BEFORE THE
COMPETITION COMMISSION OF INDIA

Suo-motu Case No. 01/2011

Dated: 10th April 2012

In Re: Rise in Onion Prices

Order under section 26(6) of the Competition Act, 2002

The present matter relates to unusual rise in price of onions in December 2010 - January 2011, suo-motu cognizance of which was taken by the Commission.

2. The facts of the case, in brief, are as under:-

2.1 The Commission took note of reports published in various newspapers indicating unusual rise in price of onions during the month of December 2010. As per an article published in the ‘Times of India’ dated 20.12.2010, onion price had soared to about Rs. 60-70 per kg in retail market in Delhi and Rs. 35-40 in many other important cities of the country in December 2010 as compared to the previous few weeks. It had also been reported therein that these skyrocketing prices were due to hoarding and speculation by the traders. In another article dated 23.12.2010 published in Wall Street Journal under the heading ‘India Food Inflation Rises’, quoting the statement of Shri N. R. Bhanumurty, an economist at National Institute of Public Finance and Policy, it was stated that a speculative build-up of stocks by traders could have led to the unexpected price rise.
2.2 Further, as per the statement appearing in ‘Economics Times’ dated 06.01.2011 of Mr. Kaushik Basu, Chief Economic Adviser in the Ministry of Finance, it was stated by him that “there are forms of implicit cartel working among traders that block the movement of new entry, the appearance of new players”.

2.3 Data as regards prevailing prices and supplies of the onions in Azadpur Mandi, Delhi were analysed. Data was also obtained from agmarknet.nic.in, which revealed unusual, sudden and abrupt rise of onion prices in the market which were not found to be prima-facie explainable by the normal factors affecting demand and supply. It was suspected based on the news paper reports that there were forces and factors other than demand and supply like cartels operating in the market, which were behind the rise in onion prices.

3. The Commission considered various media reports and data as above in its meeting held on 06.01.2011 and having come to the conclusion that there exists a prima-facie case, referred the matter to the Director General (DG) under section 26(1) of the Competition Act, 2002 (‘the Act’) for investigation.

4. After receiving the directions dated 06.01.2011 of the Commission under section 26(1), DG investigated the matter and submitted his investigation report dated 05.04.2011 to the Commission.

5. **Investigation and Findings by DG**

5.1 On receipt of directions from the Commission, DG constituted a team of professionals for conducting investigation of various issues involved in the matter. Field visits were undertaken by the team in order to ascertain the modus operandi of onion trading in different markets in India. The team visited the onion markets (mandis) at Lasalgaon and Pimpalgaon in Maharashtra and at Azadpur in Delhi, where farmers bring their produce and sold the same through
the commission agents to the wholesale traders for final sale to the consumers through retail traders. Primary as well as secondary data pertaining to prices, production and arrival figures of onion were collected by the team from the designated agencies such as Agriculture Produce and Marketing Committees (APMCs) of Lasalgaon, Pimpalgaon and Azadpur. Besides, details in respect of prices and arrivals of onions were collected from different government agencies, viz; National Horticulture Research Development Foundation (NHRDF), National Horticulture Board (NHB), Department of Consumer Affairs, Govt. of India, National Agriculture Cooperative Marketing Federation of India (NAFED), Delhi State Agriculture Marketing Board, agrimarket.nic.in either through their websites or by writing to them. Questionnaire survey was also conducted among some retailers to know their response on the issue.

5.2 It was gathered by DG that various field units of Income Tax Department had conducted income tax surveys under the relevant provisions of the Income Tax Act, 1961 in order to ascertain whether in course of their proceedings the Tax Department had unearthed evidence of any agreement among the traders, commission agents to raise the prices and also whether the Department could find out instances of hoarding of onions by the traders. The Income Tax Department was also requested to respond to the possible reasons for unusual rise in prices of onion during the period based upon their findings and outcome of the surveys conducted by them.

