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**SCHOOL: AGRICULTURAL ECONOMICS**

**COURSE: AGRIBUSINESS MANAGEMENT**

**UNIT CODE: KBT 316**

**TASK: IDENTIFY REASONS WHY FOOD PRICES SHOT UP DURING THE PANDEMIC**

**SUBMITTED BY: 30/1/2021**

**Reasons why food prices skyrocketed during the pandemic**

Covid19 infections in the processing plants

Good health and sound mind plays a vital role in productivity.

Covid19 virus has able to penetrate in most processing industries even the agricultural ones. With ill health, worker’s productivity decrease and becomes hard to cope with work.

Mental illness and stress also manifest in the affected workers. This limits their thinking and innovation as you cannot think accurately in a bad shape. Illness reduces will power to work and motivation.

Illness also reduces energy and leads to much fatigue.

All of these leads to low production of processed food, low which leads to food shortage and supply.

Protocols, policies and measures set to limit exposure

Agro processing industries, grocery stores, supermarkets have limit the number of workers working in their organisations. This has led to decrease in labour.

Also a limited number of customers or people have been set to occupy most hotels and restaurants premises. Limited number of customers leads to slow business activities, businesses taking time to peak and eventually high prices to equalise these effects.

Lockdowns have affected the amount of food being exported and imported leading to high local food prices.

Grocery, industries and firms spending more money to hire cleaning workers, buying sanitizers and face masks which all add up to the bill. With face mask initially costing 20-50 @each and sanitizers 100/= this add cost which over carry to the overall cost leading to high prices since producers must sell what they produce at a high price depending on costs.

Hiring also general cleaning workers has also led to increase in cost as wage is paid to the workers. This wage is a cost which was not there initially but it’s now included in the fight against covid 19

Curfew and lockdowns places a time constraint on producers

Industries and businesses which work for long hours have their working time limited by measures set by the government. This has led to decrease in profits as some businesses perform better during long hours of night e.g. Restaurants and clubs

Closure of some restaurants and hotels due to health protocols has led to few limited market for farmers.

Lockdowns has encouraged people to stay at home, this trend has led to super demand for households to buy food in bulk and store in their homes. The higher the demand, the higher the prices.

Increase buying of food in bulk has led to empty shelves in the supermarket as people store this food for unanticipated future events.

Loss of jobs

Income brought about by job is what makes people consume.

With lost incomes, people rely on savings and since they cannot last, food becomes expensive.