# 4. PRICES, WAGES AND PUBLIC DISTRIBUTION

## PRICES

4.1 One of the foremost concerns of any Government is to have a regular and periodic check on the movement of prices of essential commodities since a change in the price level is likely to have an impact in the pattern of consumption of the consumer. This attaches greater importance to the price collection and its analysis. The Directorate of Economics and Statistics has been collecting the prices of the essential commodities from selected centres across the State on daily basis.

The essential commodities being monitored are Rice, Redgramdal, Groundnut Oil, Tamarind (without seed), Red Chillies (dry) and Onions.

**Table 4.1**
**State Average Daily Retail Prices of Essential Commodities**

***(Rs./Kg)***

| Commodity | 2009-10 | 2010-11 | Apr-Dec 2011 | Growth rate (%) of Apr-Dec.11 over Apr-Dec.10 |
|---|---|---|---|---|
| Rice (II sort) | 17.08 | 17.49 | 17.92 | 2.63 |
| Redgramdal (II sort) | 64.49 | 58.99 | 56.13 | (-) 5.27 |
| Groundnut Oil | 66.94 | 79.88 | 91.42 | 14.69 |
| Common Tamarind (Without seed) | 34.69 | 54.73 | 75.96 | 50.44 |
| Red Chillies Dry (Gr II) | 60.19 | 62.36 | 97.16 | 74.14 |
| Onions (Gr II) | 12.68 | 16.25 | 11.36 | (-) 22.70 |

***Source: Directorate of Economics and Statistics.***

A perusal into the trends of the data on prices reveals that the Average Daily Retail Prices of all the essential commodities except Redgramdal (II sort) and Onion (Gr-II) have shown a definite surge. However, with the food inflation showing sharp decline in the recent weeks, it is likely that the overall impact will not be that severe this year.

Price Index is a statistical tool to measure the relative change in the price level with reference to time, geographical location and other characteristics. It is also considered as a barometer of economic activity.

Consumer Price Index is of great relevance for this purpose and is used as a device for measuring changes in the level of retail prices of goods and services paid by concerned population segments. The classes of people usually covered by these indices are the Industrial Workers and Agricultural Labour.

**Consumer Price Indices for Industrial Workers (CPIIW):**

The Consumer Price Indices for Industrial Workers (CPIIW) Old Base 1982=100 is replaced with New Base 2001=100 from January, 2006. For construction and compilation of CPI Numbers for Industrial Workers with New Base 2001=100, twelve centres were selected in Andhra Pradesh both for Central and State Series based on Industrial workforce.

The centres are 1.Hyderabad, 2.Visakhapatnam, 3.Warangal, 4.Guntur, 5.Vijayawada, 6.Godavarikhani, 7.Vijaya-nagaram-Chittivalasa, 8.Kakinada-Rajahmundry, 9.Jaggaiahpet - Miryalaguda, 10.Tirupati - Renigunta, 11. Kothagudem-Palwancha and 12. Nizamabad- Bodhan. Labour Bureau, Simla compiles the index for the first six selected centres since they are treated as Central Series, while the State Directorate of Economics and Statistics compiles the index covering remaining six complex centres in Andhra Pradesh.

Consumer Price Indices for Industrial Workers increased by 5.83% and 9.12% in the State and All India respectively during April to November 2011 over the corresponding period of previous year. The Consumer Price Indices for Industrial Workers from 2006-07 to 2010-11 and growth of the indices during the period from April to November 2011 over the corresponding period of previous year are shown in Table 4.2 below.

**Table 4.2**
**Consumer Price Index Numbers for Industrial Workers**
***(Base : 2001 =100)***

| Year | Andhra Pradesh | All India |
|---|---|---|
| 2006-07 | 125 | 125 |
| 2007-08 | 132 | 133 |
| 2008-09 | 147 | 145 |
| 2009-10 | 168 | 163 |
| 2010-2011 | 185 | 180 |
| 2011-12 (Aprl to Nov , 2011) | 193 | 193 |
| Growth rate(%) Apr. to Nov. 2011 over Apr. to Nov.,2010 | 6.04 | 9.04 |

***Source: Labour Bureau, Simla.***

**Consumer Price Index Numbers for Agricultural Labour (CPI – AL)**

The Labour Bureau, Simla compiles the Consumer Price Index Numbers for Agricultural Labour (CPI-AL) with 1986-87 as base year. The Table 4.3 given below indicates that during April to November 2011, the Consumer Price Index Numbers for Agricultural Labour increased by 11.95% in the State and 9.29% at All India when compared to the corresponding period of the previous year.

