

Stable Prices with Onion Storage



A happy farmer with scientific onion storage

Background and Objectives

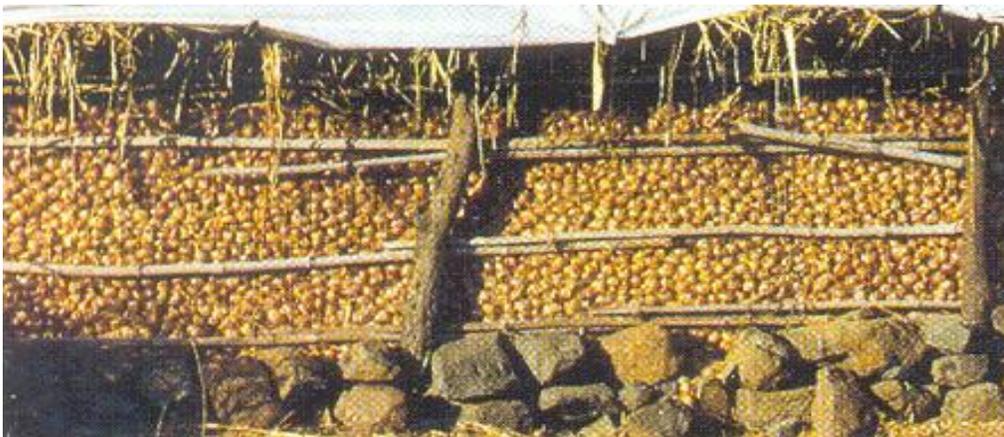
Storage of onion, especially in the long gap between the Rabi crop and next Kharif crop, can save tears both for farmers and consumers by evening out the supply and demand position. Onion is an essential ingredient of Indian food. Seasonality of onion production introduces volatility in its prices and often leads to major consumer resentment, when it goes up and proves disastrous for farmers when the due to over-production price crashes. Onion, with appropriate scientific storage, can be stored for up to six months.

Maharashtra accounts for 25-30% onion produced in the country and 80-85% in the total onion export from India. Estimated production of Onion in the State is over 41.47 lakh MT during 2010-11. Ahmednagar, Nasik and the neighbouring districts are the major onion producing districts of the State. Maharashtra districts harvest three crops of onion- about 10-15% during Kharif, 30-40% as late Kharif and as much as 50-60% during Rabi/ summer season. Planting of Kharif onion starts in June and it arrives in market during Sept – November. The late Kharif onion planted in August arrives in the market during December- January. Onions of both these crops

are not very suitable for storage. It is the main Rabi crop which arrives in March-June which, besides being the largest crop (about 25 lakh tons), is also most suitable for storage. Since the bulk of Rabi Onion is harvested during April – May, just before the onset of the monsoon, the prices of onion decline during this period while the same shoots up during the rainy season. Non-availability of storage facilities at farm level forces farmers to sell their produce immediately after the harvest to save further deterioration during rains. In return, they get the most depressed prices and the middlemen in the trade get the advantage of volatility of prices of this essential commodity.

The prices of onion were as low as Rs 500-600 per quintal during May, 2011 while they were over Rs 1200 per quintal during July, 2011. The situation was much worse a couple of years back when there were insignificant storage structures at village level. If only the farmers had enough storage facilities to store and release the onion to the market evenly, the prices would have been less volatile and benefits would have accrued to both farmers and consumers.

Conventional storage of onion at the farm level had many pit falls. These temporary structures could not protect the produce from seepage of humidity and lacked aeration leading to high levels of sprouting and rotting of bulbs, thus resulting in high losses, neutralizing the advantages of higher price realization during off season.



It was, therefore, realised that it would be essential to provide proper storage facility for this important food item to reduce the post-harvest

losses. Government of Maharashtra took the initiative to encourage farmers to construct their own storage structures by providing subsidy for Scientific Onion Storage.

