

Problems of Rising Prices

The problem of rising prices is the greatest economics problem in a country today. It is cutting the throats of millions today because millions of people find it hard to manage one square meal a day. All days' work does not promise then sufficient to eat and drink.

Prices have doubled in the last five years and many things on daily use are now beyond the reach of common man. More and more things are going beyond the reach of common people with each passing day.

The reason is not for to seek. There is a craze for getting rich as quickly as possible. The industrialists, the manufactures and the middlemen seek the highest profits and have no soft corner for the poor consumer and purchases. Big industrial concerns have become economic empire and dictate their own terms to the common people.

The government is also to be blamed to some extent. It is constantly increasing taxes there by pushing prices astronomically. It has been resulting to deficit financing and printing currency notes by the tons. It has increased prices and the common men are praying for his needs through the nose. The rich are becoming richer and the poor are becoming poorer. This gap seems to be increasing each year.

The real answer to inflation lies in greater production and productivity. Industrial production can be increased by removing some problems like raw – material shortages, undue licensing restrictions against efficient large-scale producers, and unreasonable labour problems are solved.

Prices are bound to increase in a developing economy and there can be no absolute price stability, as such. But limits should be defined. A modest increase in prices in not unhealthy for a developing economy like India.

The Problem of Rising – Prices

Problem of Rising- prices is the burning problem at present. Prices of all things have been rising very rapidly. They have gone up twenty times. Everybody complains that prices are increasing day by day. India is a developing country. In

a developing country. Prices are bound to go up. With developing economy the prices go up. But the trouble starts when the income of the people does not match with rising prices. India, I facing this problem.

There is no actual shortage of nay thing in the country. But there is shortage of honesty only. The businessmen create artificial shortage of food grains. So, the prices go up day by day.

Our population is increasing very rapidly. Now our population is more than 80 crores. Food grains have not increased in proportion of increase in population.

The deficit financing in the plans is also responsible for the roaring prices. Much money is spent on some plans which do not seem to be useful producers say that there is a rise in the prices of raw materials. So, there is an increase in the manufacturing cost.,

Some people say that the taxation policy is defective and needs change to bring the prices down. The government is making investments in the industries which will show the benefits after a long time. There is no proper adjustment between supply and demand. Some government officials are corrupt. They are quite indifferent towards the seriousness of the problem.

Anti-Social elements like hoarders and black marketers never miss an opportunity to cash the situation. Political parties regardless of ideologies, have one common ideology- shedding crocodile tears for the pool to collect their respective votes. They take interest in blaming each other and politicizing a problem affecting every common citizen. They are not increased in solution of a problem otherwise they must be one in tackling the problem of price – rise.

The rising prices should be checked at once. The government should take drastic steps against hoarding and back- marketing. production should be increased. Distribution of national wealth should be made fair and effective. The government must take over the trade of important food grains such as wheat, rice and sugar. The circulation of back money must be controlled at all costs. The check on growing population should be brought under control. Deficit budgets should be discouraged. Sense of patriotism must be created by our leaders who should be far above corruption. Public should co- operate with the government. Our slogan must be “Down with Prices.”

If suggested steps are taken the prices will surely go down. Our government should punish the defaulters, hoarders and black marketers. In absence of any charging the maximum prsice in place of reasonable price to gain maximum profit.

Essay No. 03

Price Rise

Price rise is one of the most ticklish current problems. Whenever we go to make some purchases in the market, we learn to our great disappointment that the prices of most of the commodities have risen and sometimes quite exorbitantly.

There are several reasons for this steep rise in prices. One reason is the shortfall in production. This happens particularly when the country or a part of it is witnessed by floods or famine. Strikes result in fall in industrial production.

Sometimes, one feels baffled when one learns that there has been a bumper crop and still there is scarcity of essential commodities in the market. This usually happens due a number of reasons. One reason is the defective distribution system. Sometimes, there is over-production of some agricultural product in one State but it does not reach other States for lack of wagons, boxes, etc. It is generally seen there is surplus production of wheat in States like Punjab and Haryana but this surplus produce is not swiftly transferred to other States. Similarly, the bumper product of apples in Himachal Pradesh does not reach other States.

Another reason for the scarcity of commodities in the market even during times of profusion is the tendency of wholesalers and capitalists to hoard the products and create a scarcity in the market.

There are several other reasons for price rise. Some of such reasons are back market, corruption, faulty taxation system, wastage, expenditure on luxuries, bloated bureaucracy drawing heavy salaries, excessive profit charged by manufacturers on their products, etc.

In order to check price rise, effective steps should be taken and at the same time excessive circulation of money should also be checked. It should be ensured that imports are decreased and at the same time exports are increased.

Essay No. 04

Price Rise

Rise in prices of essential commodities is now considered an inevitable characteristic of developing economies. The impact of the problem is all the more serious because the rate of price rise far outstrips the increase in people's incomes. Often the rise in prices is so great that the real worth of incomes actually declines, despite the increase in income figures. This phenomenon makes it

difficult for the people to meet their needs, despite earning more money. The direct effect of price rise is, therefore, to lower the worth of money or its purchasing power, and consequently the living standards of the people.

