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I Seminar on
Onion Crisis in India - Issues and Market Structure
Synopsis

Onion is one of the most significant and commonly used ingredients in Indian recipe. Onion is unique, highly profitable but price is not determined by its availability. An increase in price affects the consumer by way of increase in food consumption budget, while a decrease in price below the cost of cultivation affects the producer. Thus, the changes in onion prices have a huge impact on the food security of farmer and consumer welfare. Agricultural commodities are less elastic to price and income and inherently unstable due to weather and institutional risks. The high volatility in prices of agricultural commodities can have a disproportionate, typically nonlinear or asymmetric impact on the economy and may fail to endure exceptional shocks. This impact is prominent if governments and households are well adapted to normal volatility but fail to anticipate or consider making worthwhile provisions against extreme shocks. The spurt in food inflation in the recent months has brought to forefront some critical issues of price volatility in agricultural commodities and agricultural market structures. With this background, the present study is conceptualised with the following objectives:

1. To know about the onion production scenario.
2. To know about the onion crisis causing issues and market structure in India.
3. To review the related studies.

Onion production scenario: The total global area under onion cultivation is 9.2 million acres, total production in the was 97.86 MT and the average yield was about 18.82 T/ha. India is second after China accounting for 19 per cent of the global onion production. In India onion is cultivated in an area of 12.93 lakh hectares with the production of 236.10 lakh tonnes and productivity is 18.3 T/ha during the year 2018-19. India is a traditional exporter of fresh onions. The demand for Indian onions in the world is high. During the year 2018-19 India exported 21.83 lakh tonnes and imported about 324 tonnes of onion. (*Anonymous, 2019*).

Onion crisis: Onion crisis is referred as high rise in onion prices, shortfall in production, improper storage, unplanned exports etc. India has seen rampant onion crisis over the years in 1998, 2010, 2013, 2015 and 2019. The main reason for onion crisis 1998 was due to unplanned exports. The 2010 crisis caused by errant rainfall in the onion producing regions which led to the shortage of onion production. Main cause of 2013 crisis was due to artificial hoarding by traders. The 2015 crisis was due to deficit rains. The reason behind the fresh hike in onion prices in 2019 can be attributed to higher wholesale rates triggered by unseasonal rainfall in Karnataka, Gujarat and Maharashtra, the largest onion growing states in the country.

The 2020 crisis was due to COVID-infused lockdown and heavy rain. The prolonged monsoon in onion growing district Maharashtra, Karnataka, and Madhya Pradesh led to widespread crop damage. It led to the loss of nearly a million tonne kharif onion in Maharashtra alone. (Mahapatra and Shagun, 2020)

Government initiatives to overcome onion crisis: Different steps taken by the government were ban on exports, imposition of stock limit, importing onions from other countries, transfer of onions from surplus to deficit areas and government okays norms for Rs. 500 crores 'Operation Greens' scheme for onion, potato and tomato in the year 2018-19. About 25-30 per cent of total production is wasted, so building up of cold storage unit would minimize the waste upto 3 to 4 per cent that in turn can help the onion growers and stabilize onion prices in market.

Issues leading to onion crisis: Onion hoarding, seasonality in production and short shelf life, onion storage structures, export-import policy and market structure of onion.

Market structure of onion: includes (i) Various market players and nature of market at each stage of the supply chain of onion and reasons for volatility and price fluctuations: Non-sustainability of exclusive onion association, concentration of large storage capacities with traders.

Review of the research studies:

Yashodhara (2011) reported that major problems faced by onion growers were fluctuation of market price (100 %) followed by high transportation cost (97.50%) and absence of storage facilities (70.62 %).

Chengappa *et al.*, (2012) reported that about 94.62 per cent farmers in Maharashtra and 86.4 per cent in Karnataka farmers do not awareness about marketing channel. Further 25 per cent in Maharashtra and 38 per cent in Karnataka revealed that fixing a price at Rs 1000/qtl help farmers to cover their cost of production and earn a reasonable return on onion cultivation.

Conclusion: Government must encourage better systems for forecasting total production considering economic and meteorological events, at least in major onion producing areas that would help in taking appropriate decisions about onion export which in turn can avoid significant fluctuations in its prices in the wake of increasing international demand for Indian onion. Thrust must be given to processing facilities so that consumers can quickly substitute onions for onion paste and dehydrated varieties in times of crunch.

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YASHODHARA, 2011, A study on marketing behaviour of onion growers in Chitradurga district of Karnataka, *M. Sc. (Agri) Thesis* University Agriculture Sciences Bangalore.