

Government tightens law to punish price control violators

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Zimbabwe's Attorney General (AG) has revealed plans to tighten the country's law to controls escalating prices of basic goods and essential services, including a jail term for retailers or manufacturers charging prices above those stipulated by government.

The move, which comes as one retail group said it was still smarting from a price blitz that decimated supplies on the market and intensified shortages in the country last year, could plunge the country further into an unprecedented economic crisis.

"The Attorney General recently intensified the fight against inflation and the parallel (foreign currency) market by hosting two consultative meetings in Harare with relevant stakeholders," acting AG Justice Bharat Patel said in a note sent to the media on Tuesday, 18 March 2008.

He said after lengthy and detailed discussions, the first meeting had adopted several recommendations.

"On price controls, it was recommended that the existing legislation should be harmonised and rationalised and that the powers of the NIPC (National Incomes and Pricing Commission) with respect to school fees and rentals be clarified. It was also agreed that the offence of overcharging should be visited with the possibility of imprisonment as well as a monetary fine," Patel said.

He said law would also be amended to curb foreign currency transactions on the parallel market.

The meetings had included the NIPC chairman, Goodwils Masimirembwa, the Anti Corruption Commission as well as high-ranking officials from the Reserve Bank of Zimbabwe, the National Economic Conduct Inspectorate in President Robert Mugabe's office, the Zimbabwe Revenue Authority and Ministries of Finance and Industry.

Rethink needed ahead of elections

After the infamous price blitz that forced prices down 50% at the end of June last year, government had to rethink its strategy ahead of harmonised Presidential and legislative elections on March 29, 2008.

Essentially, the NIPC was given the mandate to give passage to requests for regular price reviews.

Industry sources admitted the NIPC had lately been granting very favourable price reviews to not only ensure viability but

also guarantee profits for the private sector businesses.

However, the country is still battling shortages, even despite a raft of measures by the central bank to boost production and increase product availability on the market.

Although product availability has improved since intervention by the Reserve Bank of Zimbabwe (RBZ) late last year through a concessionary financing to the retail and manufacturing sectors, supermarkets remain partially stocked, with most basic food commodities hardly available.

Clothing retailer Truworths Limited said in a statement accompanying its financial results for the year to January 6, 2008 that the negative impact of the price controls continued to be felt due to low stock levels.

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