

Crash in Onion Prices [UPSC Current Affairs]

Following a price crash in Feb 2023, farmers forced the suspension of trading at Lasalgaon, India's largest wholesale market for onions located in Maharashtra's Nashik district. Read more about this development in detail in this article, this is a relevant topic for the [IAS exam](#) Indian economy segment.

Why have onion prices crashed?

The current price drop is primarily due to a sudden rise in temperatures beginning around the second week of February.

- Onions with a high moisture content are susceptible to heat shock quality deterioration, with the abrupt drying-up causing bulb shrivelling.
- Normally, farmers would have sold only the [Kharif crop](#) at this point.
- However, the extreme heat this year has forced them to offload even late-kharif onions, which cannot be stored.
- Prices have dropped because both Kharif and late-kharif onions are arriving at the same time.

About Onion Cultivation

- **Farmers grow three crops in the bulk:**
 - Kharif (transplanted in June-July and harvested in September-October),
 - Late-kharif (transplanted in September-October and harvested in January-February) and
 - Rabi (transplanted in December-January and harvested in March-April).
- The harvested crop isn't marketed in one go; farmers usually sell in tranches, ensuring no price collapse from a bunching of arrivals.
- **Market sales:**
 - The Kharif onions are marketed until February, and the late-kharif onions until May-June.
 - Both Kharif and late-kharif onions have a high moisture content, allowing them to be stored for up to four months.
 - This is in contrast to rabi onions, which have a low moisture content and can be stored for at least six months when grown during the winter-spring months.
 - The rabi crop feeds the market during the summer and monsoon months, until October.

Is there any other reason for the drop in prices?

- Maharashtra accounts for roughly 40% of India's annual onion production of 25-26 million tonnes (mt), with 1.5-1.6 million tonnes exported.
- Apart from Maharashtra, major producers include Madhya Pradesh (16-17%), Karnataka (9-10%), Gujarat (6-7%), Rajasthan (5-6%), and Bihar (5-6%).
- The increased availability of water due to this year's good monsoon rains has prompted farmers in MP, Rajasthan, Karnataka, and Gujarat to plant onions over a larger area.

- The influx of bulbs from all of these states, combined with the forced offloading of the late-kharif crop, caused the price to plummet.

