



Onion Export Ban & Associated Challenges

For Prelims: Onion, [Export Policy of India](#), [Horticulture](#), Bodies related to Agriculture

For Mains: [Export Policy of India](#), [India-UAE Relations](#), [Agricultural Reforms](#), [Supply Chain Management](#)

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Why in News?

Recently, the Indian government allowed **some onion exports to the UAE** despite an ongoing **export ban**, aiming to reduce domestic surplus.

- However, critics allege the selling price in the UAE market is significantly lower than global prices, reducing their profits and raising concerns about unfair practices.

What is the Current Issue Related to the Export of Onion?

- **Background:** In December, 2023 the Indian government **banned onion exports** to prevent a domestic shortage, but allowed exports to specific countries, such as the UAE, upon **diplomatic requests**.
 - However, the shipments of onions to the UAE have resulted in a considerable **price gap**, with Indian farmers receiving low prices compared to the much higher prices in UAE markets.
 - Example, recently onion prices in **major markets** like the UAE have surged to as high as **\$1500 per tonne**, while India's recent shipments to the UAE were sent at around **\$500 to \$550 per tonne**.
- **Concerns Raised by Exporters:**
 - **Lack of Transparency:** The process of **determining** export prices and selecting exporters and importers **lacks transparency**, leading to concerns among farmers and exporters.
 - Exporters allege that **some importers** in the UAE have made **windfall profits** at the **expense of Indian farmers**.
 - The exports are being managed by the **National Cooperative Exports Limited (NCEL)**, a government-owned body in India.
 - **Importers** in the UAE receiving these shipments are **private traders** and **supermarket chains**, not government agencies focused on food security.
 - **Violation of Trade Norms:** As per **trade norms**, local onion suppliers bid for the lowest possible price, while buyers are selected based on the highest price offered.
 - However, exporters argue that this **practice** is **not** being **followed** in the case of the UAE.
- **Concerns Raised by the Onion Farmers:**
 - **Absence of MSP:** Onion farmers receive **no benefits** from government **Minimum Support Price(MSP)-based procurement** and are solely reliant on market forces.
 - **Price Disparity:** Farmers are paid **very low prices** for their onions compared to the

prices at which these onions are sold in international markets, leading to **significant losses** for the farmers.

- **Unseasonal heavy rains** in March and April 2023 damaged a significant portion of harvested onions, making them less suitable for storage, leading farmers to engage in distressed sales of onions prone to rapid quality deterioration.
- **Export Bans:** Frequent bans on onion exports by the government due to domestic shortages can **disrupt the market** and affect **farmers' income**.
 - Most **rabi onion farmers** store their crops after harvesting to prevent moisture and sprouting, selling them gradually from September to October before the next **kharif crop**.
 - Higher realisations in the off-season help them **recoup their losses** from the earlier low-price sales. But steps like the **export ban** dampen their hope of making their due profits.
 - Furthermore, export bans on **staples like rice, wheat, or onions** could damage India's reputation as a dependable global food source, making its restoration challenging.

What are the Steps Needed to Address the Issues of Onion Farmers in India?

- **Fair Price Mechanism:** Implement a **fair and transparent pricing mechanism** that ensures farmers receive reasonable prices for their onions.
- **Export Policy Review:** There is a time for India to review and revise export policies in line with the General Agreement on Tariffs and Trade to ensure they do not negatively impact farmers, and **promote fair trade practices**.
- **Market Reforms:** Introduce **reforms in the agricultural marketing system** to reduce dependency on middlemen and ensure farmers get fair prices for their produce.
- **Export Price Monitoring:** Monitor export prices closely to ensure they are **in line with international market prices** and do not disadvantage domestic farmers.
- **Solar-powered Dehydration Units:** Deploying mobile, **solar-powered dehydration units** at village levels can **empower farmers** to dehydrate excess onions during surplus.
 - This extends shelf life, minimises spoilage, and creates a readily exportable product.

What are the International Treaties/Policies Related to Import and Export of Agricultural Products?

- **WTO Agreement on Agriculture:** **This agreement**, resulting from the **Uruguay Round negotiations**, aims to **reform trade** in the sector and to make policies more market-oriented.
 - This includes commitments to **reduce subsidies**, lower trade barriers, and make trade more predictable and transparent. **India** is a **party** to the WTO Agreement on Agriculture (AoA).
- **Agreement on the Application of Sanitary and Phytosanitary Measures:** These are measures to **protect human, animal, or plant life or health** from risks arising from the introduction of pests and diseases, or from additives, contaminants, toxins, or disease-causing organisms in food, beverages, or feedstuffs.
 - **India** is a party to it.
- **International Plant Protection Convention (IPPC):** **This treaty** protects the **world's plant resources** from the spread and introduction of pests and promotes safe trade.
 - India is a party to the International Plant Protection Convention

What are the Key Facts About Onion?

- **About:** The onion is an herb that belongs to the lily family. It is an important horticultural commodity **grown worldwide** for their culinary purposes and **medicinal values**.
- **Major Producer:** India is the world's **second-largest** onion producer.
 - **Maharashtra**, Karnataka, Orissa, Uttar Pradesh, Gujarat, Andhra Pradesh, and Tamil Nadu are the major onion-producing states.
 - **Maharashtra** ranks **first** in Onion production with a share of 42.53% followed by Madhya Pradesh with a share of 15.16% in 2021-22 (3rd Advance Estimate).

- Export Destination: Major export destinations of Indian onion include **Bangladesh, Malaysia, United Arab Emirates**, Sri Lanka and Nepal.

Drishti Mains Question:

Q. Critically analyse India's agricultural export policy considering recent export ban on certain agricultural products.

UPSC Civil Services Examination Previous Year Questions (PYQs)

Prelims:

Q. With reference to the provisions made under the National Food Security Act, 2013, consider the following statements: (2018)

1. The families coming under the category of 'below poverty line (BPL)' only are eligible to receive subsidised food grains
2. The eldest woman in a household, of age 18 years or above, shall be the head of the household for the purpose of issuance of a ration card.
3. Pregnant women and lactating mothers are entitled to a 'take-home ration' of 1600 calories per day during pregnancy and for six months thereafter.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 3 only

Ans: (b)

Mains:

Q. Hunger and Poverty are the biggest challenges for good governance in India still today. Evaluate how far successive governments have progressed in dealing with these humongous problems. Suggest measures for improvement. (2017)

Q. What are the reformative steps taken by the Government to make the food grain distribution system more effective? (2019)