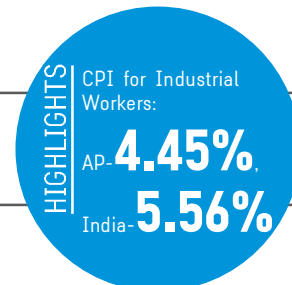




CHAPTER **4** PRICES
WAGES AND
PUBLIC DISTRIBUTION



Prices

Check on the movement of prices of essential commodities is of paramount importance for the government since a change in price level is likely to have an impact on the pattern of consumption of the common man. Monitoring of prices of six essential commodities from selected centres across the state on daily basis is being done for maintaining track of the changes. The state average daily retail prices of essential commodities are shown in Table 4.1.

No of essential commodities monitored daily: 6

CPI Number-% variation (April to Nov' 2015) over last year same period

Agricultural Labour:

AP-5.99, India-3.98

Table 4.1 : State average daily retail prices of essential commodities (Rs./Kg)

Commodity	2014 - 15 (Apr to Nov 2014)	2015 -16 (Apr to Nov 2015)	Variation (%) of Apr - Nov 2015 over Apr - Nov 2014
Rice (II sort)	25.75	26.38	(+) 2.45
Redgramdal (II sort)	67.09	115.51	(+) 72.18
Groundnut Oil	92.09	104.33	(+) 13.29
Common Tamarind (Without seed)	71.16	77.60	(+) 9.05
Red Chillies Dry (Gr II)	81.21	104.85	(+) 29.12
Onions(Gr II)	18.87	29.01	(+) 53.72

Source: Directorate of Economics and Statistics, Hyderabad.

Recent price trends indicate that the average daily retail prices of six essential commodities have shown increasing trend during the period from April to Nov 15 compared to the corresponding period of last year. The year-wise average daily retail prices of six essential commodities from 2004-05 to April to Nov 15 are shown in Annexure – 4.1.

Price Index- an economic barometer

Price Index is a statistical tool for measuring the relative change in price level with reference to time, geographical location and other characteristics. It is also considered as a barometer of economic activity. The Directorate of Economics and Statistics collects the prices of six essential commodities from selected centres across the state on daily basis. Rice, Redgram dal, Groundnut Oil, Tamarind (without seed), Red chillies (dry) and Onions are the six commodities for which prices are collected.

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 consumed by concerned population segments. Industrial workers and agricultural labour, rural labour from the main population groups are usually covered by these indices.

Consumer Price Indices for Industrial Workers

The Consumer Price Indices for Industrial Workers (CPIIW) are being constructed and compiled at the new base 2001=100 from January, 2006 from the data from seven centres selected in Andhra Pradesh (new) under central and state series based on Industrial workforce.

The CPIIW related centres are: 1.Visakhapatnam 2.Guntur 3.Vijayawada 4.Vijayanagaram-Chittivalasa 5.Kakinada-Rajahmundry 6.Jaggaihpeta and 7.Tirupati – Renigunta. Labour Bureau, Simla compiles the index for the first three centres since they are come under central series, while the State Directorate of Economics and Statistics compiles the indices covering the remaining four complex centres in Andhra Pradesh.

Consumer Price Indices for Industrial Workers increased by 4.45% and 5.56% in the State and All India level respectively during the period from April, 2015 to Nov,2015 over the corresponding period of previous year. Details about the Consumer Price Indices for Industrial Workers from 2006-07 to 2014-15 and growth of indices during the period from April, 2015 to November, 2015 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
2010-11	185	180
2011-12	198	195
2012-13	219	215
2013-14	239	236
2014-15	257	251
2015-16 (Apr to Nov)	267	263
Growth rate (%) April to Nov'2015 over April to Nov'2014	4.45	5.56

Source: Labour Bureau, Simla

Note: CPI-IW from 2006-07 to 2010-11 is for combined AP and from 2011-12 to 2015-16 (Apr to Nov) pertains to 13 districts of AP.

