

# Onion Farmers' Plight and Price Hike of Onion in Bangladesh: A Human Development Crisis in Corona Pandemic

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## Abstract

*Smallholder family farmers cannot gain from the price hike of onion, which has become a regular phenomenon in contemporary Bangladesh. Instead, they undergo losses in onion farming, mainly for two reasons- incurring high input costs and getting deprived of a fair price of the produce. This livelihood problem has become acute in the Corona Pandemic and negatively impacted the human development of household members of smallholder onion farmers. Proactive public policy and actions are needed so that the smallholder family farming households engaged in onion farming can expand their production at a low cost and end with a lucrative margin. It will ultimately lead to a sustainable solution of recurring onion price hikes in the country and contribute to the human development of the members of smallholder onion farm households.*

**Keywords** COVID-19 · Onion farmers · Onion price hike · Human development crisis · Bangladesh

## 1. Introduction

Historically Bangladesh is a country of smallholder family farmers (Suhrawardy, 2013). A considerable portion of the smallholder family farmers of the country cultivates onion<sup>1</sup>. They pursue onion farming mainly for sale. They face problems accessing inputs, storage, transportation and getting a profitable price of onion; these problems have been acute during the COVID-19 pandemic. Though ordinary

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<sup>1</sup> The onion (*Allium cepa* L., from Latin *cepa* "onion"), also known as the bulb onion or common onion, is a vegetable that is the most widely cultivated species of the genus *Allium*. (<https://en.wikipedia.org/wiki/Onion>)

people often experience price hikes for onions, the smallholder family farmers cannot reap the profit from onion farming all the time; often, they undergo losses. Their farming losses become a deficit in the human development of their own and their family members.

## 2. Onion Farmers and Their Plight

Around 1.3 million (13 lakh) farm households in Bangladesh are engaged in onion farming (Sadik, 2019). At least half of them are smallholder family farmers. Onion is cultivated almost in every district of the country. However, superior quality onion is produced in greater Faridpur, Natore, Pabna, Meherpur, Sirajganj, Rajshahi, Chuadanga, Kushtia, Rangpur, Dinajpur and Bogura (Shahin, 2018). About 0.23 million (2 lakh 30 thousand) hectares of land are under onion cultivation.

The farmers can produce the entire amount of onion demanded locally. The demand for onion in the country amounts to around 2.4 million (24 lakh) tons. The local farmers produce about 1.6 to 1.7 million tons in one season (winter); hence, another 0.7 to 0.8 million tons of onions must be imported. Usually, the farmers do not produce onion for more than one season for lack of seed and technology, which remains key behind the product shortage. Apart from this fundamental constraint, the smallholder family farmers do not or cannot expand their production scale because they are not sure of making a profit all time from onion farming. Costing of onion farming, especially the cost of seed and labour, is increasing daily, while farmers cannot get a fair price. Lousy weather, mainly rain, affects the yield of onion negatively.

### *Field level data and information on onion farming*

District	Upazila	Costing	Revenue	Constraints	Other important issues
Manikganj	Harirampur	Tk. 900 per decimal (without own labour cost)	Tk. 500 per maund (beginning of the season) Tk. 600-650 per maund (Middle of the season)	Market price low, price of fertilizer and insecticides increased, Labour cost increased	2 maund per decimal (in a best yielding season); No profit
	Shibaloy	Tk. 900-1000 per decimal	-	-	Breakeven point, Those who have a lower yield have to undergo a loss
Pabna	Sathia	-	-	Rain, Lower price of onion	Fear of wastage surpasses the fear of Covid-19 contamination

District	Upazila	Costing	Revenue	Constraints	Other important issues
Sirajganj	Sadar	Tk. 55,000 (Tk. 30,000 for seed) per bigha	-	Rain, High cost of input, including seed	High market price attracts farmers, Market is flooded with 'guti' onion when farmers are in harvest

**Source:** Banglanews24.com (2019), Das (2019), Banglanews24.com (2020)

Onion farmers, especially smallholder family farmers, suffer from production loss, price loss, and profit loss due to conventional farming problems in the country and specific issues related to onion farming.

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#### Voices from the onion farmers

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“Costing of onion farming is increasing day by day. Compared to the market price of onion is a trifle. About 1.5 maund yield per decimal after costing of Tk. 900 to 1,000 only makes the invested money possible. However, those with a lower yield have to undergo loss.”

Saddam Hossain, an onion farmer of Manikganj

“In case of rain, onion cannot be kept safe, and the price will fall. So it won't do sitting idle for fear of COVID-19. Only after harvesting we'll have the scope of thinking about it.”

Liton Biswas, an onion farmer of Pabna

“We make a loss every year from onion farming. On the one hand, production decreases due to unfavourable weather; on the other hand, (we do not) get a fair price in the market. Henceforth, onion farming is declining day by day in this region.”

