Onion imports

Why in news?

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Union government has planned to import onions.

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What is the reason for onion imports?

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- Demand is high for onions, where the price has risen to Rs 65-70 per kg.
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- The price rise is due to the 40-50% shortage of production in Karnataka due to unseasonal rains.
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- Karnataka accounts for around 15% of the all-India crop.
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What are the concerns with government’s move?

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- Union government has chosen its old policy, by which the moment farm prices rise, the government seeks to ensure it doesn’t happen.
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- The government’s move is seen discouraging as speculative and unprincipled trader states have been empowered to impose stocking limits.
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- It is not clear if imports can happen fast enough and in sufficient quantities to fair prices.
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- If farm prices are to be dampened each time they rise, farmers are going to be wary of sowing the crop.
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- In such case, India will remain in a cycle of farmers over-sowing when prices rise and then under-sowing as prices collapse.

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What is the way forward?

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- A policy to allow direct purchases from the farm gate by easing rules for FDI in food retail is needed.
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- Helping increase levels of processing in the industry is required, as more fruit and vegetables are processed, prices remain more stable.
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- As bigger buyers come in and buy directly from farmers, they also get a larger share of the retail price.
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Source: Financial Express

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