

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. But persistent and unchecked rise in prices endangers economic development and social stability and adversely affects the prospects of economic growth. 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 can not 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 1998-99 to 2002-03. The Wholesale Price Index for all commodities reached a level of 166.8 during 2002-03 as against 161.3 during 2001-02 registering an increase of 3.4%. The annual rise in WPI was maintained at single digit level for the years 1998-99 to 2002-03.

16.03 Table 16.1 further shows that the WPI for primary articles has reached the level of 174.0 during the year 2002-03 recording an increase of 3.3% over the previous year. Fuel, power, light and lubricants reached a level of 239.2 in the year 2002-03 registering an increase of 5.5% over the previous year. Similarly, in case of manufactured products, the WPI moved up to 148.1 showing a rise of 2.6% during the year 2002-03 over the previous year.

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

(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.	1998-99	159.2	144.5	97.9	153.8	149.5	135.3	141.7	6.9
2.	1999-00	165.5	143.0	110.4	158.0	162.0	137.2	145.3	2.5
3.	2000-01	170.5	146.5	113.5	162.5	208.1	141.7	155.7	7.2
4.	2001-02	176.1	152.9	119.3	168.4	226.7	144.3	161.3	3.6
5.	2002-03(P)	179.2	165.4	118.8	174.0	239.2	148.1	166.8	3.4

P - Provisional

Source : R.B.I. Bulletin, October, 2003

16.04 The point to point Wholesale Price Index for all commodities with 1993-94 base for April to August, 2002 and 2003 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	2002	2003(P)	Percentage change over previous year during the month
1	2	3	4	5
1.	April	162.3	173.1	6.7
2.	May	162.8	173.4	6.5
3.	June	164.7	174.1	5.7
4.	July	165.6	172.9	4.4
5.	August	167.1	174.0	4.1

P - Provisional

Source : R. B. I. Bulletin, October, 2003

16.05 The WPI for all commodities computed on a point to point basis for the months of April, 2003 to August, 2003 shows an increasing trend except for July, 2003. While the variation in WPI was 6.7% in April, 2003 over April, 2002, it was 4.1% in August, 2003 over August, 2002.

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 1998-99 to 2002-03 and from April, 2003 to July, 2003 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.	1998-99	414	380	396
2.	1999-00	426	392	398
3.	2000-01	444	415	408
4.	2001-02	463	421	407
5.	2002-03(P)	482	430	419
i)	April, 2003	493	426	425
ii)	May, 2003	494	438	428
iii)	June, 2003	497	440	433
iv)	July, 2003	501	439	438

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 414 in 1998-99 to 482 in 2002-03, recording a rise of 16.4% 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 13.2% and 5.8% 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, 2002 and April, 2003 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, 2002	April, 2003	Variation(%)	April, 2002	April, 2003	Variation(%)	April, 2002	April, 2003	Variation(%)
1	2	3	4	5	6	7	8	9	10	11
1.	Food	463	488	5.4	406	408	0.5	398	411	3.3
2.	Pan, supari, tobacco, intoxicants	626	643	2.7	687	709	3.2	611	681	11.5
3.	Fuel and light	522	560	7.3	585	605	3.4	415	423	1.9
4.	Housing	541	570	5.4	383	390	1.8	650	680	4.6
5.	Clothing, bedding & footwear	330	337	2.1	314	315	0.3	319	333	4.4
6.	Miscellaneous	477	500	4.8	428	451	5.4	404	411	1.7
7.	General	469	493	5.1	419	426	1.7	411	425	3.4

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 7.3% in respect of Fuel & Light and lowest at 2.1% in respect of Clothing, bedding & footwear at the All India level. Similarly, for Barbil centre the variation was highest at 5.4% in respect of Miscellaneous items and lowest at 0.3% in respect of Clothing, bedding & footwear as against highest variation of 11.5% in respect of Pan, Supari, Tobacco and Intoxicants items and lowest variation of 1.7% in respect of Miscellaneous 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 280 and 298 for Orissa during 2002-03 registering a fall of 2.1% and 0.7% respectively over the previous year. At the All-India level figures for the food and general indices during the same period registered an increase of 4.0% and 3.2% 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	1998-99	283	284	293	292
2	1999-00	309	309	311	306
3	2000-01	295	305	299	304
4	2001-02	286	300	304	311
5	2002-03	280	298	316	321
		(-2.1)	(- 0.7)	(4.0)	(3.2)