**Table 4.3**
**Consumer Price Index Numbers for Agricultural Labour**
***(Base : 1986-87 =100)***

| Year | Andhra Pradesh | All India |
|---|---|---|
| 2009-10 | 534 | 513 |
| 2010-2011 | 589 | 564 |
| 2011-12 (Aprl to Nov , 2011) | 647 | 606 |
| Growth rate of Aprl to Nov,2011 over Aprl to Nov,2010 | 11.94 | 9.39 |

***Source: Labour Bureau, Simla***

**Consumer Price Index Numbers for Rural, Urban and Combined.**

The Government of India observed that the Consumer Price Index (CPI) Numbers compiled and released for industrial workers, agricultural labourers and rural labourers, reflect the fluctuations in retail prices pertaining to these specific segments only and do not encompass all the segments of the population and as such do not reflect true picture of the price behavior in the country.

The Government of India therefore desired to have a new series of CPI for the entire urban population, viz. CPI (Urban), and CPI for the entire rural population, viz. CPI (Rural), which would reflect the changes in the price levels of various goods and services consumed by the urban and rural population.

Consequently, the Central Statistics Office (CSO) of the Ministry of Statistics and Programme Implementation recently has introduced a new series of overall Consumer Price Indices for rural, urban and combined on base 2010=100 for all India and States/ Union Territories from January 2011. These new indices are compiled at State/UT and all-India levels.

The average Consumer Price Indices during April to November 2011 for rural, urban and combined in Andhra Pradesh were less than that of India. The average indices for the period from April to November 2011 in AP and All India are shown in Table 4.4.

**Table 4.4**
**Average Consumer Price Index Numbers for Rural, Urban and Combined (Apr-Dec.11)**
***(Base : 2010 =100)***

| Year | Andhra Pradesh | All India |
|---|---|---|
| Rural | 112 | 113 |
| Urban | 108 | 109 |
| Combined | 110 | 111 |

***Source: Central Statistics Office, New Delhi.***

The Consumer Price Indices for rural, urban and combined for AP and All-India from January 2011 to December 2011 are given in Annexure 4.2.

## WAGES

4.2 On account of various social and economical factors, Agricultural labour and Artisans in the rural areas constitute the weakest segment of labour force. They are in un-organized sector. To frame a wage policy for this group, the wages data is being collected

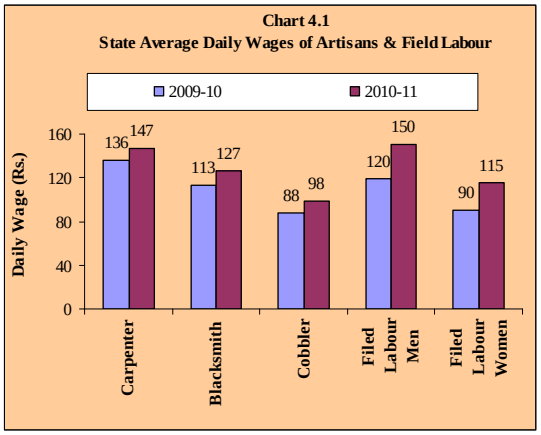
from 69 centres spread over the State. Average daily wages of Artisans and Field Labour in the State are presented in Table 4.5

**Table 4.5**
**State average Daily Wages of Artisans and Field Labour (Rs.)**

| Category | 2009-10 | 2010-11 | Apr-Dec.11 |
|---|---|---|---|
| Carpenter | 135.94 | 147.13 | 170.34 |
| Blacksmith | 113.45 | 126.64 | 150.76 |
| Cobbler | 87.67 | 98.27 | 103.56 |
| Field Labour | | | |
| Men | 119.64 | 150.43 | 171.18 |
| Women | 90.11 | 115.34 | 130.65 |

***Source: Directorate of Economics and Statistics***

and depicted in the Chart 4.1 below.




