

New Bill set to push maize flour price up

Experts warn cost will shoot up if proposed VAT law is approved

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The price of maize meal will go up by 22 per cent should a proposed Bill become law, a policy analyst says.

The VAT Bill seeks to introduce tax on fertiliser, seeds and food items like milk.

Tegemeo Institute, a policy think tank at Egerton University, has warned that increased fertiliser and seed prices would result in production costs going up and these would be passed on to the consumer.

Research by the think tank shows that the cost of maize meal would shoot up by 22 per cent, which is well beyond the reach of many households.

Tegemeo Institute director Mary Mathenge said the government should introduce policies that were friendly to both producers and consumers.

Dr Mathenge criticised the National Cereals and Produce Board for buy-

ing maize at higher prices than those prevailing on the market.

Farmers are paid Sh2,800 for a 90 kilogramme bag, while the market price is Sh1,200, according to Tegemeo.

The high prices had attracted maize imports from neighbouring countries.

A researcher, Dr Joseph Karugia, said increased inter-border trade would help improve food supplies and stabilise prices.

He, however, said regional trade was hampered by barriers such as import tariffs, high transport costs and corruption at the borders.

He said Kenya had no choice but to improve regional trade as well as domestic output to secure food security.

22pc

The expected increase in the price of maize flour

2,800

The amount in shillings that the cereals board pays for maize