

Best to postpone all future price increase

AS the curtain comes down on 2015, hopes soar for a better year ahead, amid a volatile socio-economic and political landscape. 2015 has left little to cherish for Malaysians at large.

In a nutshell, the prolonged poor crude oil price has caused a severe dip in revenue for the government, late Q2 onwards.

The implementation of the Goods and Services Tax (GST) helped cushion impact with a reported RM30 billion collection to date. But consumers are experiencing a toll on

their cost of living because of it. Added to this was the subsidy rationalisation, rising transportation costs and toll rates. These factors were further aggravated by errant businesses behaving unethically as well as on-going retrenchments in the job market.

Retail businesses reported sluggish sales due to reduced consumer spending activity. It is worth noting that the Malaysia Retail Association (MRA) has almost halved its sales growth projection from 2015 to 3.1 per cent from 6 per cent last year.

In fact, the Nielsen Global Survey of Consumer Confidence and Spending Intentions' November 2015 report indicated that the Consumer Price Index (CPI) plunged to a 10-year low, recording a 78 per centage dip in the third quarter.

This was largely a consequence of the rising concerns over the sluggish economic outlook, declining value of ringgit and heightening political tension.

The Malaysian Institute of Economic Research's (MIER) figures are equally discouraging. MIER's Con-

sumer Sentiments Index fell to a new low of 70.2 points in the third quarter of 2015, from 70.1 in the quarter before.

Politically, Malaysia is undergoing persistent turbulence, denting consumer and investor confidence in our economy, resulting in massive outflow of foreign funds from our stock market. Perhaps a more decisive response from the national administration would reinstall stakeholders' confidence and help put things to rest.

As we see cost increases coming

announcements

through at a rapid pace, triggering a decline in consumer spending, the looming question now is if recession is brewing? Although regulators tell us otherwise, economic indicators and news reports indicate red alerts.

In fact, more than ever before, business reports cite portfolio rationalisation exercise, especially the oil and gas-related industries.

Taking into consideration the above, the Malaysia Consumers Movement (MCM) calls on the government to immediately postpone

all future price increase announcements. Instead, it should consider reversing some of the increases which have already been made, such as on toll, public transport and electricity tariffs.

Additionally, it should reduce the GST, until such time when consumers are better prepared to deal with its impact.

Social stability is a rising concern, especially as more and more individuals find it difficult to support basic living expenses.

On a separate note, the current

scenario would probably offer an opportunity to all, be it consumers, businesses and government, to relook at cost elements so that leakages are plugged by increasing efficiency.

Politicians from both sides of the divide must now put aside differences and work for the betterment of the country, and, more importantly, the people.

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