

# How Black Marketeering Affects Economic Security

Sri Lanka is facing an unprecedented economic crisis since the Covid-19 pandemic. According to the views of economic experts, arbitrary tax cuts in 2019, imposing a ban on chemical fertiliser imports and the switch to organic fertiliser in November 2021, large money printing, the Easter Sunday bomb attacks in April 2019, the Covid-19 pandemic and the Russia-Ukraine conflict have had a major impact for the prevailing crisis.

## **Black marketeering during the crisis**

During the crisis, consumer exploitation can be seen as having a huge adverse impact on the economy and the people. Consumer exploitation consists of different forms such as fake advertisement, substandard products, high prices, adulteration, under-measurement, black marketeering, duplicate goods, lack of after-sales service and lack of information. Black marketeering is one of the main forms of consumer exploitation. A 'Black market' is created where goods and services are exchanged illegally without complying with government laws and regulations. Usually, a 'Black market' is created mostly for essential commodities such as rice, coconut, fuel and gas. When there is a high demand in the market for a certain product, wholesalers and retailers conceal the product without selling it. Then, an artificial shortage is created for that product and as a result, customers try to buy the product at a higher price as they need it. At that point, a black-market price is created for the product in the market.

## **How the black market took hold**

As it happens in every crisis, black marketeering raised its head in the face of this crisis as well. Accordingly, traders made a concerted effort to pretend that a huge scarcity existed than the prevailing scarcity of goods in the market until a black-market price was created. In recent times, this was evident with regard to cement. The price of cement rose to a maximum due to traders concealing stocks. Most traders in rural and suburban areas were selling cement at black-market prices due to an artificial supply shortage. The same fate has befallen rice today. Rice prices have risen to unaffordable levels due to stocks of rice being concealed by mill owners. The situation is similar with gas, fuel, and medicine as well. But, unlike rice, there is an actual shortage of gas, fuel, and medicine in the market due to the shortage of foreign exchange reserves in the country.

## **Selling at more than approved rates**

Even in this situation, many cases are reported of some traders selling gas and fuel to consumers at prices much higher than the approved market price. The biggest issue that everyone is talking about these days is the black market for fuel. It is reported that a litre of diesel was sold for around Rs 2,500 and a litre of petrol was sold in the range of Rs 600-1,000 in the last month. Even though the price of fuel has come down to some extent at the moment, there are those who are ready to buy fuel at higher prices rather than wait in queues and spend time. Some people have fuel stocks by continuously keeping their vehicles in the queue. Similarly, there are people who purchase fuel by paying employees working in petrol sheds

and then resell it to consumers at inflated prices. In order to control this situation, the pilot project of The National Fuel Pass QR programme was implemented by the Government from 21 July across the island.

### **Effect of black marketeering on economic security**

According to the International Labour Organization (ILO), Economic security is composed of basic social security defined by access to basic needs infrastructure pertaining to health, education, dwelling, information and social protection, as well as work-related security.” Simply put, it means the ability of individuals, households, and communities to sustainably meet their basic needs such as food, clothing, shelter, education, healthcare, livelihoods, and social protection. Generally, people in a society are classified according to income into rich, poor, and middle-class people. When there is black marketeering in any economy, the poor and middle-class directly feel the impact. That is because the rich buy whatever they want even at a black-market prices but the poor and some from the middle-class are not financially capable to buy goods at exorbitant prices. Consequently, they fail to meet their needs. Then, it creates a massive threat to economic security.

Currently, Sri Lanka is facing an enormous threat in terms of economic security due to black marketeering in fuel, gas, medicine, rice, and other basic commodities. When traders conceal goods that are in high demand and pretend that there is a huge shortage of such goods in the market. This artificial shortage creates an adverse impact on the economy and people’s lives. As a result, people are under severe social and psychological pressure due to not being able to fulfil their needs. It raises various national security issues in the country in addition to economic security issues.

### **Measures against black marketeering**

The Government finds it difficult to control black marketeering because it does not happen in the open. However, the Government must impose price controls for rice, fuel, gas, medicine, and other essential commodities with the support of the Ministry of Trade. The Consumer Affairs Authority should make sudden raids on traders where traders are suspected of engaging in black marketeering and institute legal action against them to protect consumers and ensure their economic security. Furthermore, it is necessary to increase awareness among the public regarding black marketeering and the actions that could be taken against it. Awareness programmes in this regard are vital. Maintaining an efficient and effective reporting system for consumer complaints is also necessary to control black marketeering which will then ensure economic security.

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