CPI Numbers for Agricultural Labour

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 gives the indices during April, 2015 to November, 2015 and the data relates to the combined state of Andhra Pradesh. The Consumer Price Index Numbers for Agricultural Labour increased by 5.99% in the State and 3.98% at All India compared to the corresponding period in 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
2010-11	589	564
2011-12	654	611
2012-13	711	672
2013-14	805	750
2014-15	860	800
2015-16(Apr to Nov)	904	829
Growth rate (%) April to Nov'2015 over April to Nov'2014	5.99	3.98

Source: Labour Bureau, Simla

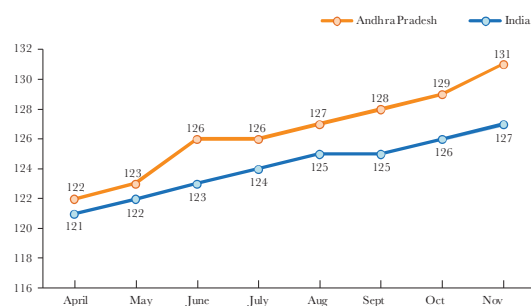
CPI Numbers - Rural, Urban and Combined

Since 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 segments of the population and as such do not capture the true picture of price behavior in the country. It is thought to bring out the CPI numbers for separate population groups.

Thus, in order to reflect changes in price levels of various goods and services consumed by respective population groups in rural and urban areas, a new series of CPI for the entire urban population, viz. CPI (Urban), and CPI for the entire rural population, viz. CPI (Rural) are compiled.

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has revised the base year of the Consumer Price Index (CPI) from 2010=100 to 2012=100 with effect from the release of indices for the month of January 2015. These new indices are compiled at State/UT and All India levels.

The average indices for the period April, 2015 to November, 2015 (P) in AP(data relates to the combined state of Andhra Pradesh) and All India are shown in Chart 4.1, Table 4.4 and month wise index also given in Annexure 4.2.

Chart: 4.1 Consumer Price Indices

Source: Directorate of Economics and Statistics

Table 4.4: Average Consumer Price Index Numbers for Rural, Urban and Combined

(Base: 2012 =100) (Apr.-November.2015 (P))

Year	Andhra Pradesh	All India
Rural	127	125
Urban	125	123
Combined	126	124

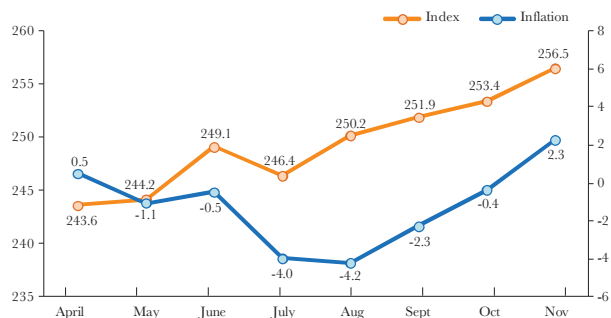
Source: CSO, New Delhi, Note: Index is for AP (13 districts)

PRICES WAGES AND PUBLIC DISTRIBUTION

Wholesale Price Index

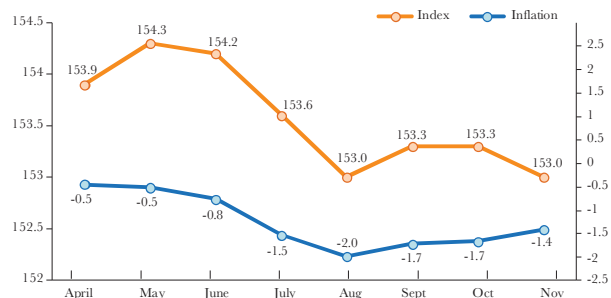
Wholesale Price Index (WPI) serves as an important determinant in formulation of trade, fiscal and other economic policies by the government. It is also used by banks, industry and business circles. It is released on monthly basis by the office of the Economic Adviser, Ministry of Commerce & Industries, GOI. It covers 676 commodities, of which 102 are from ‘Primary Articles’ group, 555 from ‘Manufactured Products’ group and 19 from ‘Fuel and Power’ group. WPI (Base Year 2004-05) for All Commodities increased from 176.4 in Apr 2015 to 177.6 in Nov 2015. It increased from 243.6 to 256.5 for Primary Articles group and decreased from 153.9 to 153.0. Month wise Index and Inflation rates for primary articles and manufactured products are depicted in Charts 4.2 and 4.3. Inflation rates for All India WPI & CPI are depicted in chart 4.4.