Figures in brackets indicate percentage change in 2002-03 over 2001-02

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, 2002 and July, 2003 with 1986-87 base has been presented in Table 16.6. The table shows that the change in the CPI for agricultural workers in Orissa during July, 2003 over July, 2002 is 5.4% as against 4.7% at the All-India level. The highest variation of 11.3% was observed in Tamil Nadu and the lowest variation of 1.2% was observed in Haryana 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, 2002	July, 2003	Point to point change in percentage
1	2	3	4	5
1	Andhra Pradesh	335	349	4.2
2	Assam	323	342	5.9
3	Bihar	293	303	3.4
4	Gujarat	329	343	4.3
5	Haryana	328	332	1.2
6	Jammu & Kashmir	334	347	3.9
7	Karnataka	315	336	6.7
8	Kerala	328	343	4.6
9	Madhya Pradesh	317	324	2.2
10	Maharashtra	315	334	6.0
11	Orissa	297	313	5.4
12	Punjab	332	338	1.8
13	Rajasthan	320	329	2.8
14	Tamil Nadu	320	356	11.3
15	Uttar Pradesh	320	327	2.2
16	West Bengal	300	316	5.3
	All-India	316	331	4.7

Source :R.B.I. Bulletin , October,2003

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 2002-03, the Consumer Price Index numbers for urban non-manual employees in Cuttack and Sambalpur centres were 390 and 346 respectively, which were lower than the CPI of 405 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)

Sl No	Year/ Month	All-India	Orissa	
			Cuttack	Sambalpur
1	2	3	4	5
1	1998-99	337	331	301
2	1999-00	350	355	309
3	2000-01	371	365	316
4	2001-02	390	379	338
5	2002-03	405	390	346
i)	April, 2003	413	399	350
ii)	May, 2003	415	401	354
iii)	June, 2003	417	403	354
iv)	July, 2003	421	415	358

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. This is an enhancement of Rs. 20.00 per quintal against the support prices of last marketing season 2002-03. Due to non-availability of paddy of FAQ standard, Government 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 2004-05 against Rs.620.00 during last marketing season 2003-04.

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 2002-03, essential commodities were distributed through a network of 23,579 retail outlets, 154 numbers of Maitri Shops and 105 numbers of Mobile vans in in-accessible and difficult areas. The Targeted Public Distribution System (TPDS) with focus on the poor is being implemented in 143 ITDP and DPAP blocks w.e.f. 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 BPL list in all the 143 ITDP and DPAP blocks were supplied with 16 kg of common rice per family per month at the specially subsidised price of Rs.5.00 per kg from April, 2000 to July, 2000 and at Rs.4.75 per kg from August, 2000 to August,2002. In addition 9 kgs of rice are supplied at Rs.6.30 per kg per family per month since Sept.,2002. In the remaining 171 non-ITDP blocks, all rural families below the poverty line having annual income not exceeding Rs.6,000 and enlisted in the BPL list were supplied with 16 kg of common rice per family per month at the rate of Rs.6.50 per kg from April, 2000 to July, 2000, at Rs.6.25 per kg from August, 2000 to 13th February, 2001 and at Rs.6.30 per kg from 14th February, 2001 onwards. 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 are supplied with 16 kg of common rice per family per month at the subsidised rate of Rs.6.50 per kg from 01.04.2000. 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.

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 old age pension under National / State Old Age Pension Scheme 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 Rs.580 lakh for the year 2003-04.

16.17 Under Antyodaya Anna Yojana 5,05,500 numbers of 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, with an expenditure of Rs.63.00 lakh per month towards transportation charges etc. But the monthly quota of rice has been enhanced from 25 kgs.

to 35 kgs since October, 2002 with an expenditure of Rs.88.5 lakh approximately per month towards transportation charges etc. Besides, process of selection of 2,53,000 additional beneficiaries is at completion stage under AAY scheme.

16.18 Government of India have allotted the following quantities of essential commodities to Orissa for distribution through PDS during 1998-99, to 2002-03.

Table 16.8

Allotment of Essential Commodities Received from Government of India.

Sl. No.	Commodities	Unit	Receipt during					
			1998-99	1999-00	2000-01	2001-02	2002-03	2003.04
1	2	3	4	5	6	7	8	9
1	Sugar	Lakh MT	1.64	1.67	1.75	1.08	0.99	0.27
2	Wheat	Lakh MT	4.35	3.70	0.90 *	-	3.00	3.60
3	Rice (APL, BPL, AAY)	Lakh MT	6.57	11.16	9.95	9.97	27.12**	24.90
4	Rice (AP)	Lakh MT	-	-	-	-	0.08	0.08
5	Imported Edible Oil	Lakh MT	0.10	0.10	-	-	-	-
6	Kerosine Oil	Lakh KL	4.07	4.53	4.91	4.24	4.08	3.99

P : Provisional

** For BPL beneficiaries.*

*** For APL + BPL + Antyodaya Anna Yojana 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 50,122 cases have been registered in these Fora out of which 45,820 cases have been disposed of since inception till end of Dec' 2002. During the year 2002, 2,263 cases and 8,067 appeals have been filed before the commission and 573 cases and 4,211 appeals have been disposed of during 2002.