Onion farmers of Char Haripur, Jagat gati and Koyel Gati of Sirajganj

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**Source:** Banglanews24.com (2019), Das (2019), Banglanews24.com (2020)

Non-availability and non-access to good quality seed remain a grave concern for smallholder onion farmers. Family farming has the tradition of storing and making seeds at home (Barkat & Suhrawardy, 2019). But in the case of onions, the farmers cannot produce good quality seeds due to the complex onion seed production process (Shahin, 2018). About 800 tons of seeds are in demand, while the supply (jointly by the public and private sector) remains one-tenth (Farook, 2018). Besides the seed crisis, the smallholder onion farmers also face problems accessing inputs in the onion production phase due to their poor financial condition and the short supply and supply of below-standard inputs. Productivity or yield at the farming level suffers when the smallholders fail to go for timely irrigation and

apply adequate pesticides after planting seedlings. All these traditional problems of the smallholders get critical in COVID-19<sup>2</sup>.

Smallholder farmers need easy and comfortable access to formal credit sources to combat the rising cost of farming inputs (Suhrawardy & Zaman, 2021). Still, the smallholder family farmers involved in onion farming cannot access agri-credit easily. Honourable Agricultural Minister himself admits this harsh reality mentioning, “Agricultural credit is given to the farmers at only 4 per cent interest rate for the cultivation of spices like onion, garlic etc. Unfortunately, real farmers cannot access this loan. Local influential people misappropriate this loan by using it in some non-agricultural activities” (Banglanews24.com, 2021).

### **Onion Price Hike: Any Gain for Smallholder Family Farmers?**

Shortage of local supply (or production) is the crucial reason behind the onion price hike. For about one-fourth of the local demand, Bangladesh has to depend on the import of onion. The sole source for onion import in the country is India. Over-dependence on this single import source is the second most key reason for the onion price hike. The third price-hike reason, i.e., profit lust of local wholesalers, emanates from the two reasons mentioned. The large onion traders make the fake crisis of onion soar the price.

Beyond economics, some geo-political issues are manifested when India bans or limits onion export from their country. However, onion price hike issues (maybe of heavy rainfall in Nasik of Maharashtra, other economic problems in Bengaluru, or even geo-political issues) of India can reach Bangladeshi importers and traders well ahead of time than the smallholders do.

The smallholder onion farmers have little to do in realizing profit from the price hike. They do not get the price during the harvest time (May, June and July) as there is ample supply. They cannot store or hoard their produce due to a lack of storage facilities. So when the price is getting high (September-October, or March-April and during the Eid festivals), they do not have much to sell and grasp the share of the price hike. Ultimately, there is no gain for smallholder onion farmers in the event of a usual price hike.

### **Impact of Loss of Onion Farming on Household Welfare**

Income from onion farming makes an essential share in the farm earning of numbers of smallholders. This income positively impacts household food security

<sup>2</sup> A recent study by Barkat et al. (2021) reveals that many marginalized farmers (38%) have failed to produce crops due to supply shortage (18.2% HHs) and high cost of agricultural inputs-- seeds, fertilizers, pesticides (26.8% HHs) during and after the COVID-19 driven lockdown. Restrictions on movement and the transport crisis led to a shortage of agricultural labour (18.9% HHs), causing severe disruption in agricultural production (cultivation and harvesting). About 51.3 per cent of farm households could not sell their products in the market due to COVID-19 induced lockdown; 71.5 per cent did not get a fair price.

and other human development pursuits like access to education and health. A good harvest of onion and succeeding earnings would enable the smallholders to finance following season paddy farming or purchase paddy in time. This earning provides scope for funding for the education of household children. So any income loss or curtailing impacts negatively on household human development efforts to various extents.

### **3. Conclusion and Recommendations**

The prime beneficiaries of the onion price hike in Bangladesh are foreign exporters (mainly Indian onion traders) and Bangladeshi importers. The main losers of this price hike are farmers (especially smallholder family farmers) and general consumers.

Two sets of recommendations are put forward; the first is for the smallholder family farmers to get a fair price of onion, and the second is for the general consumers so that they can consume onion at a reasonable price.

#### **A. Recommendations for the welfare of smallholder family farmers**

1. High-quality seed (like BARI 5) should be provided to the farmers so that they can go for onion farming more than one time (especially during summer) in a year and to a more significant extent;
2. Storage facilities at the farmer level should be ensured so that they can hold their produce for a better price;
3. Steps like training, input support etc. should be taken so that the farmers can produce more onion with fewer costs through the application of modern technology;
4. Access to less costly, hassle-free formal credit should be ensured for the smallholder onion farmers to finance adequate and timely input in onion farming.

#### **B. Recommendations for the welfare of general consumers**

1. Timely import and pro-active public interventions (Track-sale of TCB, duty-off etc.) should be there to control the price;
2. The market should be monitored regularly so that nobody can create a fake crisis by hoarding;
3. Import source needs to be diversified.

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