

Government of India
Ministry of Consumer Affairs, Food and Public Distribution
Department of Consumer Affairs

LOK SABHA
UNSTARRED QUESTION NO. 3660
TO BE ANSWERED ON 10.12.2019

HIKE IN ONION PRICES DUE TO CARTELISATION

3660. SHRI G.S. BASAVARAJ:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether the Government has examined the reasons for the sudden and steep hike in onion prices, dampening the festive spirits in times of Diwali festival;
- (b) whether it is a fact that the Consortium of Indian Farmers Associations (CIFA) and a study by the Competition Commission of India-the consumer welfare watchdog-have found that cartelisation and the traders are jacking up the prices; and
- (c) whether the Government has considered disciplining the trade by cracking down on the vicious network of middlemen, whole sellers and pseudo-farmers who see windfall profits in the hoarding game and if so, the details thereof?

ANSWER

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण राज्य मंत्री
(श्री दानवे रावसाहेब दादाराव)

THE MINISTER OF STATE
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI DANVE RAOSAHEB DADARAO)

(a) : During 2019-20, there was a 3-4 weeks delay in sowing as well as decline in sown area of the Kharif onion because of late arrival of monsoon. Further, untimely prolonged rains in the major growing States of Karnataka, Maharashtra and Madhya Pradesh during the harvesting period, i.e., September/October, caused damage to the standing crops in these regions. All this adversely impacted production and quality of the Kharif crop. The rains during September/October also affected transportation of the crop from these regions to consuming areas. This led to limited availability of Kharif onion in the market and put pressure on its prices.

(b) : A study in the competitiveness in the major onion markets – Maharashtra and Karnataka titled ‘Competitive Assessment of Onion Markets in India’ was conducted by the Agricultural Development and Rural Transformation Centre, Institute for Social and Economic Change, Bengaluru, for the Competition Commission of India. The report inter-alia observed that onion price increase in December, 2010 was not simply a demand and supply problem. The report is available in public domain at <https://www.cci.gov.in/sites/default/files/AO.pdf>. However, CCI had conducted an inquiry relating to unusual rise in price of onions in December 2010 – January 2011. Accordingly, the Commission has passed final order u/s 26(6) vide order dated 10.04.2012 in a Suo-Moto Case No. 01/2011. The case was closed by the Commission due to absence of any evidence of collusion or cartelization among the traders/Commission agents or any other players in the supply chain.

(c) : Government, on 3 December 2019, reduced stock limits on traders across the country to 50 quintals on retail traders and 250 quintals on wholesale traders under the Essential Commodities Act, 1955. Further, Government of India has urged State Governments to hold regular meetings with the traders of Onions at State and District level to prevent hoarding, speculative trading and profiteering, unfair and illegal trade practices like cartelling, etc.
