

Presentation for the Japanese Business Communities

On 27 July 2011

1. What is price cap:-

It is simply a process for establishing rates or prices that will be charged for a particular good or service

2. Why price caps were imposed?

- ✓ The Government has moved to cap prices on in an effort to ease/curb inflationary pressure
- ✓ The measures are meant to stabilize the market by regulating price gouging (much higher than it is considered reasonable or fair) and hoarding.
- ✓ The reason for the government to impose price ceilings is to address "unhealthy market competition" that emanates from "unfair and non transparent" competition revealed in the country.
- ✓ Excessive profits charged by wholesalers

3. On what base commodities selected for price caps.

- ✓ The continuous inflation rate registered i.e

<u>Month</u>	<u>Overall inflation</u> <u>rate</u>	<u>Food inflation</u> <u>rate</u>
• September	5.4	-2.0
• October	6.7	-0.4
• November,10	7.5	0.8
• December,10	8.2	1.5
• January,11	9.0	2.6
• February,11	9.8	3.7
• March,11	11.3	5.8

- ✓ Commodities particularly that consumers need daily.

4. Why Government lift the price cap on 16 products except the three products left i.e sugar, Oil and wheat.

- ✓ The government has lining out a better chain of supply of the 3 products left to retailers from the producers. (importing, produced by public enterprises)

5. What will be the next step of the Government to create conducive business environment?

- ✓ Drain deep rooted rent seeking practices and create and enable environment for the developmental private sector willing to contribute for the well being the country's economy Endeavour
- ✓ Crease and maintain macro economy stability (inflation exchange rate, interest rate) for sustainable economy grow and development
- ✓ Establish modern financial system to facilitate loans and other supports to private sector
- ✓ Provide reliable infrastructural facilities (roads, railways, energy, water and telecommunications)
- ✓ Enhance human resource development.
- ✓ Establish responsive and accountable administrations (good governance) that support country's economic development
- ✓ Develop Efficient justice system (rules of law, contract administration)