Onion price hike

What is the issue?

- Onion's price has been shooting in the wholesale markets and the central government has taken many efforts to control the increasing price.
- With elections nearing in some states, the government cannot upset **onion growers** in rural areas (part of the voter base) and **urban consumers** who have to shell out more money for the bulb.

What is happening?

- Since May 2019, prices in wholesale markets across the onion-growing districts of Maharashtra have been increasing.
- The ripple effect can be seen in the retail markets where the price of onion has also increased.
- According to Price Monitoring Cell (PMC) of the Consumer Affairs department, the retail price of onion has increased by Rs 20-25/kilo across the country in the last six months (as of September 2019).

What the government is doing?

- In early September 2019, the state-run Minerals and Metals Trading Corporation of India (MMTC) had floated contracts for importing onions from Pakistan, Egypt, China, Afghanistan, etc.
- Following sharp criticism, MMTC dropped Pakistan from the list of countries.
- The Centre also tried to restrict exports by sharply hiking the Minimum Export Price (MEP).
- In June 2019, the government ended the 10% export subsidy for onion.
- Anticipating a shortage, the central government had created a buffer stock of 57,000 tonnes, of which some have already been offloaded.

Why the price is rising?

- The price rise comes during months when onion consumption usually goes down.
- For example, it happens during the nine days of Navratri in Maharashtra and the month of Shravan.
- The current increase in onion prices is a fall out of **2018's drought** and the **delayed monsoon in 2019**.

- Some onion-growing areas have reported **excessive rain** and **delay in harvest period** by a week or so.
- Maharashtra, Karnataka, Gujarat, Madhya Pradesh, Rajasthan, Bihar, Uttar Pradesh and West Bengal account for almost 90% of onion production in the country.
- Maharashtra contributes nearly one third of the country's production.
- Farmers across the country take three crops of onions which ensure uninterrupted supply across the year. Of these,
    1. Kharif and late kharif are not amenable for storage (has higher moisture content)
    2. Rabi crop can be stored for a long period.
- Farmers usually store their produce in moisture-proof and dust-proof structures to prevent the bulbs from sprouting green shoots.
- Depending on the price, farmers release their produce, enabling steady supply for retail markets.
- **A combination of factors has led to the increase in prices now.**
    1. The cultivation area under rabi crop has decreased in Maharashtra. So, it reported a low cultivation in the rabi season of 2018-19.
    2. Karnataka received heavy rain during kharif crop's harvest period, which delayed the arrival of kharif onions from Karnataka.
- So, the stored rabi crop should have to be supplied to the markets.
- As the imported onions may not arrive soon, the price of the bulb is expected to stay high.

Source: The Indian Express

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