

India's onion prices soar amid supply chain issues and speculation



India is experiencing a notable increase in onion prices, with rates reaching nearly \$1.21 per kilogram in certain regions. This surge is attributed to the absence of government intervention in retail pricing, although a decrease is anticipated as the Kharif onion harvest enters the market within the next two weeks.

Ajit Shah, President of the Horticulture Produce Exporters Association, highlighted the lack of control over retail pricing, allowing retailers to elevate prices. Parashram Patil, a Senior Agricultural Consultant, pointed out the monopoly of intermediaries and insufficient storage facilities in many cities, exacerbating the situation. In Maharashtra's Lasalgaon, the benchmark price for Rabi onions was \$70.58 per quintal, while Kharif onions were priced at \$43.41 per quintal. Retail prices in the National Capital Region have surged, with onions now costing \$0.84-\$0.90 per kilogram, up from \$0.60-\$0.72. The government has intervened by offering onions at a subsidized rate of \$0.42 per kilogram through cooperatives.

M. Madan Prakash, President of the Agricultural Commodities Exporters Association, noted the transportation costs from Nashik to other parts of the country add approximately \$0.12 per kilogram to the price. The lack of transparency and the role of intermediaries in the onion trade have also been criticized for contributing to higher retail prices. V. Shunmugam, a market research expert, and others have pointed out the issues with market speculation and the exploitation of crop loss reports by retailers to unjustifiably raise prices. Despite the government's efforts to stabilize prices by importing over 2,400 tons of onions, challenges remain in distribution and quality.

However, there is optimism that prices will decrease as the Kharif harvest arrives, with expectations of a good crop. The Ministry of Agriculture's Crop Watch Weather Group reported an increase in the Kharif onion sowing area, suggesting a potential ease in price pressures. Nonetheless, systemic issues like supply chain inefficiencies and lack of market transparency may continue to affect prices in the short term.

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