5.3 While conducting investigation, DG examined the characteristics of onion crop as produced in different parts of India. It has been noted by DG that onion is mainly grown during Rabi season which is generally stored for consumption up to the month of October-November. However, in some parts of the country, it is also grown during Kharif and Late Kharif season. While Rabi crop is harvested in April-June, Kharif crop and Late Kharif crops are harvested in the months of September-December and January-March respectively.
5.4 DG has stated that onion is harvested in Maharashtra and some parts of Gujarat during the months of September-December (Kharif season), January-March (early Rabi season or Late Kharif season) and during April-May (Rabi season). In Tamil Nadu, Karnataka and Andhra Pradesh onion is harvested during July-August (early Kharif), October-November (Kharif season) and March-April (Rabi season). In the states of Rajasthan, Haryana, Punjab, UP and Bihar, it is harvested during November-December (Kharif season) and May-June (Rabi season). In West Bengal and Orissa, onion is harvested during November-December (Kharif season) and February-March (Late Kharif season). In the hilly areas, onion is harvested during June-July (Rabi season) and during August-October. It has also been ascertained that onions grown during Kharif season have a relatively shorter shelf life as compared to Rabi crop and are perishable. Further, onion also gets destroyed by water and high moisture content.

5.5 According to DG, the market of onion consists of different players in the supply value chain. Farmers bring their produce in the mandis where it is sold through the commission agents to the wholesalers who sell it to the retailers before it is finally sold to the consumers. DG has also observed that there is always a difference in mandi rate and retail rate of onions in the market which may vary according to the localities and also according to the type/place of shops where the produce is finally sold. For example, in malls and upmarket areas, the price would be higher as compared to the suburbs and local or weekly/monthly mandis.

5.6 DG has reported that with a view to achieving an efficient system of buying and selling of agricultural commodities, most of the State Governments and Union Territories have enacted legislations (Agricultural Produce Marketing (Regulation) Act (APMC Acts) to provide for regulation of agricultural produce markets.
5.7 A study of three mandis at Lasalgaon, Pimpalgaon and Azadpur was carried out by DG to ascertain the market structure and market operations for sale and purchase of onions. It was gathered that the sale of onion at Lasalgaon and Pimpalgaon mandis in Maharashtra (two main mandis of onion in India) is transacted through the commission agents who get licence from the APMCs. At these two places, onions are brought to the market place which is regulated by APMCs. The officials of APMCs conduct the auction operations. At the entrance of the mandis, staff of APMCs issue entry gate passes to the farmers. On the basis of these gate passes, the vehicles make entry into the market place. Only those players can transact business at these two mandis who have got a licence from the respective APMCs.

5.8 DG has also reported that a licensee has to pay a certain amount as fee to get licence from APMC and also has to give some guarantee as security. There are two kinds of commission agents. One set of commission agents are called Kaccha Arahtiyas, who facilitate farmers in sale of onions at mandis through auctions and charge commission of 4% from the farmers on the sale price. Thus, if sale of say about Rs. 1,00,000 is made, the farmer will be paid Rs. 96,000 and rest of the amount goes to Kaccha Arahtiyas. Then, there are Pucca Arahtiyas who can purchase onions from the farmers through the Kaccha Arahtiyas on behalf of other traders, who do not have licence. These persons receive certain income from the traders for facilitating sales to traders and also pay certain amount to Kaccha Arahtiyas. As per statement of traders/commission agents, Pucca Arahtiyas normally charge commission at the rate of 1% - 2% on sale value from traders. Sometimes, commission by Pucca Arahtiyas is also charged on per quintal basis. Pucca Arahtiyas book their transactions at the same value at which Kaccha Arahtiyas record their transactions in their books and in books of both the entities, commission is recorded as the source of income.
5.9 According to DG, both Kaccha Arahtiyas and Pucca Arahtiyas need separate licence as per APMC rules. A trader who does not have licence will have to procure onions through Pucca Arahtiyas to sell in the open market to retailers or to other traders since without licence, no trader or commission agent can operate in ‘mandis. From the traders, market fee at a rate of about 1.05% is charged by Pucca Arahtiyas, which is payable to APMCs.