Comparison of Conventional and Scientific Storage

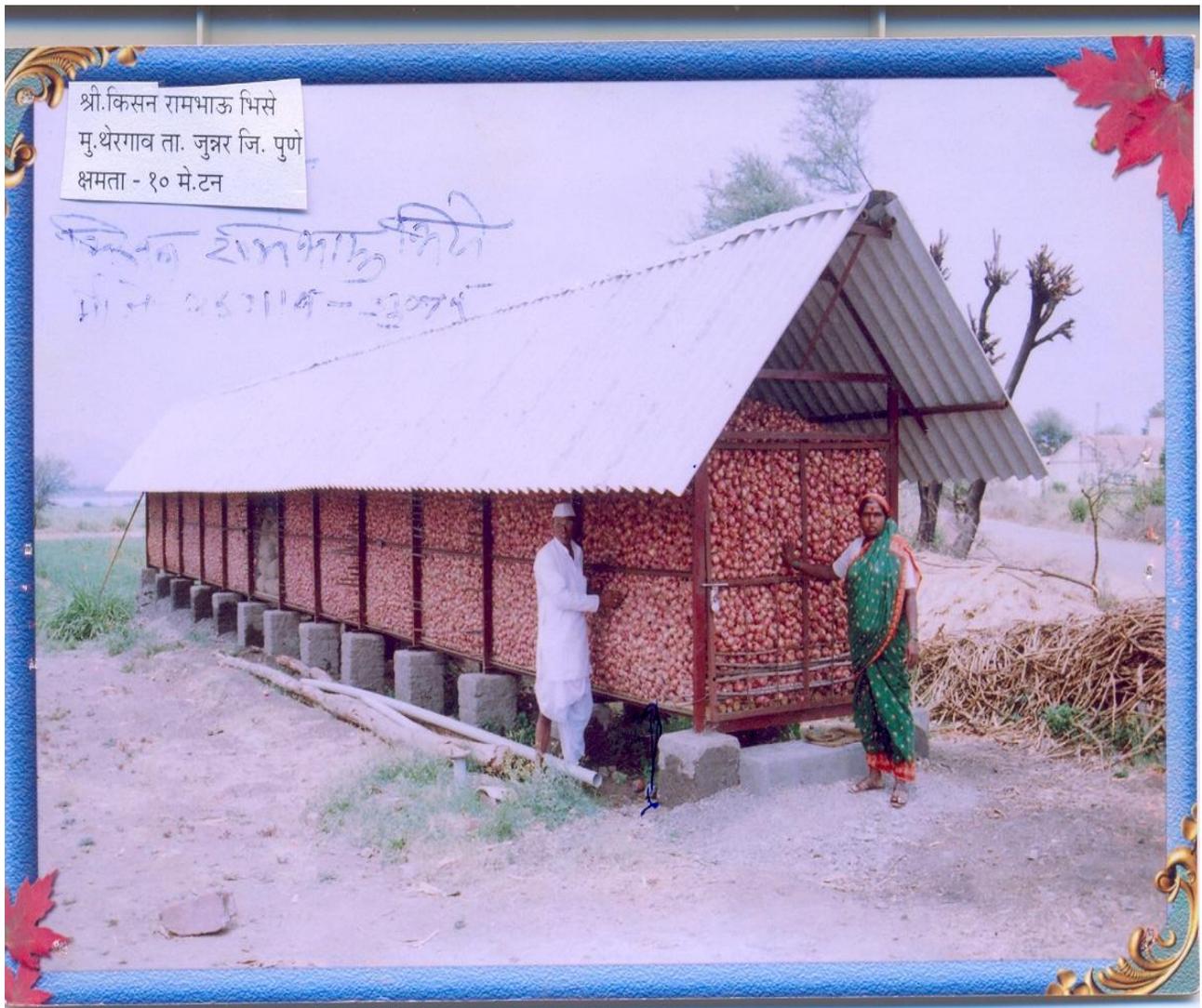
Conventional	Scientific
Highly susceptible to rain water seepage	Well protected from rain
No proper aeration	Aeration provided with open space under the structure and between storage bins
Storage not properly compartmentalized leading to difficulty in partial lifting of Onion	With protected compartmentalization partial lifting of Onion possible
Requires annual replacement of the structure due to temporary nature of construction	Permanent structure with no need of replacement
No space for sorting, grading and loading of Onion for transport.	Provision for space in between the storage structures for sorting, grading and loading.

Intervention

Government of Maharashtra launched a scheme to provide subsidy to the farmers at 25% of the cost of construction for Scientific Onion Storage under RKVY. Maharashtra State Agricultural Marketing Board (MSAMB) was entrusted with the responsibility of implementing the scheme in the state. To cover all categories of farmers, especially small and marginal farmers, storage capacities ranging from 5 MT to 50 MT were planned and promoted under the scheme. The norms for storage structures were laid down by MSAMB.

Normative cost of a 5 MT onion storage is Rs. 30000 and it goes up to Rs. 300000 for 50 MT storage capacity. As the subsidy support from the Government is limited to 25%, farmers do invest amounts ranging from Rs. 22,500 to Rs. 225000 for constructing one storage facility in their farms/ homes.

The scheme was launched during the year 2008 with a publicity campaign involving local press, leaflets, and radio and T.V. footages and with the active involvement of the APMCs in the State. There was an overwhelming response from the farmers in the State. By the end of year 2011 over 4.25 lakh MT capacity of onion storage has been created involving a subsidy of Rs. 49.57 crores from RKVY funds benefitting 17874 farmers of 11 districts.



Onion storage structures have come up in large numbers with the capacity of 2.30 lakh MT in Nasik and 1.11 Lakh MT in Ahmednagar districts. Such storage facilities have been created in as many as 25 districts of Maharashtra. Storage capacity of 4.45 lakh MT created so far can provide about 25% storage facility for Rabi harvest.

Some of the Agriculture Produce Mandi Samitis (APMCs) have also started constructing onion storage in their premises.



Very tiny and marginal farmers have constructed onion storage godowns by forming Self Help Groups (SHGs) as is illustrated by this case in Beed district.



Outcome

The onion storage scheme has benefitted both consumers at large and farmers in particular. Farmers have benefitted with storage losses reducing from 25 - 30% as in traditional storage to 5% in case of scientific storage. Consumers have benefitted from less volatility in the prices of Onion due to even arrival in the market. Onion Storage has also facilitated promotion of onion exports from India.

A commendable contribution of the scheme is illustrated from the experience of Hiware Bazaar village in Ahmednagar. More than 40 farmers have erected onion storage structures having capacity of 25 MT each. Together, these farmers stored over 1100 MT Rabi onion and released their stock in the market during August, 2010 fetching a price of Rs 800 per quintal as against Rs 400-500 prevalent after the harvest in May, 2010. These farmers contributed Rs 500 each from their earnings to provide benches for the village school. With onion cultivation turning profitable for the farmers of Hiware Bazaar, reverse migration has started. Farmers now find their agriculture lands providing better living to them compared to doing manual labour in Mumbai.

This pioneering initiative in Maharashtra has truly proved a game changer for the onion farmers.