Chart 4.2: WPI and Inflation rate for primary articles



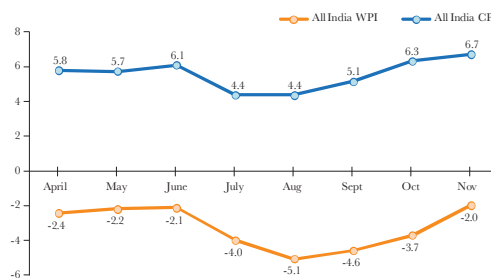
Source: Directorate of Economics and Statistics

Chart 4.3: WPI and Inflation rate for manufactured products (April to Nov, 2015)



Source: Directorate of Economics and Statistics

Chart 4.4: Inflation rates for All India WPI & CPI (April to Nov, 2015)



Source: Directorate of Economics and Statistics

Wages

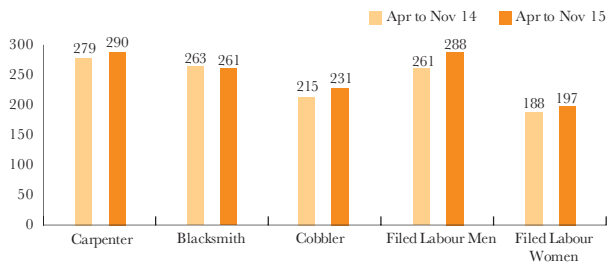
Agricultural labour and artisans in rural areas constitute the weakest segment of labour force. They are in the un-organized sector. ‘Wages’ data is collected from 44 centres spread over the State covering 42 divisions and 23 occupations. Average daily wages of artisans and field labour in the State are presented in Table 4.5 and depicted in the Chart 4.2 below.

Table 4.5: State average daily wages(Rs.) of artisans and field labour

Category	April to Nov 2014	April to Nov 2015
Carpenter	278.91	289.95
Blacksmith	263.44	260.77
Cobbler	215.01	231.05
Field Labour		
Men	260.53	288.04
Women	187.87	196.94

Source: Directorate of Economics and Statistics

Chart 4.5 Average daily wages(Rs.) of artisans and field labour



The Average daily wages of artisans and field labour (both men and women) have increased during Apr 15 to Nov 15 when compared to the corresponding period of previous year.

Public Distribution

Fair Price Shops

No of Fair Price shops - 28,953

No of Fair Price in Urban areas - 4,598

No of Fair Price in Rural areas - 24,355

No of White ration cards - 119.79 lakh

No of AAY cards- 9.47 lakh

*Rice supplied to all BPL families - 2.15 lakh
MTs per month*

*No of cardholders drawn essential commodities
through ePoS - 83%*

28,953 Fair Price (FP) shops are functioning in the State as on 30.11.2015. Of these, 4,598 are in urban areas and 24,355 are in rural areas. On an average, each shop has 450 cards/ families. There is one shop for every 1,725 persons in Andhra Pradesh vis-à-vis the Government of India's norm of one shop for every 2,000 persons.

Rationalization of Fair Price Shops

Rationalization of existing FP shops has been done to ensure effective functioning of PDS and for enabling card holders to have easy access to F.P. shops without having to travel long distances.