5.10 DG has also reported that immediately after a particular auction, a Sauda Patti is issued by the APMC officials mentioning the names of commission agent, purchaser, farmer and the rate at which deal is made. After this, the weighment of vehicle is done in presence of the APMC official, who issues a Kata Patti, indicating the weight of the produce. APMC officials record the details of each transaction in a register on the spot at the time of auction. On completion of auction process, summary of all the transactions in the form of arrival quantity, maximum price, minimum price and modal prices is uploaded on the web-site of APMC. However, details of each transaction, name of traders, commission agents and farmers, weight and price value are entered later on in the computers on the basis of preliminary records.

5.11 At Azadpur, like in case of other mandis, APMC works as facilitator to the farmers and onion brought by farmers are auctioned. At Azadpur, two types of licences are prevalent, namely, ‘A’ and ‘B’. Buyers/local traders are ‘A’ category licensees who purchase goods from the commission agents i.e. ‘B’ licence holders. Only ‘B’ licence holders (i.e commission agents) can get entry into market yard for transaction of goods. Sellers who are either farmers or traders from other states have to sell goods necessarily through commission agents. Farmers as sellers can sell their goods independent of commission agents also to the buyers. They have been given special place for doing these transactions by APMC. However, this is happening in a very small measure at present. The ‘B’
licensee can get ‘A’ licence also. However, ‘A’ licensee will have to have some space at mandi to get ‘B’ licence. The farmer brings the produce to the Mandi at Azadpur and the licensees in the Mandi facilitate the sale of the produce between the farmer and the buyer. The licensee charges 6% (maximum) of the sale value as commission from the farmers/traders which is his income. He also charges 1% from buyer (traders) as market fees which are remitted to the APMC. At Azadpur, unlike Lasalgaon and Pimpalgaon, anybody can purchase onions at the mandi place without having any licence.

5.12 DG has also brought out that at Lasalgaon and Pimpalgaon while auction is facilitated by APMC officials, at Azadpur, auction is done in open every day by commission agents themselves and officials of APMC monitor and check all transactions.

5.13 According to DG, Delhi on its own does not produce fruits and vegetables. A very negligible quantity of green vegetable i.e. cauli-flower, spinach, radish etc. arrives from some surrounding villages of Delhi in Azadpur Mandi. The supply of fruits and vegetables in Azadpur Mandi is totally dependent on the weather/climatic conditions of producing area in other states. Therefore, the price of any commodity in Azadpur Mandi tends to depend upon the supply of fruit and vegetables and its demand in Delhi as well as in other States. The main sources of supply of onions in Azadpur Mandi are the traders/farmers of Rajasthan, Gujarat and Maharashtra. This mandi caters mainly to the needs of National Capital Territory of Delhi but some quantity of onions is also purchased by the traders of surrounding states i.e. J&K and Punjab.

5.14 DG has brought out that a visit to mandi will reveal that a large number of farmers, commission agents and traders are assembled to conduct their business every day.

5.15 According to DG, every day in mandis when auctions take place, typically there are three types of transactions which get recorded- maximum price at
which relatively better quality onions are sold, modal price at which the maximum transactions take place in a day and minimum price at which the low or average quality onions are sold. The website of APMCs also records all these three types of transactions. The price of onions in retail market is dependent upon the prevailing auction prices in mandis. If the auction price at mandis is higher, the retails prices in market places are bound to be higher.

5.16 Relying upon the data available on the website of National Horticulture Research & Development Foundation (NHRDF) for the years 2008, 2009 and 2010 and also on the basis of data obtained from APMC of Lasalgaon, the biggest mandi of onions, DG has reported that the quantity of arrival of onions in that mandi in 2010 was far less as compared to 2008 and 2009. DG has found that the arrival in the mandi of Lasalgaon had reduced by 29.50% in the year 2010 as compared to 2009.

