

Morning Tea

Rising Prices of Essential Commodities

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No matter if it is the tea stall or the public transport, whether it is your boss or your household maid; for the last couple of days everyone has been discussing about a single issue – ‘price hike’! It seems the prices of every essential necessity have increased or going through the process of increasing for the last few days in our country. Starting from onions to electricity, chilies to CNG, all are going beyond the purchase ability of the mass people. Over the last few weeks, the retail vegetable prices have shot up by Tk 20-25 per kg with wholesale traders hinting of further upswing in the next few days. On the other hand, the Bangladesh Energy Regulatory Commission (BERC) announced increase in the prices of electricity and natural gas for selected consumers with effect from September 1. Although the production cost of electricity is falling with the decline in international oil prices, BERC hiked the retail price of electricity by 2.93 per

cent on an average. The retail price of electricity will be Tk 6.33 a unit against the earlier Tk 6.15. The price of gas has been increased by 26.29 per cent on an average, with a hike of 50 per cent for domestic users. The price per cubic metre of compressed natural gas (CNG) at refueling stations, meanwhile, has been raised from Tk 30 to Tk 35. The regulator has also increased the price of gas in other sectors, excluding fertilizer production and power generation. The bulk price of electricity has been raised after three years and the retail price of electricity after one year. On the other hand, the price of gas has been raised after seven years.

Many people believe that this sudden hike of power and gas prices is unreasonable. The Centre for Policy Dialogue (CPD) has said that it will have adverse impact on the economy and people's life. Cost of living of the common people will increase because of hike in the prices of gas and power. Transportation cost will increase because of high price of CNG (compressed natural gas). Commodity prices will increase because of rising production cost.

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But, the helpless people still hope that the better days will come and the government, our only savior, will think about the majority of the population and take steps to rescue us from this never ending cycle of price hike.

Just after the declaration of the increase CNG price, transport owners on Sunday submitted a letter to the road transport and bridges ministry demanding an increase in fares for buses and minibuses running in Dhaka and Chittagong metropolitan areas. Meanwhile, CNG auto-rickshaw owners have said they will also send letter to the ministry soon demanding a hike in the fare for auto-rickshaws plying both the cities. Dhaka Metropolitan CNG Auto-Rickshaw Business Owners' Association president, Md Barkat Ullah Bhulu said they had already urged the authorities to increase CNG auto-rickshaw fare to Tk 40 for first two kilometers, daily deposit to Tk 850 and Tk 13 for each subsequent kilometer. “After the recent price hike of natural gas, we can propose Tk 13 for each subsequent kilometer and Tk 900 for daily deposit,” he said.

Referring to the continuous hike in prices of electricity, former executive director of BRAC and Professor of the Economics Department of BRAC University, Dr Mahabub Hossain said, “It would obviously affect the livelihoods of the common people”, as the price of electricity has

been increased several times during the last two years. He noted that the government is being compelled to increase the prices of electricity since production costs of power have increased. The impact would hit the market as the production costs of the industrial sector will increase due to the increase in prices of electricity and gas, he said. "The increase in prices of gas and electricity will hit all sectors of the economy. It will hit the market directly, which would exert pressure on the common people." He, however, said it is not clear why BERC has increased the price of electricity when the price of oil is continuously exhibiting a downward trend in the world market. "We don't even know what is the actual price of imported electricity and whether it is viable or not," he observed.

In a like manner the shortage of vegetables has pushed up its retail price to as much as Tk 60 per kg in many kitchen markets of the country. "Since a large part of the supply is being hampered, it is likely that the prices may shoot up further," said wholesale traders while blaming the lower production rate of the vegetables due to the excessive rain fall in the past two weeks. There have been a supply shortfall and rise in prices in the markets following the damage caused to the vegetables by the rain. Aubergine was selling at Tk 60-Tk 80 kg, bitter gourd at Tk 60 kg, okra at Tk 70 kg, ribbed gourd at Tk 60 kg, string bean at Tk 60 kg, cucumber at Tk 60 kg, tomato at Tk 80 kg, papaya at Tk 40 kg and potato is selling at Tk 30 kg on Sunday. The mass people of fixed and marginal income groups are facing a critical situation due to this sudden price hike of vegetables. The price of sugar increased as the government imposed supplementary duty on import of the item. The government of India on August 22 increased the minimum export price of onions to US\$ 700 a ton from US\$ 425 to ensure domestic supply availability as production of the item was hampered in the country due to heavy rainfall. Following the decision of Indian authorities, traders increased the prices of local and imported onions by Tk 50 to 60 a kg in the capital's retail markets. The prices of both the imported and local onions reached to Tk 90 a kg. On the other hand, people are forced to buy chili at Tk 200 per kg from the kitchen market. As of yesterday, per kg green chili was being sold at this price at Karwan Bazar, while the price was higher as Tk 250 in Mohammadpur Krishi Market. Traders claimed that the prices of green chili increased as rainfall damaged some farms across the country. Traders said that wholesalers started to charge extra money on sugar and so the retail price of the item started to increase in the market and the item was selling at Tk 42-Tk 45 a kg. The price of egg also increased and the item was selling at Tk 48 a hali (four pieces) in the city on Tuesday. The price of red lentil remained high and the fine variety of red lentil was selling at Tk 125-Tk 130 a kg while the imported item (coarse variety) was selling at Tk 105 a kg over the week.

In either case, whether it is the gas with which we cook or the vegetables which are to be cooked, the price hike increases the sufferings of the commoners. This price hike of electricity, gas, CNG, groceries, chilies and onions will affect the lives of people of limited income in a cyclic motion. Like an irremovable chain this hike will suffocate us just like always. And as usual soon we will become habituated with the high prices also. But, the helpless people still hope that the better days will come and the government, our only savior, will think about the majority of the population and take steps to rescue us from this never ending cycle of price hike.