400 to 450 BPL and 50 Pink ration cards are attached to each F.P. shop in rural areas where as in urban areas, 500 to 550 BPL and 250 Pink ration cards are attached to each F.P. shop. In case of Municipal Corporations, 600 to 650 BPL and 250 Pink ration cards are attached to each F.P. shop.

Subsidy Rice Scheme

The state government attaches paramount importance to supply of rice at subsidized rate to below poverty line families through Targeted Public Distribution System (TPDS). Making rice available at subsidized price has been an important constituent of the strategy for the upliftment of Below Poverty Line (BPL) population. The endeavor of the Government is to implement TPDS effectively, efficiently and transparently for the best advantage of beneficiaries.

With a view to provide food and nutritional support in human life circle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity, Government of India have promulgated the National Food Security Act, 2013. Accordingly, State Government is allotting rice for distribution to the priority households & AAY cardholders.

At present, 119.79 lakh priority households are being supplied 5 kgs. of rice per person per month at Re.1/- per Kg. The requirement of rice is 1.82 lakh MTs per month. At present, 9.47 lakh AAY families are being supplied rice @ 35 Kgs. per family per month at Re.1/- per Kg. higher than the Govt. of India target of 9.08 lakh AAY families. A quantity of 33,158 MTs. of rice is being supplied under AAY scheme at Re.1/- per Kg. vis-a-vis the GoI allotment of 31,798 MTs. per month. A quantity of 124.91 MTs. of rice is being supplied free of cost to the cardholders under Annapurna scheme @ 10 kg. per card per month.

Kerosene

22,224 KLs. of Kerosene is being allocated per month for distribution to all BPL cardholders.

Iris-based ration cards

Ration cards have been issued by using iris technology to cover all eligible families and to avoid duplicate/ ghost cards. Annual family income up to Rs.60,000 in Rural areas and up to Rs.75,000 in Urban areas is the eligibility criteria for obtaining white ration card.

Ration Cards

The Government distributed new ration cards in various developmental programmes undertaken in campaign mode. Details on the ration card position is given in the

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following Table 4.6 and district wise card position is given in Annexure 4.3.

Table 4.6 : Ration Cards Position(number)

1	White ration cards and AAY	129.27
2	Annapurna	0.12
3	Pink	14.80
	Total	144.19

Source: Civil Supplies Dept.

AADHAR-Unique Identification Authority of India

The UIDAI has a mandate to issue a unique identification number (UID) to all residents of India. This project is being implemented by the Government of India in coordination with State Governments. Andhra Pradesh is one of the pioneering states in the country in implementation of Aadhar. The UIDAI signed a Memorandum of Understanding (MoU) with the Government of Andhra Pradesh in which department of Civil Supplies has been identified as Registrar for enrolling residents of Andhra Pradesh. UIDAI has empanelled a number of Enrolment Agencies (EAs) which can be engaged by the Registrars for the purpose of enrolling residents for UID. Out of the total population of 4.95 crore, 4.84 crore UID numbers have been generated. 1260 enrolment centres are functioning for the purpose as on December 2015. In order to ensure full coverage and for facilitate corrections in their Aadhaar letters, 811 enrolment kits have been setup at e-Seva and Mee Seva centers by ITE&C department as permanent enrolment centers.

Seeding of Aadhaar details

Seeding of Aadhaar details into ration card database would help identify bogus beneficiaries and duplicate cards with the same persons. The seeding work at the State level is being done through the KYR+ data submitted by the enrolment agencies and xml files obtained from UIDAI through systems which can be called as inorganic seeding. Seeding work other than inorganic seeding done at state level has to be done at the field level, called Organic Seeding. About 98.4% of details in the ration cards have been seeded so far. It is proposed to complete the entire seeding process in a short time.