5.17 DG has also observed from the data that during the months of September-December 2010, in which the price of onions had seen an upward trend, total arrivals in Lasalgaon mandi had reduced considerably as compared to 2008 and 2009. As compared to September-December 2009, the arrival of onions during September-December 2010 had gone down by 27.66%. Further, during December 2010, when the price of onions had increased sharply, supply was reduced by 23% as compared to the corresponding month of 2009 and reduced even more in percentage terms as compared to the arrivals in 2008. Arrivals during April-December 2010 as compared to the previous year had also gone down by 29.58%.

5.18 Similarly, in Pimpalgaon mandi, as per the available data from NHRDF and APMC, DG has observed that the quantity of onions arrived in mandi in 2010 was far less as compared to 2008 and 2009. Total arrivals had gone down by 27.13% in 2010 as compared to 2009. Further, total arrivals had also got reduced during
September-December 2010 as compared to September-December 2009 and during December 2010, when the price of onions had increased sharply. In the month of December 2010, supply of onions was reduced by 40% as compared to December 2009.

5.19 As regards arrivals in Azadpur Mandi, Delhi, DG has found that since Delhi is not an onion producing state, the mandi is dependent upon arrivals from other states like Rajasthan, Maharashtra and Gujarat. It was gathered that arrivals of Onions in Azadpur Mandi, Delhi had also reduced considerably as compared to the previous years. The arrivals had reduced by 14.41% in the year 2010 as compared to 2009 and arrivals during September-December 2010 were also reduced by 20.88% as compared to the previous year. Further, in the month of December 2010, the arrival had gone down by almost 23%.

5.20 DG has submitted that reasons for reduced arrivals/supplies in Azadpur Mandi of Delhi could be seen in the overall reduced supplies of onions in various mandis of Rajasthan, Gujarat and Maharashtra, wherein as compared to September-December 2009, there was a sharp decline in arrivals during September–December 2010.

5.21 DG has reported that there was a decline in supplies in onion not only in Delhi but also in the states of Rajasthan, Gujarat and Maharashtra from which onion is sourced by Azadpur Mandi of Delhi, during 2010 as against 2009 especially during September-December 2010 in comparison to September-December 2009.

5.22 In addition to data of arrivals in the mandis of Delhi, Mahatshra, Rajasthan and Gujarat, DG has also gathered data for All India arrivals of onions in various mandis and found that there was a decline in arrivals in all mandis in the months of September-December 2010 as compared to the previous year. Based upon the
data from NHRDF, DG has noted that arrivals of onion had gone down from 60402945 quintals in 2009 to 58972963 quintals in 2010. The All India arrivals figures for December 2009 & 2010 were 6105606 and 4249782 quintals respectively, showing a sharp decline in arrivals in December 2010.

5.23 As regards reasons for shortfall in supplies in various mandis, DG has concluded that reduced arrivals of onions in various Mandis during October-December was on account of unseasonal, erratic and heavy rainfall because of which the Kharif onion crop was destroyed in almost all Kharif onion producing states.

5.24 According to DG, while supplies of onions had reduced in mandis, there was no decline in demand during the period. Therefore, there was a mismatch between supply and demand of onions which contributed to increase in prices. DG has also concluded that the rise in prices was more in the month of December, 2010 since there was sharp decline in arrivals in that month in various mandis. In particular, the price started peaking up after 16th December and maximum increase was witnessed on 20th December 2010. The price of onions started falling only after 24th January 2011 when fresh Late Kharif Onion crop started arriving in the mandis and total supplies of onions improved bridging the gap between demand and supply.

5.25 DG has also done a correlation analysis between modal prices and total quantity of onions arrived in the mandis of Delhi, Lasalgaon and Pimplegaon to find out whether price behaved in accordance with the normal economic principles of demand and supplies during the period.