The Average Daily Wages of Artisans and Field Labour (both men and women) have increased during 2010-11 when compared to the previous year and the increase continued during April to November 2011 also.

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## PUBLIC DISTRIBUTION

**Fair Price Shops:**

4.3 There are 44,579 Fair Price Shops functioning in the State as on 31.11.2011. Out of them 6,747 are in urban areas and 37,832 are in rural areas. On an average, each shop is having 535 cards / families. As against Government of India's norm of one Fair Price Shop for every 2,000 persons, there is one shop for every 1,965 persons in Andhra Pradesh.

**Rationalization of Fair Price Shops**

To ensure effective functioning of PDS and to enable card holders to have access to the F.P. Shop without traversing a long distance, Rationalization of existing F.P. Shops has been done.

**Rural areas:** Ration cards attached to each F.P.Shop is 400 to 450 BPL and 50 Pink cards.

**Urban Areas**: Ration cards attached to each F.P. Shop is 500 to 550 BPL and 250 Pink cards.

**Municipal Corporations:** Ration cards attached to each F.P. Shop is 600 to 650 BPL and 250 Pink cards.

**Subsidy Rice Scheme:**

Government of Andhra Pradesh views supply of rice at the subsidized rate to the below poverty line families through Targeted Public Distribution System (TPDS) as of paramount importance. Since 1.11.2011, rice is being supplied @ Rs1/- per Kg. as against Rs.2/- per Kg supplied hitherto. It is an important constituent of the strategy for Below Poverty Line (BPL) people. Government's endeavor is to implement TPDS, to the best advantage of the beneficiaries, effectively, efficiently and transparently. For the financial year 2011-12 Rs.2,500 crore has been provided in the budget towards subsidy for the subsidized rice scheme for supply of rice to BPL families at Rs.2/- per kg up to 31-10-2011 per Kg and Rs1/- per Kg. from 1-11-2011.

**Kerosene:**

A quantity of 43,152 KLs. of Kerosene is being allocated per month for distribution to all the BPL cardholders.

**Issue of Iris-based Ration Cards:**

Ration Cards have been issued by using the iris technology with a view to cover all the eligible families and to avoid duplicate/ ghost cards. The annual family income for obtaining the white ration cards is upto Rs.60,000 in Rural areas and upto Rs.75,000 in Urban areas. In respect of AAY and Annapurna schemes, the guidelines prescribed by Government of India have been followed.

**De-duplication and Cleansing of Ration Cards through Field Verification:**

An Integrated Survey was taken up for weeding out bogus, duplicate and ineligible ration cards and rationalization of ration card database through out the state from August, 2009 in 4 phases in all the districts. The exercise was followed by Gram Sabha process for Grievance Redressal Mechanism, before the removal of cards. The physical verification has been completed covering 'Indiramma' Housing and Pension schemes, Field verification, Gram Sabhas and petitions disposal process.

The following Table depicts the ration card position(as per dynamic key register 30.10.2011):

| | | |
|---|---|---|
| 1 | White | 1,79,96,243 |
| 2 | AAY | 15,57,800 |
| 3 | Annapurna | 93,200 |
| 4 | Pink | 29,94,431 |
| | Total | 2,26,41,674 |

As per results so far achieved, 17 lakh ration cards were deleted after survey. However, residual grievances, if any, are also being currently entered at the State level. About 4.48 lakh BPL cards were re-issued (missing in database).

**Aadhaar:**

**Unique Identification Authority of India (UIDAI) – Aadhaar:**

Under the Unique Identification Authority of India (UIDAI) project, a Unique identity number (Aadhaar) with online authentication will be provided to all residents to participate in various welfare measures of the Government. In Andhra Pradesh, in the first phase, a population of 3 crore residents in (7) districts viz., Hyderabad, Rangareddy, Adilabad, East Godavari, Srikakulam, Chittoor and Anantapur would be enrolled through empanelled agencies. Food and Civil Supplies Department is nominated to be the Registrar for implementing the UID project in Andhra Pradesh, as per the norms and standards of UIDAI. In the remaining 16 districts the two agencies which are on board with Civil Supplies Department are doing enrolments on Aadhaar lines for capturing the demographic and biometric data of temporary ration card holders, missing card families Null IRIS card families and also new applicants (applications received during Rachhabanda programme).