There are 129.32 lakh BPL cards containing 452.67 lakh units existing in all districts in the state. Due to seeding of

Aadhaar numbers in to ration cards database, 63.72 lakh units have been rejected. 97.63% of LPG consumers have been seeded with Aadhaar numbers in LPG database. 88.22% of bank accounts of LPG consumers have been seeded in the database so far. 8.57 lakh ration cards deleted due to Aadhaar seeding into ration cards database.

End to End Computerization

The State Government is initiating end to end computerization of Targeted Public Distribution System. The National Informatics Centre, GoI is preparing the software. The component-wise estimates for computerization of TPDS, including the cost of Point of Sale (PoS) devices at the fair price shops, state godowns etc. in the state were furnished to the GoI. The state government concurred to provide 50% of the amount towards Component-I of computerisation of TPDS project in the light of which a memorandum of understanding has been communicated to Govt. of India.

e-Point of Sale –effective IT based delivery

Andhra Pradesh is the first state in the country in implementing FP shop automation under end-to-end computerization. Distribution of commodities to BPL families through e-POS solution using online authentication services provided by UIDAI is showing good results as around 15% to 20% savings have been noticed. This system ensures supply of commodities to family members of a ration card holder only and thus eliminates scope of misuse by fair price shop dealers to the extent of the commodities not drawn. The department proposed to set up e-Point of Sale devices (ePoS devices) with preloaded client side software and electronic weighing machines at all F.P. shops in the state in a phased manner under ePoS project. It is also decided to install Iris Shield Model Readers at F.P. shops for integration with ePoS devices for Aadhaar based Iris authentication of cardholders which is more error-free and secure than finger print authentication. The idea is to ensure that the beneficiary is not put to undue inconvenience by the introduction of authentication process.

7789 ePoS Devices-cum-electronic weighing machines were installed at F.P. shops in the state under Phase-I. Distribution of essential commodities through ePoS devices-cum-EWMs was started from 01-04-2015. With

the introduction of electronic weighing machines (EWMs), the cardholders are getting their rightful share of essential commodities with correct weighment. 7789 Iris shield model Iris Readers, which are useful for iris authentication whenever biometric authentication is not successful due to various reasons, have been supplied and integrated with ePoS devices.

Under Phase-II, 20,810 ePoS devices-cum-EWMs were installed at 20,810 F.P. shops. Iris readers have been supplied and integration with ePoS devices. 100% essential commodities have been distributed through ePoS devices in the month of October, 2015 covering 129.31 lakh ration cards. Out of 129.31 lakh cards, 106.12 lakh cardholders have drawn essential commodities through ePoS devices in October, 2015.

e-PoS project is being implemented through NIC's ePoS application platform in Krishna, Kadapa, Prakasam, and Nellore districts. ePoS project is being implemented through AP online ePoS application platform in remaining 9 districts.

An amount of Rs. 192.71 crores could be saved due to adoption of ePoS Devices for distribution of commodities at FP shops during the period April, 2015 to October, 2015.

F.P. shops Portability within district

To leverage of technology to the benefit of BPL cardholders, the department has introduced F.P. shops portability system in the state in May, 2015. Under this system, the ration cardholder can draw essential commodities from any ePoS enabled F.P. shop irrespective of having his / her ration card number in Dynamic Key Register of a particular ePoS enabled F.P. shop.

This system increases the responsibility and accountability of the F.P. shop dealer in distribution of essential commodities. Since the cardholder has liberty to draw the essential commodities from any F.P. shop, to gain confidence from the cardholders, the F.P. shop dealer will be forced to develop good rapport with the cardholders. Transfer of ration cards will not become mandatory since the cardholder of a particular F.P. shop can draw essential commodities from any other F.P. shop within the district. After the introduction of F.P. shops portability, 6.05% cardholders have availed portability facility in the state. An amount of Rs.215.05 crores is required for implementation

of weighing cum point of sale using online authentication provided by UIDAI for supply of commodities in all districts in 28,953 fair price shops.

