



**THE TIMES OF INDIA**

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## What tomatoes tell

*Oscillation between glut and shortage can be avoided by moving to modern market structures*

### **TOI Editorials**



Tomatoes and onions, two staples in food baskets across India, are back in the news. Retail price of tomatoes has risen sharply across 17 major cities and breached the Rs 90 per kg mark. There are signs that household budgets are going to be under more stress as wholesale price of onions at Lasalgaon, Maharashtra, last week hit a 19-month high at Rs 1,300 a quintal. The price of these two items serves as a barometer and recent trends are worrisome. Price spikes are not uncommon. What makes the current situation unusual is that it comes at a time of normal monsoon and soon after farmers were gutted on account of a post-demonetisation collapse in prices. A cycle where farmers and consumers are stressed by turn is a sign of fundamental problems. At the same time a bird's eye view shows that fruits and vegetables are where farmers are putting more effort on the heels of changing consumption patterns. Consequently, despite two of the last four years having deficient rainfall, production has risen steadily. Even area under cultivation increased and reached 24.92 million hectares last year. Despite positive trends, if neither farmers nor consumers are satisfied, it is on account of factors under the control of policy makers and some beyond them. Sharp swings in climatic patterns have increased in the recent past, which makes agriculture a riskier proposition. Centre and states worsen this situation with an uncertain policy environment. The cumulative impact is that farmers get garbled price signals, which leads to oscillation between glut and shortage. Fixing this problem has to start with governments letting price become the primary signal for sowing, then keeping the economic environment stable for farmers. A stable environment has to be complemented with two other steps. A start has been made by linking 455 markets of 13 states through an online marketplace, with more states expected to follow. This is an important step in breaking the hold of wholesale cartels. But it needs follow up in the form of superior infrastructure. Harvest and post-harvest losses in vegetables are estimated to be upto 12.44% of production. India needs to urgently enhance its cold storage infrastructure by providing private sector with better investment incentives. It is entirely possible to end the cycle of gluts and shortages if we get this policy framework right.

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