In Andhra Pradesh, 3.29 crore UID numbers have been generated so far against the total enrolments of 5.03 crore persons.

The State Government have envisaged to complete the enrolment in the entire State by 31st March, 2012. With a view to rollout the enrolment of aadhaar in the entire State and to cover all the contiguous villages and mandals in the districts, the Government earmarked geographical area for enrolment by different Registrars viz., Banks, Census Dept., India Post etc. within the purview of the UIDAI guidelines. All the urban areas of 16 districts, where the Aadhaar is not taken up by Food and Civil Supplies Dept., have been earmarked to Food and Civil Supplies Dept. and other than urban areas to other Registrars. Selection of the enrolment agencies for taking up all urban areas in these 16 districts are under process.

**Aadhaar-based Smart Card:**

With a view to ensure that the right person gets the right entitlement without any diversion as illegal drawal by others, the State Government introduced Aadhaar based biometric authentication with Smart Cards for issuance of PDS commodities in the Maheswaram mandal of Rangareddy District on pilot basis. The advantages in the smart card are multifold as its utility is not restricted to drawal of ration alone but also for NREGA payments, Scholarships, Aarogyasri benefits; Pensions; Housing, Self Help Groups; LPG distribution etc.

In all, 12,937 Smart Cards have been issued so far of which 12,675 were in Maheswaram Mandal of Rangareddy and 262 in Kothapalem of Chittoor District.

**Procurement of Paddy, Maize and other coarse grains/ pulses at Minimum Support Price (MSP)**

**Minimum Support Price (MSP)** is being ensured to the farmers for their produce. In order to facilitate disposal of paddy which does not conform to the specifications, Government relaxed specifications for purchase of paddy imposing cuts in the value/ MSP.

It has been made mandatory on the part of the rice millers that they should purchase paddy of Fair Average Quality (FAQ) at a price not less than minimum support price i.e. Rs.1110/- per quintal for Grade A and Rs.1080/- per quintal for common. Rice millers who purchase FAQ paddy at a price not less than MSP and above or non – FAQ paddy with value cuts as prescribed by the Government alone are permitted to deliver levy to the Food Corporation of India.

Procurement of paddy and maize by Government Agencies under MSP operations is shown below:

During 2010-11, 181.69 Lakh MTs of Paddy was procured by the Government agencies under MSP operations and so far during 2011-12, 2.71 lakh MTs of Paddy has been procured.

Procurement and distribution of Rice during 2010-11 and 2011-12 is shown below.

| **Procurement and Distribution of Rice** | | |
|---|---|---|
| **Year** | **Procurement during Crop year (incl.CMR) (Lakh MTs)** | **Distribution during Financial Year (Lakh MTs)** |
| 2010-11 | 79.69 | 35.03 |
| 2011-12 (as on 14.11.2011) | 0.12 | 18.26 |

**Market Intervention Scheme:**

Distribution of Palmolein Oil, Redgramdal, to the BPL cardholders is being done through Public Distribution System to control the prices in the open market and also enable financial ease to the BPL families from rising prices.

**Palmolein Oil:**

For supply of imported RBD Palmolein oil to BPL families at subsidized rates through PDS, the Civil Supplies Corporation purchases Palmolein Oil under GOI subsidy scheme and make available for distribution through PDS. All the BPL card holders are being supplied @ 1 litre per card at Rs.40/- per litre. So far 4,65,085 MTs. Palmolien Oil has been distributed through PDS since July, 2008.

**Redgramdal:**

The Civil Supplies Corporation makes Redgramdal available for distribution to BPL families at subsidized rates through the PDS. Redgramdal is being allotted to all BPL cardholders @ Rs.50/- per kg. at the scale of distribution of 1kg per family w.e.f. December 2010. So far, 2,27,856 MTs. of Redgramdal has been distributed through PDS since July, 2008. Both the GOI and State Government are incurring subsidy in supply of Redgramdal.

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