5.26 Based upon correlation results between arrivals and modal prices in the mandis of Delhi, Lasalgaon and Pimplegaon, DG has concluded that the
behaviour of prices was not abnormal in comparison to supplies and behaved normally showing upward movements with decline in supplies and downward trend with augmentation in supplies in mandis.

5.27 According to DG, there was a strong negative correlation between arrivals and prices during the month of December 2010 in all the major mandis including Delhi, Lasalgaon and Pimpalgaon. According to DG, the correlation results are not unusual and show that prices varied in accordance with the quantity of supply of onions in the market and there was no significant abnormality between the two variables.

5.28 DG has also reported that the price of onions had increased during the month of December 2010 in all the major mandis of Gujarat, Maharashtra & Rajasthan. In these areas, during the same period, decline in supplies/arrivals in onions was also observed. As per the NHRDF data, the correlation coefficient of arrival with modal price was also found to be negative for the year 2010 in respect of all the mandis of India. According to DG, this suggests that prices moved inversely with supply everywhere during 2010. During the period 15th December - 22nd December, 2010, when there was sharp increase in prices, it was noted that the arrivals had also gone down by about 40% in major mandis of Delhi, Lasalgaon and Pimpalgaon. The impact on prices due to short supplies was felt more during this period, more specifically on 20.12.2010 when prices had risen considerably.

5.29 As regards reasons for shortage of onions in mandis, relying upon the reports from APMCs, statements of traders and commission agents and reports of Income Tax Department, DG found that it was due to unseasonal and erratic rainfall which had affected the Kharif onion crop badly in the states of Maharashtra, Gujarat and Rajasthan. Further, cyclone rains had destroyed the
onion crop in the state of Karnataka also during December 2010. In Delhi, which is dependent upon the crop prospects in Maharashtra, Rajasthan & Gujarat, since arrivals were less in the mandis in those states, supplies/arrivals of onions in mandis in Delhi had also declined.

5.30 DG has also reported that while there was a mismatch in supply and demand, exports of onions continued even in the months of November and December 2010. The exports of onions were banned only on 22.12.2010. This further compounded the problem of shortage of onions in various mandis.

5.31 According to DG, due to the supply constraints out of the reasons stated above and stable demand during the period, there was a gap in demand and supply which contributed to the increase in price of onions in Delhi and other parts of the country.

5.32 DG has also found that there was not much variation in minimum auction price at mandis as compared to last year during September - December 2010 and also on 20.12.2010. However, there was an increase in modal and maximum prices and this increase was much more in the month of December 2010. In fact, the minimum price of onions has registered a decline during November 2010 as compared to November 2009 in Lasalgaon.

5.33 In course of investigation proceedings, based upon inquiries made from traders and commission agents, DG has gathered that the increase in maximum and modal price of onions was due to the fact that supply of onions had reduced and traders were vying to purchase the high quality onions goods for quality sensitive consumers and also for seed purposes. Further, according to DG, reason for decline in the minimum price of onions on some dates in November-December 2010 as compared to the corresponding months of November-
December 2009, in some Mandis was because the quality of onions had gone down and the crop was affected badly overall due to unseasonal and erratic rainfall.

5.34 On the issue of cartelization and collusion, it has been concluded by DG that since the transactions at Mandis take place through a process of auction, manipulation of the prices at the time of auction in an organized manner is not possible. DG has reported that the entities who could have possibly colluded would have been farmers as producers, commission agents or traders. Farmers could have possibly colluded to demand higher prices for their produce. However, because of the geographical spread of the country and the number of the farmers involved at all levels including small and marginal farmers, it was not feasible for farmers of the entire country or even three or four major onion producing states to collude.

5.35 Further, collusion by the commission agents was also not feasible since the agents are only facilitators of transactions between buyers and sellers at mandis and they could not have on their own raised the auction prices.