The Economic Survey of India, 2015-16 highlighted the crucial role played by Technology as an enabler of inclusiveness and provider of efficient services by preventing leakages. Citing the Aadhaar-based Direct Benefits Transfers (DBT) approach through JAM (Jan Dhan-Aadhaar-Mobile) as the game-changing technology, the report outlines that it offers possibilities for effectively targeting public resources. The approach paves the way for expenditure rationalization resulting in substantial savings of public money for giving renewed focus on social welfare schemes.

BAPU—Biometrically Authenticated Physical Uptake. Beneficiaries verify their identities through scanning their thumbprint on a POS machine while buying the subsidised product—say kerosene at the PDS shop. This is being successfully attempted by Krishna district in Andhra Pradesh, with significant leakage reductions. Despite financial inclusion scores being low, if Fair Price Shops are equipped with POS machines, beneficiaries can simply authenticate their identities while taking their rations as under the current system. BAPU preparedness is much better than for Rural DBT preparedness. The average state preparedness is 12 per cent (Figure 12), but there are some states – like Andhra Pradesh (96 per cent), Chattisgarh (42 per cent) and Madhya Pradesh (27 per cent) – that with some policy push could be well-prepared for BAPU in the near future.

Economic Survey of India, 2015-16

Procurement at MSP

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

It has been made mandatory on the rice millers that they purchase paddy of Fair Average Quality (FAQ) at a price not less than minimum support price of Rs.1450/- per quintal for grade A and Rs.1410/- per quintal for common paddy for KMS 2015-16. Procurement of paddy by the Government agencies is 42.21 LMTs and by rice millers is 54.69 LMTs in KMS 2014-15. 27.82 LMTs of rice was procured under CMR during the crop year. No levy from 1st October, 2015 from GoI.

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Market Intervention Scheme

Government have initiated steps to stabilize the vegetables prices in local markets by undertaking market intervention operations like procuring from wholesale market and selling to the consumers.

Onion

Distribution of onions has been taken @ Rs.20/- per kg through counters at Rythu bazars/ Revenue divisional level/Assembly constituency level where there are no Rythu bazars @ 2kgs per card. 21881.23 MTs of onions procured and 21572.43 Mts of onions are sold in 224 counters upto 11.10.2015. However, due to arrivals of fresh Kharif crop, the rate of onions has come down to around Rs.25/- and distribution of onions under market intervention has been stopped.

Redgram dal

Redgram dal was procured for distribution under market intervention operation to BPL cardholders @Rs.50/- per kg. per card under PDS from the month of June-2015. 26164 MTs of dal has been distributed upto October, 2015 through PDS counters. Keeping in view of the rising prices of pulses, particularly the redgram dal, the millers/ wholesale traders of pulses associations of A.P. have agreed to sell redgram dal at Rs.140/- per kg from 29.10.2015 to the retailers and also to the consumers at Rs.140/- per kg at their premises.

Chandranna Christmas Kanuka-2015/ Chandranna Sankranthi Kanuka-2016

The Government has supplied (6) commodities viz., redgram dal ½ kg, Palm oil ½ Ltr., chana dal ½ kg, jaggery ½ kg, wheat atta 1kg and ghee 100 ml in a non-oven carry bag under Chandranna Sankranthi Kanuka to 1,41,82,133 white, AAY & Annapurna cards (including 12.42 Lakh new white cards distributed during the Janmabhomi) with an expenditure of Rs.370 crores. On the Eve of Christmas festival, the above commodities were distributed to the Christian BPL card holders in advance as a Special gift. Details are as shown in Table 4.7.

Table 4.7 Commodities supplied to card holders

Sl. No.	Commodity	Entitlement (per card)	Quantity allotted (in MTs)
1	Redgram Dal		
	½ Kg	7091	
2	P.Oil	½ Ltr	
	7091		
3	Bengalgram	½ kg	7091
4	Jaggery	½ Kg	7091
5	Wheat Atta	1Kg	14182
6	Ghee	100 Grams	14182

Source: Commissioner, Civil Supplies Department