

## Maharashtra: Fear of action on violation of stock limit hikes onion prices

Notwithstanding the slew of measures to control it, onion prices across wholesale markets in Maharashtra are on the rise. Average trading prices, which dipped by over Rs 1,000 per quintal, have since bounced back in the last fortnight. Trade sources said



this price rise was mostly due to reduced purchase by traders, who fear action if they violated the 500-quintal-per-day stock limit put on them. On Wednesday, the average traded price of the bulb at Lasalgaon's wholesale market in Niphad taluka of Nashik district was Rs 3,551 per quintal with only 2,850 quintals of the bulb arriving in the market. Prices have jumped by over Rs 850 per quintal from the level of Rs 2,700 recorded in this market on October 3. Trade sources did not rule out further price escalation. Since September, onion prices have followed a sinusoidal pattern with prices dipping in view of repeated government intervention. At Lasalgaon market, the average traded prices had touched the year's high of Rs 4,500 per quintal on September 19, as the effects of drought resulted in lower arrivals in Maharashtra and Karnataka. Alarmed over the spike in prices just on the eve of the Assembly election, the central government had swung into action to control the prices. When measures such as importing 2,000 tonnes of onions and slapping a steep minimum export price (MEP) of \$850 per tonne did not seem to have the desired effect, the central government on September 29 took the unusual decision to completely ban exports. Also, the government prescribed the limits of onions that traders, wholesale as well as retail, can hold. Wholesalers were allowed to hold 500 quintals while retail traders were expected to hold 100 quintals – all measures to stop hoarding. While prices have come down a day or two after the measures were announced, a steady increase is being noticed that government officials said was a direct backlash of the stock limit imposed. “Traders have stopped buying fearing action – this message has percolated down to farmers, who are not bringing in their stored produce,” said a senior government official, on the condition of anonymity.

Traders, said the official, normally bought in bulk in anticipation of demand and sent the produce to different markets in the country. Normally, it takes around two days for onions procured from wholesale markets to leave the trader's premises after operations such as

sorting, packing among others. At present, most traders are playing it safe and have substantially reduced their buying spree to avoid any violation of stock limits. The dip in arrivals is also a clear indication that the stock limit has failed to have its desired effect. At Lasalgaon market, arrivals have dipped from the average levels of 10,00 quintals per day before the imposition of stock limit to levels of 1,000 to 2,000 quintals per day. The Shetkari Sanghata has called for a boycott of onion auction and has urged farmers to keep their stock with. "Stock limit is applicable for traders – there is no law which can force farmers to sell their ware," said Anil Ghanwat, the president of the farmer's outfit.

Source: [Indian express, October 10, 2019](#) (verbatim reproduced)