

Vegetable prices skyrocket in Delhi due to high fuel cost, damaged crops

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NEW DELHI

Prices of vegetables, especially onion and tomato, are rising in urban areas, including the national capital, on higher fuel prices and damage to summer crops because of heavy rain, trade data showed on Sunday.

The prices of edible oil also continue to rise because of high global prices, prompting the Union government to take measures such as requiring traders to reveal stocks. The government on 13 October wrote to states to ensure prices

of edible oils are brought down after reduction in import duty till 22 March.

The government has built a record reserve of 200,000 tonnes of onions to deal with potential spikes in prices during the current lean season.

Prices of some food items, where seasonality plays a big role, tend to be volatile. The price of onion often stoke food inflation and impact monthly budgets of consumers, poor or rich, as it is a base ingredient of most Indian dishes.

Onion prices tend to rise during September because it marks the beginning of a nearly three-month lean season,



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when stocks from previous crops deplete, according to past data. Fresh harvests usually arrive in winter.

Tomato prices shot up to

₹60-65 a kilogram (kg), while onions were selling for ₹50-55 in Delhi, Patna, Kolkata and Mumbai, up ₹20-25, data from agricultural produce market

committees showed.

Rain in Karnataka and Maharashtra have upended supply lines and damaged crops in key growing regions, said Arun Solanki of Nashik-based Solanki India Ltd, which supplies vegetables grown in Maharashtra.

"There is a ₹10-15 rise in prices as supply has slowed. Backend suppliers say this is because of heavy rain this summer," said S.P. Gupta of the Ghazipur Wholesale Vegetable and Fruit Market in the national capital region.

Maharashtra, Karnataka and Andhra Pradesh are major onion-producing states,

accounting for more than 75% of total summer onion output. These states saw delays or damage to summer onion crops.

Price rise is a key determinant of monetary policy. Moderate inflation helps the Reserve Bank of India keep interest rates low to spur economic activity, which has been hit by the covid-19 pandemic.

"Onions, a staple in most Indian households, are likely to make consumers cry again with erratic monsoon leading to an eventual delay in harvest," Crisil Ltd, a ratings firm, said in a recent research note.

Onion trade suffers from classic price volatility. This is

caused mainly by factors such as extreme weather and losses from inadequate or improper storage, which can cause supplies to go from surplus to scanty in a matter of weeks.

Longer dry spells followed by short periods of heavy rainfall are telltale signs of a changing climate's impact on the monsoon.

The government is "monitoring prices of all essential commodities as always", an official said on condition of anonymity. If prices rise, the government will step in by releasing onions "as and when needed" from its warehouses to keep rates stable, he said.