5.36 DG has also submitted that artificial shortage of onions could have been created by the wholesalers / retailers to raise prices. However, creating artificial shortage would have meant storage in huge quantities in go-downs with a purpose to raise prices at a later date to earn abnormal profits. However, it was not possible to store Kharif onion crop in large quantity in the month of December due to the fact that onions of that time are generally perishable and have low shelf life. Further, the surveys by Income Tax Department also did not unearth significantly huge stock of onions with traders indicating hoarding which could have influenced the market.
5.37 It has also been gathered by DG that since there is no forward marketing in onions, there appears to be no linkage between forward market and price rise in onion per se as has been alleged in some sections of media.

5.38 On the basis of analysis of auctions at mandis, DG has submitted that it is, however, possible that the traders may together trigger price spikes by buying smaller quantity at a higher rate as it happened at Lalsalgaon and Pimpalgaon on December 20, 2010. This could also potentially act as signal for both the consumers and producers, that in the market, prices have reached a certain level and sales may now only be affected at a higher price. However, according to DG, this cannot be said to be evidence of any agreement among the traders of the nature mentioned in section 3(3) of the Act.

5.39 Taking into account all the facts gathered in course of investigation, it has been concluded by the DG that the main reason behind unusual increase in price of onions was the mismatch between demand and supply during October-January 2011 till the last week of January 2011 caused because of unseasonal and erratic rainfall which impacted the kharif onion crop adversely. DG has also concluded that although implicit understanding among the traders to raise prices in the wake of scarcity to make profits for themselves cannot be ruled out, evidence of cartelization and organised collusion among the traders or among any other player in the whole supply chain could not be found.

5.40 While concluding that no evidence of contravention of any of the provisions of section 3(3) of the Act could be found in the case, DG has also observed in his report that policy measures are required to increase the farm productivity, improve supply bottlenecks and augment the storage facilities. It has also been brought that there could be possibility of manipulation of prices through acts like mixing poor quality onions with higher quality onions and thus a system of grading may be introduced in onions. DG has also suggested reforms in the existing structure of APMC stating that at present without a licence
business of trading or commission in mandis is not possible, which in a way prohibits new players from emerging at the market place.

6. The Commission considered the report of DG in its various meetings and examined all the relevant aspects involved in this case.

6.1 The Commission notes that in his report of investigation, DG has reported a significant gap between the demand and supply of onions, which according to him was the main reason behind spurt in onion prices in Delhi and other parts of the country during December 2010 and January 2011. It has also been brought out in the report of DG that the arrival of the onions in the mandis of major onion producing states during October 2010-January 2011 particularly during December 2010 was considerably lower than the previous years.

6.2 The Commission also notes from the findings of DG that Delhi mainly gets supplies of onions from Maharashtra, Rajasthan and Gujarat. During the period of October-December 2010, erratic, heavy and unseasonal rainfall had destroyed the Kharif onion crop in those states badly. This affected the arrivals and supplies of onions in the mandis of these states including the major mandis like Alwar, Lasalgaon and Pimpalgaon. The decline in arrivals in these mandis impacted the arrivals of the onion crop in Delhi also since Delhi being a non-onion producing state is dependent upon those states for the onion crop.

6.3 DG has also reported based upon data collected by him in course of investigation that the shortage in supplies was felt more in December 2010 in the mandis in Maharashtra, Rajasthan, Karnataka and Delhi which triggered rise in onion prices in that month. The findings of DG on supplies of onions are based upon the data obtained from APMCs, NHRDF, NHB, data collected by Income Tax Department from various mandis as well as the statements of various
traders/commission agents. Since the data collected by the DG is from a wide array of sources, the Commission finds no reason to dispute the same.

6.4 The Commission observes that since auction price of onions at various mandis from which onions were/are sourced by Delhi was very high in December 2010, price in the mandi and retail markets in Delhi also had risen consequently. The impact in retail market of Delhi was much more since the produce brought in Delhi from other places had to be auctioned again in the mandi of Delhi factoring various charges on account of transportation, commission, labour for loading and unloading and mandi tax and thereafter sold in the wholesale and retail markets.

