

V. Prices

31. The general level of prices in the country had shown a more or less continuous increase during the second plan period. With the restoration of a better balance between supply and demand in the aggregate, the increase in prices was checked during the current year. The general trend in prices during the first half of 1961 was upward. But since July 1961, there has been a reversal of this trend. In the result, the average level of prices in 1961 was higher than in 1960; but over the year, the index of wholesale prices receded from 124.6 in December 1960 to 122.9 in December 1961. The decline of 1.4 per cent in the general price level during 1961 is explained by the decline in the prices of industrial raw materials. Food articles as a whole registered a small increase in prices whereas prices of manufactures remained virtually stable.

Index Numbers of Wholesale Prices

(1952-53=100)

	March 1956	Dec. 1960	March 1961	Dec. 1961	Jan. 1962
<i>Food Articles</i>	92.8	117.0	117.5	117.8	118.3
Cereals	86	100	100	101	102
of which:					
Rice	86	102	101	102	101
Wheat	85	89	91	94	98
Edible Oils	106	154	164	153	154
Sugar and Gur	91	127	117	114	113
Milk and Ghee	93	111	116	115	114
Tea	139	210	208	164	177
Coffee	80	86	88	89	87
<i>Industrial Raw Materials</i>	109.4	149.5	159.1	136.6	137.5
Raw Jute	122	226	271	145	146
Raw Cotton	107	110	111	109	110
Oilseeds	106	154	160	154	156
<i>Manufactures</i>	102.9	126.0	129.4	126.4	126.1
Cotton Textiles	109	129	127	128	128
Jute Textiles	95	143	162	118	116
Iron and Steel manufactures	126	147	147	147	147
Fertilisers	86	96	96	96	92
Cement	98	130	136	152	149
Machinery	102	117	117	122	122
Bricks and Tiles	87	113	116	122	110
Lime	100	127	132	152	152
<i>General Index</i>	98.1	124.6	127.5	122.9	123.2

32. Among food articles, there has been a significant decline in the prices of sugar and gur and tea where the increase in production has been sizeable. Other food articles such as rice and vegetable oils showed little change in prices over the year. Wheat prices and the prices of milk and ghee on the other hand have risen. The small increase in the domestic price of coffee despite a significant increase in production has been largely on account of the increase in excise duties in the 1961-62 budget. The prices of other essential consumer goods such as cotton textiles registered a slight fall over the year.

33. The index number of raw jute prices which had steadily risen from 140 in December 1959 to 226 by December 1960, continued to increase during the first two months of 1961 reaching a peak of 280 in February. Thereafter, following the corrective action taken by Government, there was a fall which was accelerated after July in view of the record output of raw jute during the current year. By December 1961, the index of raw jute prices had fallen to 145 and measures had to be taken to prevent prices from falling to unduly low levels. The movement in raw jute prices was reflected in a corresponding movement in the prices of jute manufactures, the index for which also declined from 143 in December 1960 to 118 by December 1961.

34. Although the prices of jute manufactures fell sharply over the year and those of cotton manufactures registered a small decline, the prices of other manufactures, notably of construction materials, showed a tendency to firm up. Prices of cement, bricks, tiles and lime, for example, registered sizeable increases; and there was also a small increase in machinery prices. The prices of iron and steel and fertilisers, on the other hand, remained unchanged over the year, and since December 1961, there has been a reduction in fertilizer prices.

35. The All-India Working Class Consumer Price Index (1949=100) which had increased from 100 at the beginning of the second plan to 124 by the end of the plan, continued to increase till August, 1961 when it reached the level of 128. Thereafter, it has shown no variation.