

# [Essay on rising prices price hike](https://assignbuster.com/essay-on-rising-prices-price-hike/)

[Business](https://assignbuster.com/essay-subjects/business/)

Price rise or price hike are the terms used to denote rise in price of goods and services. The economic term for rising prices or price hike is “ inflation”. Fluctuations in prices of goods and services are common in world economies; though, it directly affects the consumer. While a drop in prices is good news for middle and lower class consumers; an increase might cause financial constraints to them. A price hike in the items consumed daily in the households, affects the consumer more. Such items include, fruits, vegetables, oils, LPG Cylinders, etc. Every price hike on an individual item affects a specific set of consumers, like, a hike in fuel price; affect the transport industry more than private users.

## Long and Short Essay on Rising Prices or Price Hike in English

We are providing below long and short essay on rising prices or price hike in English.

These essays have been written in simple and easy to remember language to let you use them whenever required.

The rising prices or price hike essay will give you an insight of reasons and effects of price hike on general masses.

You can use these essays in your school assignments and various other competitions or general debates on the topic of rising price or price hike.

### Essay on Price Hike in India and Common Man – Essay 1 (200 words)

Introduction

Price hike is a common phenomenon and happens in most economies. It is a reality in India as well. However, this reality isn’t only because of the natural progress of economics but also because of governmental policies and taxation, all of which contribute to the price of goods and services that eventually reach the common man.

Price Hike and the Common Man

For the common man, a hike in prices is always a matter of some concern. He has to make constant readjustments to his monthly budget and even give up using certain products and services since he can no longer afford them. Add in the fact that salaries don’t increase at a commensurate rate and the ability of the common man to afford many things goes down significantly.

What is also a matter of concern is that when the price of certain items is hiked, prices of other essential goods and services also go up. For example, if the price of petrol or diesel is hiked, the common man has to adjust that in his budget. But this increase in prices also means increased prices for public transport and goods that are transported across the country using petrol or diesel fuelled transport. In other words,  because the price of petrol increases, the price of vegetables and grains may also increase.

Conclusion

For the common man a price hike in one particular commodity can affect his entire budget and cut into his savings. It is up to the government to control hikes in prices so that the situation doesn’t become unbearable for ordinary citizens.

### Essay on Rising Prices Inflation – Essay 2 (250 words)

Introduction

When the prices of goods and commodities increase over a period of time in a sustained manner, the phenomenon is called inflation. It is measured in terms of an annual percentage change in a price index, which is normally the consumer price index. In simple terms, inflation means that your purchasing power is reduced and a rupee doesn’t go as far as it used to. Therefore, when the value ofmoneygoes down and prices rise, you have inflation.

Causes of Rising Prices Inflation

While academics and economists haven’t agreed on one particular theory about the cause of inflation, they generally agree that certain factors are responsible for it.

* Demand Pull Inflation– As the name suggests, this happens when demand exceeds supply. There is an increase in demand for products and services and due to this increased demand, prices go up. The phenomenon is usually observed in economies that are experiencing rapid growth
* Cost Push Inflation– This comes from the supply side. When a company’s cost of production increases, it compensates by increasing the prices of its goods and services, so that it can maintain its profit margin. Production costs can go up because the cost of the raw materials goes up or because of taxation or because of increased wages to its workers.
* Monetary Inflation– As per this theory, when money is oversupplied in an economy, inflation occurs. Since money is also ruled by supply and demand, too much money circulating makes its value go down and therefore, prices go up.

Conclusion

People are directly impacted by inflation. What they fail to see, however, is that inflation is necessary to and sometimes beneficial for the economy. They should focus on demanding that wages rise as inflation does, so that their purchasing power isn’t affected negatively. Inflation by itself isn’t simply bad or good; the type of economy and people’s own circumstances determine whether it is one or the other.

### Essay on Problems of Rising Prices – Essay 3 (300 words)

Introduction

As a developing country with the second largest population in the world, India faces quite a few challenges. One of these is rising prices and it is by far the most immediate problem. Because a large part of the Indian population lives on or below thepovertyline, this issue impacts them severely. In addition, the middle class is also facing greater problems because of prices rising.

What Rising Prices Do

It has commonly been held that price rises are a normal part of a growing economy. This is true to some extent. However, recent years have seen exponential hikes in prices – hikes that are affecting those Indians who were already at subsistence level. The number of people living below the poverty line is actually increasing instead of decreasing.

Another segment of society that is affected by rising prices is the middle class. A robust part of society, the middle class, now finds itself struggling to make ends meet. These are people who earn a fixed income; they are the salaried class. Unfortunately, their salaries are unable to keep up with the constant increases in prices of necessary goods and commodities. As a result, the gap between the haves and the have-nots increases day by day.

