

Retail prices of tomatoes, onions, and potatoes rise

This could be result of continued supply-side disruptions, say experts

INDIVIAL DHASMANA & SANJEEB MUKHERJEE
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Kolkatans had to fork out ₹100 for a kg of tomatoes on Monday, while they paid 40 per cent less at ₹60 just a month ago.

Similarly, consumers in Delhi had to shell out ₹41 to buy a kg of onions on Monday against just ₹20 on August 14. Moreover, wholesale prices were just ₹19 a kg in the national capital on Monday.

Wholesale prices of potatoes, too, were ₹25 per kg in Mumbai on Monday but end consumers bought it at ₹43 a kg. They paid a bit less at ₹40 a month ago.

Though the government has swung into action on one of the commodities, onions, and banned its export, experts said it would've been better to have ensured adequate imports in advance.

"There should be very good market intelligence, which tells me that there will be a major shortfall and we can start importing immediately. We will realise the shortage after a month or so and we will float tenders which will take their own time," said Madan Sabhnavis, chief economist at CARE Ratings.

But why the divergence between the wholesale and retail prices are widening?

"I think the divergence has only increased in the last few months, despite easing of the lockdown, and is due to continued supply side disruption and localised setbacks to trade," said Mahendra Dev, director of Indira Gandhi Institute of Development Research.

Dev said the excess rains in August also disrupted supplies in some areas and damaged standing crops, such as onions, in Karnataka and Andhra Pradesh.

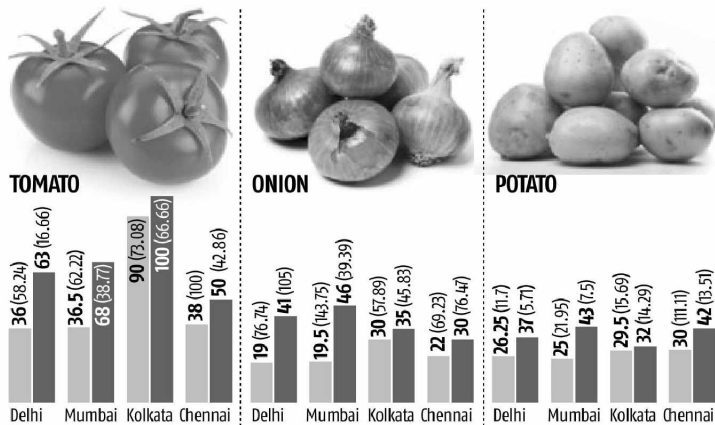
Both the southern states received over 40 per cent surplus rains in August, which inundated large tracts of land. "The production shortage is largely localised," Dev said.

On the onion export ban, India Ratings' Chief Economist Devendra Pant said the move might look negative from a free trade point of view. However, the government is taking these measures to contain prices. At a time when salaries are reduced and jobs declining, hike in prices come as a double whammy, he said.

THROUGH THE ROOF

■ Wholesale prices ■ Retail prices in ₹/kg

(Monthly price hike in %)



Source: Department of Consumer Affairs

However, for farmers such as Bhagwaan Meena in faraway Madhya Pradesh, the sudden ban on exports has sharply pulled down the price of onions. He blames the government for the loss he has suffered.

APTI report says farmers in Nashik's Lasalgaon area, home to the largest onion market in the country, and some other trading spots in the district on Tuesday took to the streets in protest against the ban.

Agitations took place at Mungse, Pimpalgaon, Nampur and Umrane markets and protesting farmers stalled auctions for some 10,000 quintals that had arrived, and also tried to stop traffic in the vicinity, officials said.

Aditi Nayar, principal economist at ICRA, said prices of these three staples tend to be fairly volatile and managing them has often proved to be problematic, particularly in the case of onions, which are grown in a limited area.

She said while prices are spiking, they may eventually crash, posing difficulties to farmers. Managing onion prices is often extremely challenging, and the situation sometimes warrants a temporary ban on exports.

Meena, who is also the National General Secretary of Kisan Swaraj

Sangathan, a farmers group active in MP and Rajasthan, said,

"Till yesterday, onion was trading at around ₹38-39 a kg in Indore and Ratlam mandis, but today the prices have come down by almost ₹6 a kg and in the next few days onions will start trading below ₹25 a kg. When prices rise, everyone is unhappy, but no one thinks of farmers when prices crash."

He said that in the next few weeks, fresh onion crops will start coming from Maharashtra and farmers won't get good prices for their produce.

"Think of the farmer who has sown onion in monsoon thinking of getting a good price by Diwali. He will be devastated," Meena added.

Rajendra Sharma, a prominent onion trader from Azadpur Mandi in Delhi, said supplies were down during the lockdown, but the situation has considerably improved now and prices have risen because of crop damage.

For instance, 114,175 tonnes of onions arrived in Delhi mandis in July, but only 80,837 tonnes were supplied the following month. Now, 56,899 tonnes of have arrived in September. The story is the same for the other two crops as well.

Farmers in Nashik's Lasalgaon area and some other trading spots in the district protested against the ban on exports of onions on Tuesday. The Centre has banned the export to increase availability and check price in the domestic market