16.21 During the year 2003, number of cases filed were 54,525 out of which 50,478 cases have been disposed. Before the State Commission 2,611 cases and 9,491 appeals have been filed and 1,887 cases and 4,401 appeals have been disposed.

16.22 The average wholesale price of some essential agricultural commodities in the State for the period 1998-99 to 2002-03 is presented in Table 16.9. The table shows that the prices of items like paddy, biri, and jute have decreased in 2002-03 as compared to prices in 2001-02.

16.23 While in case of paddy (common) the wholesale price declined from Rs.447.80 per quintal in 1998-99 to Rs.423.37 per quintal in 2002-03 showing a decrease of 5.5%, in case of wheat it increased from Rs.659.04 per quintal in 1998-99 to Rs.803.41 per quintal in 2002-03 registering an increase of 21.9% during the period.

Table 16.9

***Average Wholesale Prices of some Essential Agricultural Commodities
in Orissa from 1998-99 to 2002-03***

(Rupees/quintal)

Sl. No.	Commodities	1998-99	1999-00	2000-01	2001-02	2002-03(P)
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1	2	3	4	5	6	7
1.	Paddy (common)	447.80	473.64	443.89	425.14	423.37
2.	Wheat	659.04	688.88	760.54	776.50	803.41
3.	Ragi	427.15	474.30	481.38	476.98	488.26
4.	Maize	443.38	457.78	472.86	477.14	537.73
5.	Mung	1800.20	1778.07	1873.67	1855.10	2124.19
6.	Biri	1458.47	1609.65	1797.04	1767.08	1605.00
7.	Gram	1374.19	1439.63	1496.96	1566.91	1884.48
8.	Kulthy	675.56	770.94	787.22	827.09	944.81
9.	Til	1476.35	1502.81	1415.85	1535.66	1773.26
10.	Mustard seeds	1577.46	1674.18	1694.02	1692.32	2018.42
11.	Groundnut	1325.63	1327.19	1433.85	1382.74	1534.90
12.	Potato	347.69	358.16	380.77	429.11	485.25
13.	Jute	882.05	883.55	911.77	960.52	923.28
14.	Gur	1057.63	1101.27	1146.56	1140.95	1394.15
15.	Dry chillies	4043.51	4179.05	3968.00	4030.54	4496.71

P – Provisional

Note : Weighted average price.

Source : Directorate of Economics and Statistics, Orissa.

16.24 The average retail prices of some selected essential commodities in the State for the period from 1998 to 2003 is presented in Table 16.10. The average retail prices for sugar, potato, onion, Gur, Mung Dal, Rice (Common) decreased in 2003 as compared to retail prices in 2002, where as in case of other commodities it has increased. Declining trend in paddy / rice price has its effect on cultivation pattern in the State. A shift in cultivation from paddy to non-paddy crops can give a better return to farmers.

Table 16.10

***Average Retail Prices of some Essential Commodities
in Orissa from 1998 to 2003***

(Rs./Kg., Rs./Litre)

Sl. No.	Commodities	1998	1999	2000	2001	2002	2003
1	2	3	4	5	6	7	8
1.	Rice (common)	8.67	8.95	8.77	7.97	7.95	7.98
2.	Wheat	7.10	8.23	8.56	8.53	8.83	9.20
3.	Mung Dal	26.07	26.06	25.12	27.85	28.57	26.92
4.	Arhar Dal	34.57	28.97	24.67	23.26	25.61	27.22

5.	Mustard Oil	68.50	45.03	37.48	38.96	45.84	58.23
6.	Ground nut Oil	66.75	60.50	46.01	46.47	N.R.	N.R.
7.	Vanaspati	53.29	40.85	32.78	34.09	42.59	48.26
8.	Sugar (free sale)	16.00	16.03	16.51	16.47	15.54	14.70
9.	Gur (local)	14.57	13.40	12.19	14.95	14.15	N.R.
10.	Salt	1.91	2.01	2.15	2.18	2.22	N.R.
11.	Potato	9.07	5.15	4.58	6.66	6.98	4.91
12.	Onion (ulli)	32.34	7.99	6.26	8.05	6.74	7.98
13.	Atta	8.74	9.68	9.56	9.39	9.57	10.25
14.	Maida	9.74	10.54	10.46	10.16	10.40	11.08
15.	Suji	10.71	11.22	11.14	10.80	10.94	11.58

P : Provisional

Source : Food Supplies and Consumer Welfare Department, Orissa.

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