

V Prices

22. The moderate expansion in money supply against the background of agricultural shortages exerted an upward pressure on prices for the major part of the year under review. The index of wholesale prices has

of late been around 113 as compared to 105 about a year ago. Over the three years since the Second Plan commenced, the rise has been of the order of 15 per cent. The index rose from 98 in March 1956 to 106 by March 1957, and the upward trend continued until August 1957, when the index touched 112. Between September 1957 and March 1958, there was a downward trend, the index for the latter month being 105. From March, wholesale prices started rising again, reaching a level of 116 by August. The index remained around this level for the next two months and registered a decline thereafter to 110.7 by the beginning of January 1959. In recent weeks there has, again, been an upward trend. The average of monthly wholesale price indices for 1957-58 was 2.9 per cent. higher than for the preceding year; the average for the period April-December 1958 works out 3.2 per cent. higher than that for the same period in 1957-58.

23. The following table shows the movements of the prices by major commodity groups:

(Base : 1952-53 = 100)

	December, 1957	April, 1958	July, 1958	December, 1958
Cereals	98	97	110	105
Food articles (including cereals)	104	105	118	113
Industrial raw materials	115	114	118	113
Manufactures	108	108	108	108
General index	107	107	115	111

Over the year, the rise in the wholesale price index reflects, it will be seen, the upward movement in the index for food articles, especially cereals. The prices of other groups have been virtually stable; the prices of cotton and jute manufactures, in fact, declined between December 1957 and December 1958 from 115 to 111 and from 93 to 85 respectively. Among the foodgrains, rice went up from 99 in February 1958 to 118 in September; wheat from 84 to 105, pulses from 76 to 105. Substantial imports of foodgrains notwithstanding, the availability *per capita* has been low as will be seen from Table 1.3 at the end.

24. The working class cost-of-living indices showed an upward trend through the major part of the year (Table 4.3), the all-India index rising from 113 at the end of 1957 to 122 in November 1958. The food component of this index went up from 113 to 127 during the period mentioned. In December, with food items going down to 122, the cost-of-living index receded to 119.