

71,000 tons acquired so far

Indian government aims to procure 500,000 tons of onions to stabilize market prices



The Indian government has embarked on a strategy to amass 500,000 tons of onions with the objective of intervening in the market to stabilize prices if deemed necessary. To date, the procurement initiative has resulted in the acquisition of approximately 71,000 tons. The current retail onion prices hover around Rs 38.67 per kg, with a modal price point of Rs 40 per kg. Officials remain optimistic about meeting the procurement goals, with the purchase price of onions being adjusted in response to the fluctuations in market rates.

Efforts to stabilize onion prices have been prompted by a 20% reduction in output across various cultivation seasons in 2023-24, primarily due to inadequate rainfall in key agricultural zones. The government, observing market stabilization and anticipating a robust Kharif crop following favorable monsoon forecasts, eased export restrictions in May 2024. Despite this, a 40% export duty is still applied, alongside a minimum export price (MEP) set at USD 550 per ton. Through the establishment of a buffer stock and the careful management of exports, the government aims to moderate onion prices and maintain affordability for consumers. The effectiveness of these measures will largely hinge on the yield of the forthcoming Kharif crop and potential market disruptions.

[Rs 100 = €1.10]

Source: krishijagran.com

Publication date: Tue 25 Jun 2024