Whenever such a situation continues for some time, unrest is inevitable. As wage earners find themselves facing the problems price hikes bring, they start agitating against their employers. This, in turn, brings a halt to productivity, causing shortage of goods and commensurate rise in prices. The whole thing becomes a vicious circle.

Conclusion

While price hikes are inevitable in any economy, uncontrolled or badly controlled increases hit the population of a country hard and amplify the gap between the rich and the poor. They lower the general standard of living and cause mass unrest. In order to have a stable and prosperous society it is necessary for the powers that be to exercise some measure of control over price hikes.

### Essay on Rising Prices of Essential Commodities – Essay 4 (400 words)

Introduction

In India, certain commodities have been classified as essential commodities as per the Essential Commodities Act 1955. These commodities include but aren’t limited to oil cakes, cattle fodder, components of automobiles, coal, certain drugs, woollen and cotton textiles, edible oils, steel and iron, products manufactured from steel and iron, petroleum and its products, paper, foodcrops and raw cotton. These commodities are essential to both the population of the country and to its economy. Therefore, any shortfall can result in high prices quickly.

Rising Prices of Essential Commodities

Over the past few years, these essential commodities have seen price rises ranging from 72 percent to 158 percent. The hikes in price are caused by both the demand and the supply of these commodities.

India’s increasing population is one of the main factors in price hikes. The demand exceeds the supply by a huge margin and the demand keeps growing as the population increases. In addition, changing habits have increased the demand for certain commodities well beyond what can be supplied.

From a supply perspective, factors such as uncertain weather, lack of cold storage and lack of warehousing facilities play a huge role in pushing prices up. A very high percentage of vegetables and fruits are wasted because of inadequate cold storage facilities, affecting supply and raising prices.

Commodities such as petroleum, which are imported to a large extent, are subject to international prices. Therefore, the moment there is global shortage or global price hike, these commodities become dearer.

Artificial gaps in supply are created by unscrupulous operators such as black marketers, hoarders, and traditional traders. By holding back these commodities, they are able to create a bigger demand and thus, an increase in prices.

Impact

Since these commodities are essential, price hikes have both economic and political consequences. The price rises become part of the political agenda for opposition parties to attack the government. By doing this, they attempt to show solidarity with the common man. However, there is no doubt in the fact that it is the common man who is the one most deeply affected at the end of the day. Sweeping reforms are needed to control hoarders and reform agriculture in a way that price hikes for essential commodities don’t hit the common man where it hurts most – his wallet.

### Essay on Causes of Rising Prices and its Effects – Essay 5 (500 words)

Introduction

There is no denying the fact that the Indian economy is one of the world’s largest economies. It has recently superseded China as the fastest growing large economy and ranks third in Gross Domestic Product in terms of Purchasing Power Parity. While these statistics are good, the Indian economy is also facing many challenges, one of which is rising prices.

Causes of Rising Prices

The factors that cause prices to rise are twofold – internal and external.

* External– Global inflation is an external cause of price rise. When the prices of certain goods abroad are higher, importing these goods costs more. This increased cost is passed on to the consumer directly and indirectly. For example, when oil prices rise globally, it becomes more expensive to import oil. In turn, this affects the prices of oil products such as petroleum and diesel in our country. The consumer then has to pay higher prices to get these products. Since these are products that are used in transportation, costs of goods being transported also increase. Therefore, goods such as foodstuffs and other necessities also become more expensive.
* Internal– These are factors that are caused by the economic and political situations inside the country. There are various internal factors that cause a hike in prices. Some of them are:
	+ Rapid Population Growth– An increasing population demands an increasing amount of goods. Demand increases and supply can’t keep up, thus driving the prices higher.
	+ Income Increase– As the purchasing power of the population increases, the demand for goods and services also increases. Again, the demand outstrips the supply and prices go up.
	+ Insufficient Agricultural Output– Thanks to a growing population and increase in purchasing power, the demand for agricultural goods has increased. However, because this sector has been neglected to a significant degree, it cannot keep up with the demand. A drought or a flood is enough to disrupt supply and increase prices.
	+ Insufficient Industrial Production– The industrial sector has fared better at the hands of the government. However, industrial growth rate has only increased in the last 30 or so years. Therefore, certain industrial products such as basic consumer products and agricultural and industrial inputs have not been able to keep up with the demand which has resulted in a price hike.

Effects of Rising Prices

An increase in prices inevitably affects the lives of the general population. When the prices of basic goods such as food increase, people who are living just above the subsistence level slip down below the poverty line. It also affects the pockets of the population that has fixed incomes. Prices go up but their wages remain the same and, therefore, they are either forced to spend more or give up certain goods entirely. The rich are not really affected by the price rise and therefore, the gap between the rich and the poor widens almost daily.

Conclusion

Price rises aren’t affected only by what’s going on in the country but also by the situation across the world. While certain factors aren’t under anyone’s control, it is imperative that governments act upon what they do control to cap huge price hikes.