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Centre lifts onion export ban, but conditions apply

Outbound shipments now feasible if global buyers pay at least \$770 a tonne for Indian onions

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Global onion prices had surged in recent months after major suppliers, including India, Pakistan, and Egypt, banned exports. File | Photo Credit: The Hindu

The Centre on Saturday lifted the **prohibition on onion exports imposed** nearly six months ago, but restrained the free flow of outbound shipments by stipulating a minimum export price of \$550 per tonne as well as a 40% export duty.

The change in stance on exports of the critical kitchen staple, which were **banned in early December 2023** citing high food inflation and supply worries, comes days ahead of the Lok Sabha election in the onion-farming belts of Gujarat and Maharashtra.

An April 25 decision to allow 2,000 tonnes of white onion exports from Gujarat, had prompted a sharp reaction from Opposition leaders, who alleged that Maharashtra farmers, who mainly grow red onions, had been short-changed by the Centre's extended curbs on exports.

Global onion prices had surged in recent months after major suppliers, including India, Pakistan, and Egypt, banned exports. Reporting a 300% uptick in production, Egypt lifted those curbs last month, while Pakistan has also removed export restrictions recently.

'Price stable now'

Asserting that the government will "continue to safeguard the interests of domestic consumers as well as farmers", Consumer Affairs Secretary Nidhi Khare said the ban was reviewed after visits to key onion market hubs to assess the current situation.

"The mandi prices of onion in Lasalgoan Mandi [the country's largest onion wholesale market in Maharashtra] has remained stable around ₹15 per kg since April. As a perishable crop, onion has to be consumed within five to six months so holding stocks beyond shelf life will only increase storage losses," said the top Consumer Affairs Ministry official.

With a 40% duty levied on top of the minimum export price of \$550 per tonne, effectively, Indian onion exports would now be feasible if global buyers are willing to pay at least \$770 a tonne.

Explained | Why was a 40% duty imposed on onion exports?

"The ban had been imposed to boost domestic supply when there was an estimated 20% decline in Kharif and late Kharif production, and has helped stabilise prices till the arrival of the Rabi 2024 crop, which is estimated at 191 lakh tonnes," Ms. Khare explained.

No supply worries

With India's monthly domestic consumption of onions at about 17 lakh tonnes, the Rabi supplies are expected to be reasonably comfortable till arrival of the Kharif 2024-25 crop, whose prospects are good owing to the above-normal monsoon forecast for this year.

The new conditional exports regime, introduced through separate notifications by the Finance and Commerce Ministries over late Friday and early Saturday, kicks in immediately and will stay till further orders.

On April 27, two days after limited white onion exports were approved, the government sought to allay Maharashtra's onion farmers' concerns by stating it had allowed over 99,000 tonnes of onion exports to select countries.

However, the State's farmer groups and traders had said this merely referred to export quotas for six countries already announced over the past two months to be channelled through the National Cooperative Exports Limited (NCEL). Less than 10% of that export quota has been used while the permission for white onion exports neither mandated NCEL's involvement nor did it specify a destination country, they pointed out.