Price rise is due to many factors. An important, but often unrecognized reason, is the changing lifestyles of the people. In the past, when development was less widespread than now, people lived in closed communities which serviced all their needs. These communities, small, self-sufficient and self-sustaining as they were, produced as much of everything that their people needed. There was a near-perfect balance between need and availability, or rather between demand and supply; that the question of scarcity and therefore of price rise, never arose. Later, when the needs of the population increased to the extent that communities could no longer service them, scarcity and all the 'ills associated with it, became common features of society. But despite the disruption of the old balance between demand and supply, and the lessened chances of a revival of the balance, the ideal of a society in which the availability of goods and services exactly match the people's demand for them, is still cherished.

The increasing cost of producing goods and providing services, besides the large volumes in which the goods and services are needed, is another factor responsible for price rise. Not all that is needed is available directly from Nature. Processes and modifications of varying degrees and extents are necessary to make natural resources suitable for consumption. Compared to the past, human needs have increased both in volume and variety, thereby making production methods more complex and sophisticated. However, the need to store and transport raw materials and finished goods, and the costs involved as a result, add to the list of factors responsible for price rise. An increase in the cost of any aspect; be it production, storage or transportation, will push up the prices of finished products. Control of prices is indeed difficult in such situations.

Price rise affects society in different ways. In India, with its natural resources and a billion strong population, a sizable portion of which lives in poverty, the most adverse effects of price rise are felt by the poor and those belonging to the middle class, in whose case, incomes are more or less fixed. As price rise erodes the purchasing power of their incomes, they have to regulate their needs to fit their earnings. Since declining resources and increasing population will not let India reverse the rising trend of prices, the only remedy for this situation is to provide the people more opportunities for employment, and to pay them such wages as will help them neutralize the effects of price rise. Moreover, employment and wage patterns should be so designed as to minimize the chances of inflation.

Generally, inflation indicates the level of price rise, increasing in direct proportion to it. Like price rise, therefore, inflation also erodes purchasing power. This

drawback may be overcome by the judicious and optimum utilization of our scarce resources and by minimizing or nullifying their waste. In other words, the cure for inflation is in the wise management of resources.

In this era of trade and exchange, exports and imports play a vital role in the health of the economy. Exports particularly help in neutralizing many of the ill effects of inflation in modern economies. A healthy export performance can control inflation to a considerable extent, as well as reduce unemployment. If the exports of a nation match its imports, or preferably exceed them, inflation can be kept in check. But if the cost of goods meant for export increase, owing to domestic price rise, there will be few buyers for them in the international market. This scenario will result in a drop in export earnings and a rise in inflation. Hence the relationship between price rise and exports is quite strange. Exports, which may be a remedy for price rise, can also be its victim.

Since 1991, the Government of India as part of its policy to modernize the economy, has been encouraging the private sector, or in a way the people of the country, to play a more active role in development. In the changing world scenario, this policy may be both justifiable and necessary. On the face of it, with a more active participation of the private sector, the output of the economy, and thereby the prospects of employment, will increase; a possibility which can contribute favorably to the overall health of society.

Essay No. 05

Rising Prices

Problem of rising prices is the burning problem of today. Prices of all goods have been rising very rapidly. They have gone up twenty times in twenty years.

Causes of rising prices:

1. India is a developing country. In a developing country prices are bound to go up.
2. There is no actual shortage of anything in the country. But there is a shortage of honesty only. The businessmen create artificial shortage of food grains. So the prices go up day by day.
3. Our population is increasing very rapidly. Now our population is more than 100 crores. Food grains have not increased in proportion of increase in population.
4. The deficit financing in the plans is also responsible for the rising prices.

5 Much money is spent on some plans which do not seem to be fruitful.

6. Producers say that there is a rise in the prices of raw materials. So there is an increase in the manufacturing cost.
7. Some people say that the taxation policy is defective and needs to be changed to bring the prices down.
8. The government is making investments in the industries which will show the benefits after a long time.
9. There is no proper adjustment between demand and supply.
10. Some government officials are very corrupt. They are quite indifferent towards the seriousness of the problem.

Remedy. The rising prices should be checked at once. The government should take drastic steps against hoarding and black-marketing. Production should be increased. Distribution of national wealth should be made fair and effective. The government must take over the trade of important food grains such as wheat, rice and sugar. The circulation of black money must be controlled at all cost and at every level.

The growing population should be brought under control. Deficit budgets should be discouraged. Sense of patriotism must be created by our leaders who should be far above corruption. Public should co-operate with the government. Our slogan must be “Down with the Prices”.

If these suggested steps are taken, the prices will surely come down. Of what use are our plans if the life of the common people is full of misery? Our government must realize this truth and check the rising prices, which will make the lives comfortable.