6.5 The Commission further observes that DG has supported his findings and conclusions regarding the mismatch in supply and demand with analysis of correlation coefficients of figures relating to supply of Onions and its modal price in the three major mandis - Lasalgaon, Pimpalgaon and Delhi and also in mandis all over India. Lasalgaon and Pimpalgaon are considered to be biggest mandis for onions in India. DG in his report has brought out that correlation coefficients for arrivals and modal prices of onions in mandis all India over India revealed that there was an inverse relationship between the price and supply of onions; therefore, when supply of onions declined, the auction and wholesale/retail prices shot up and the prices tapered down with the increase in supplies in the mandis.

6.6 The Commission also notes that DG has brought out that once conditions of supplies improved and fresh Late Kharif Onion crop started arriving in the mandis after 24.01.2011, the price of onions also started tapering down.

6.7 Based upon the aforesaid findings of DG, the Commission holds that there is no reason to disagree with the conclusions of the DG that it was the gap in
demand and supply of onions in the mandi of Delhi and also in mandis of major onion producing states, due to the erratic and untimely rains and resultant damage to the onion crop, which was the main reason for the rise in prices in December 2010-January 2011. Price of onions in Delhi had also fluctuated due to change in demand-supply conditions in the wake of untimely and erratic rains in areas of Kharif onion producing states which damaged the crop. Not only in Delhi, there were fluctuations in other cities also in onion prices due to the supply shocks.

6.8 The Commission also observes that normally during a period of shortage, there would be a tendency of speculative hoarding among the traders in presumption of making profits in future. However, no evidence of mass hoarding under an agreement could be found for the period under reference in course of the investigation. Income Tax Department has also not reported mass hoardings of onions by the traders under an agreement during the period. Hoarding by traders per se cannot be considered as an evidence of agreement of the nature mentioned in section 3(3) of the Act to say that there was an agreement, arrangement or coordination among the traders or among any other player of the supply chain which caused limit in supplies of onions with a purpose to raise prices in the market, when no evidence of this sort has been found by DG in course of investigation.

6.9 The Commission further notes from the findings of DG that the price of onions in mandis is determined by auction. It would be auction price at mandi which would have ultimately an impact on the wholesale and retail prices in the markets. The Commission observes that when the auction price itself was very high at all places – Delhi, Alwar, Lasalgaon, Pimpalgaon, Bhavnagar and at the other mandis of Gujarat, Rajasthan and Maharashtra in the second quarter of month of December 2010, it was natural for prices to go up further in wholesale and retail market absorbing the margins at various levels in supply chain.
6.10 The Commission observes that there is no evidence which has come to the notice of DG to suggest that there was manipulation in the auction prices and while produce was auctioned at a higher rate, farmers were paid lower prices. Further, manipulation in auction prices would mean collusion with APMC officials which does not look probable since realising that the prevailing auction rates are higher, the farmers will not like to sale their produce at a lower rate for the benefit of traders and APMC would also not like to lose its revenue.

6.11 In view of the foregoing, the Commission is of the view that there is no reason to disagree with the findings of the DG that in absence of any evidence of collusion or cartelisation among the traders/commission agents or any other players in the supply chain, increase in onion prices during December 2010 cannot be attributed to an agreement or action in concert within the meaning of 3(3) of the Act. DG has not found any evidence in the case which suggests violation of any of the provisions of section 3(3) of the Act as has been alleged in the matter.

7. The Commission, therefore, holds that the proceedings relating to instant information should be closed forthwith under Section 26 (6) of the Act.

8. In view of the above, the matter relating to this information is hereby closed under section 26(6) of the Competition Act.
9. The Commission decides accordingly. Secretary is directed to convey the decision of the Commission accordingly.

Sd/-
Member (R)

Sd/-
Member (AG)

Sd/-
Member (T)

Sd/-
Member (G)

Sd/-
Member (D)

Sd/-
Chairperson

Certified True Copy

P. C. SHLAUT
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