

After gains during LS polls, price of arecanut likely to remain stable

The gains made in arecanut price during the Lok Sabha elections are likely to be sustained till the arrival of fresh produce to the market in September-October. The enforcement of the model code of conduct for the Lok Sabha elections had restricted illegal trading of arecanut, triggering an upward movement in its price. Since the first week of March, the price of arecanut has escalated by around



14%. The price of '*rashi idi*' variety of arecanut, which was at ₹31,000 a quintal in the first week of March, has hit ₹36,000 now. The prices of other varieties have also witnessed a similar escalation. It is a known fact that large chunks of arecanut trading takes place outside the purview of the Agricultural Produce Market Committee (APMC). Unauthorised traders purchase produce from farmers' doorsteps, thereby evading tax.

According to insiders in the arecanut market, as check-posts were installed for the enforcement of the poll code during the election, it became difficult for those indulging in illegal trade of arecanut to transport the inventories with them to firms engaged in producing value-added products from arecanut in central and north India. Moreover, as vigilance was maintained on the transportation of cash during the election, unlicensed traders could not make heavy purchases from the growers. The restrictions on cash transportation also affected payments at multiple levels.

As the flow of produce to the market declined, the firms engaged in production of value-added products from arecanut in north and central India enhanced the volume of their purchase from the formal markets in Karnataka, including the licensed mandi merchants with the APMC and the cooperative societies of arecanut growers. Another reason attributed for the escalation in price is the mismatch between demand and supply. Owing to the

moisture stress caused by consecutive droughts in Karnataka, there has been a sharp decline in arecanut production.

The first phase of arecanut harvesting of the 2019-20 season in the semi-arid regions of Davangere, Shivamogga and Chitradurga districts will take place in September last week, and the fresh produce is likely to enter the market by the second week of October. Merchants in the Shivamogga APMC are of the opinion that the present price is likely to remain stable till the arrival of fresh produce in the market.

[Source: The Hindu, June 10, 2019 \(verbatim reproduced\)](#)