805.00	954.00	1046.00	1182.00
Ragi	525.8	505.02	548.00	567.00	1029.00	1093.00
Maize	603.23	406.99	453.00	479.00	960.00	832.00
Mung	2123.04	2035.98	1968.00	2498.00	2927.00	2300.00
Biri	1621.86	1443.71	1558.00	2542.00	3123.00	2634.00
Gram	1911.89	1807.1	1694.00	1945.00	2561.00	2450.00
Kulthy	966.99	971.75	966.00	1090.00	1265.00	1414.00
Til	1866.41	2035.54	2126.00	2139.00	2229.00	2818.00
Mustard seeds	2121.81	2181.74	2297.00	2688.00	2426.00	2885.00
Groundnut	1641.16	1721.39	1715.00	1751.00	1946.00	2231.00
Potato	519.58	499.12	595.00	670.00	859.00	751.00
Jute	952.33	971.01	1019.00	1410.00	N.A.	1543.00
Gur	1338.39	1310.76	1507.00	1600.00	1672.00	1606.00
Dry chillies	4534.15	4874.29	4306.00	4595.00	5640.00	5501.00

P – Provisional , Note : Weighted average price.

Source : Directorate of Economics and Statistics, Orissa.

RETAIL PRICE

16.24 The average retail prices of some selected essential commodities in the State for the period from 2004 to 2008 is presented in Table 16.10. The average retail prices for Rice (Common), Sugar, Arhar dal, Mustard oil, Vanaspati, Onion, Potato, Palm oil, Atta, Maida and Suji increased during 2008 as compared to their retail prices during 2007. The retail prices of wheat, mung dal, salt and onion (ulli) were declined as compared to 2006-07.

Table 16.10
Average Retail Prices of some
Essential Commodities in Orissa.

(Rs. / Kg. / Ltrs.)

Commodities	2004	2005	2006	2007	2008 (P)
Rice (common)	8.47	8.93	9.11	10.73	11.34
Wheat	9.31	9.72	11.51	13.85	12.67
Mung Dal	24.08	29.14	39.35	38.78	36.17
Arhar Dal	28.42	27.46	27.95	36.05	36.72
Mustard Oil	55.53	50.60	50.70	60.15	62.50
Palm Oil	50.79	45.13	48.54	54.08	58.10
Vanaspati	51.10	43.27	48.48	53.95	56.18
Sugar (free sale)	17.23	20.03	21.01	16.33	16.39
Gur (local)	17.17	18.62	18.00	14.87	15.09
Salt	2.43	2.62	2.38	2.92	2.79
Potato	6.82	7.12	8.19	8.95	9.07
Onion (ulli)	8.44	9.75	7.51	13.29	11.93
Atta	10.50	10.83	13.05	14.07	14.16
Maida	11.50	12.16	14.39	15.67	15.80
Suji	11.99	11.87	14.95	16.48	16.52

P : Provisional , NA- Not Available
Source : Food Supplies and Consumer
Welfare Department, Orissa.

ENFORCEMENT ACTIVITIES

16.25 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.

16.26 During 2007-08, a total no. of 73694 checks and 5227 raids have been made, 6263 cases have been detected, 191 P.R. cases have been filed, 30 persons have been arrested. Besides 935 licenses have been suspended and 251 licenses have been cancelled. Security amount to the tune of Rs.6.64 lakh has been forfeited. Essential commodities worth of Rs.1.39 crore has been confiscated and fine to the extent of Rs.21.68 lakh has been imposed as enforcement activities taken under EC Act.

MOBILE VAN SCHEME

16.27 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)

16.28 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 including at the State Capital.

