

## PRICES AND DISTRIBUTION

The year 1999-2000 was characterized by low inflation and comfortable supply position of most items of daily consumption. The year began by registering a downtrend in the annual rate of inflation, which decelerated continuously to reach a record eighteen year low of 2.0 percent by the end of July. This downtrend was maintained through November and December, except for the 40 percent increase in diesel prices in October which nudged the annual inflation rate close to 3 percent level. The annual rate of inflation for the week ended January 29, 2000 was 2.9 percent while the 52 week average rate for this period was 3.3 percent. The narrowing difference observed between the inflation rate measured on a point to point basis and that based on 52 week average reflects that inflationary pressure remained subdued during much of the fiscal 1999-2000, (Table 5.1).

5.2 The Wholesale Price Index (WPI) of all commodities rose from 354.8 at the start of the fiscal year to 365.0 for the week ending January 15, 2000, an increase of 3.3 percent during the first 42 weeks of the current financial year.

5.3 Amongst the sub-sectors, WPI of primary articles rose from 379.5 in the first week of April

to 387.5 (an increase of 3.4 per cent) upto the 42nd week ending January 15, 2000, while for the manufactured products, the WPI for this period rose from 334.2 to 338.5, (an increase of only 1.3 per cent). For the fuel group, index increased from 390.5 to 438.3 (an increase of 12.2 percent). The sharp price rise in the fuel group in the second half of this year was largely the repercussion of the 40 percent hike in diesel prices announced by the Government on 6th October, 1999 necessitated by near doubling of international prices of crude oil.

**TABLE 5.1**  
**Annual Inflation Rate based on**  
**Wholesale Price Index**  
*(Per cent)*

	<b>End of Year (point-to-point)</b>	<b>52 week Average</b>
1991-92	13.6	13.7
1992-93	7.0	10.1
1993-94	10.8	8.4
1994-95	10.4	10.9
1995-96	4.4	7.7
1996-97	6.9	6.4
1997-98	5.3	4.8
1998-99	4.8	6.9
1999-2000(P)	2.9	3.3

(P) : Provisional as on January 29, 2000.