

## V. Prices

28. The general index of wholesale prices (1952-53=100) which was 117.9 at the end of 1959 rose almost continuously to a level of 127.4 about the middle of October, 1960. There has been a decline, mainly seasonal, since then, the index at the end of December 1960 being 124.2. The index has risen again thereafter; for the week ending January 28, 1961, it was 126.3 as compared to 119.2 a year earlier. The average level of prices for 1960 was about 6.5 per cent. higher than in the previous year. The increase in 1959 was 4.1 per cent. and in 1958, 2.1 per cent. The following table gives the trends in wholesale prices over the last five years:

*Index Numbers of Wholesale Prices*  
(1952-53=100)

	Average of weeks				
	1956	1957	1958	1959	1960
I. Food Articles . . . . .	99.0	106.8	112.0	118.2	120.3
(a) Foodgrains . . . . .	89.7	98.5	102.7	103.5	102.9
of which :					
(i) Rice . . . . .	92.8	103.8	107.7	102.0	109.1
(ii) Wheat . . . . .	85.7	90.3	96.3	102.4	91.2
(b) Other food articles . . . . .	107.1	114.1	120.1	131.0	135.5
II. Industrial Raw Materials . . . . .	113.2	118.1	114.7	119.7	138.8
of which :					
(i) Raw Cotton . . . . .	108.7	108.2	100.0	102.6	112.4
(ii) Raw Jute . . . . .	122.2	135.8	120.6	118.0	178.5
(iii) Oilseeds . . . . .	114.9	122.4	123.6	130.9	144.9
III. Manufactures . . . . .	104.9	108.0	108.2	109.7	120.8
of which :					
(i) Cotton Manufactures . . . . .	113.8	116.2	113.0	113.5	127.5
(ii) Jute manufactures . . . . .	94.6	97.7	87.7	87.2	115.2
IV. All Commodities . . . . .	102.6	108.7	111.0	115.5	123.0

29. It will be seen that up to 1958 the trend in prices was mainly governed by the increase in prices of foodgrains which rose by 14.5 per cent. since 1956. The rise in the case of industrial raw materials and manufactures during that period was relatively small. In 1959 food articles other than foodgrains accounted for nearly two-thirds of the rise in wholesale prices. Industrial raw materials and manufactures also showed a rise and accounted for about one-fourth of the increase in the index of wholesale prices. A feature of the price situation in 1960 was the sharp rise in the prices of industrial raw materials (16 per cent.) and manufactures (10 per cent.). The rise in industrial raw material prices was mainly in respect of raw cotton, raw jute and oilseeds, the production of which had declined considerably in 1959-60. The higher prices of raw materials in turn affected the prices of edible oils and of cotton and jute manufactures. If oilseeds, edible oils as well as raw cotton, raw jute, cotton and jute manufactures are excluded, the index of prices of other commodities would show a rise of 2.2 per cent. in 1960 as compared to a rise of 4.9 per cent. in 1959 and 5.0 per cent. in 1958.

30. There was a small decline in the prices of foodgrains in 1960. In 1959 the relative stability of cereal prices was the result of a fall in rice prices and a rise in wheat prices. In 1960 the position was reversed. The average level of rice prices was 7 per cent. higher than in 1959, while wheat prices were some 11 per cent. lower than in the previous year. The large imports during the year coupled with an assurance of more to follow were

the major stabilising factor in the case of wheat. Rice prices ruled higher from January to July 1960 because of the shortfall of about a million tons in the rice crop in 1959-60. Since August, there has been a significant decline in rice prices, the index coming down from 115.3 in August 1960 to 101.7 in December, 1960. The decline reflects mainly the expectations of a better crop in the current year.

31. Since the commencement of the Second Plan, wholesale prices have risen by about 25 per cent. The all-India working class consumer price index (1949=100) has also shown a rise of the same order. The level of wholesale prices (for the week ended January 28, 1961) is about 6 per cent. higher than a year ago. The working class cost of living index was around 126 in October and November 1959; it declined to 122 in December of that year and remained more or less unchanged until April 1960. It rose to 126 in August and has fallen a little thereafter reaching 124 in December 1960. The average level of the consumer price index for 1960 comes to 124 as compared to 121 for 1959 and 116 in 1958.