

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3782
ANSWERED ON:22.08.2005
FALLING OF ONION PRICES
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether onion prices have been falling persistently for last several weeks;
- (b) if so, the reasons therefore;
- (c) whether the fall in the prices of onions have deprived farmers of reasonable return on their investment thus leading many of them to commit suicides; and
- (d) the steps proposed to be taken by the Government to address the situation?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a)&(b): The Weekly Wholesale Price Indices (WPI) of onion are given in the Annexure. As may be seen from the Annexure, onion prices have not been falling persistently. The figures reveal wide fluctuations in onion prices. The WPI increased by 6.9% from 122.1 for the week ended on 1.1.2005 to 130.5 for the week ended on 19.2.2005. Though the WPI declined by 16.2% during the subsequent weeks to 109.4 for the week ended on 23.4.2005, it rose again by 19.9% to 131.2 by 23.7.2005. It declined marginally by 2.0% to 128.6 by 30.7.2005. July-October is lean period for onion as fresh crop is not available and, hence, onion prices tend to rise during this period.

(c): Analysis of the data on cost of cultivation of onion in Karnataka and Maharashtra has revealed that a fall in onion price tends to erode return to the onion farmer. Prices vary on the basis of variety. Even for the same variety, prices vary across time and space. The sale of onion also takes place at different points of time. It is, therefore, difficult to assess the economic impact of price fluctuations on onion farmers.

(d): Under Market Intervention Scheme (MIS), procurement operations are carried out by for the crops not covered under Minimum Support Prices (MSPs) on the request of the State Governments which are willing to bear 50% (25% in the case of North Eastern States) of the losses, if any, in the implementation of MIS. Losses under MIS are shared between Central and State Government to the extent of 25% of procurement costs. Onion is covered under MIS which is designed to protect the farmers from distress sale in the event of glut.

Annexure

WHOLESALE PRICE INDEX OF ONIONS

(Base 1993-94: 100)

Week ending Index

1.1.2005	122.1
8.1.2005	126.6
15.1.2005	127.0
22.1.2005	126.3
29.1.2005	126.3
5.2.2005	124.9
12.2.2005	123.8
19.2.2005	130.5
26.2.2005	126.1
5.3.2005	125.1
12.3.2005	116.9

19.3.2005 117.4
26.3.2005 116.6
2.4.2005 121.5
9.4.2005 116.9
16.4.2005 119.3
23.4.2005 109.4
30.4.2005 112.6
75.2005 116.4
14.5.2005 116.7
21.5.2005 114.8
28.5.2005 112.3
4.6.2005 110.1
11.6.2005 108.7
18.6.2005 109.7
25.52005 116.4
2.7.2005 120.0
9.7.2005 121.6
16.7.2005 128.0
23.7.2005 131.2
30.7.2005 128.6