

## 2. Govt Imposes Minimum Export Price on Onion

**Prelims:** Economics- Agriculture

**Mains:** GS-III- Issues related to direct and indirect farm Subsidies and Minimum Support prices; Public Distribution System - Objectives, Functioning, Limitations, Revamping; issues of Buffer Stocks and Food Security; Technology Missions; Economics of Animal-Rearing.

### Why in News?

- ▶▶ The government has imposed a minimum onion export price of 850 US dollars per tonne **to curb its exports and help bring down Domestic Prices.**
- ▶▶ A notification to this effect was issued by the Directorate General of Foreign Trade. This is the first time that a MEP has been imposed on onions this year.
- ▶▶ During the financial year 2018-19, India had exported 21.82 lakh tonnes of onion.

### What is Minimum Export Price?

- ▶▶ Minimum Export Price (MEP) is the **price below which an exporter is not allowed to export the commodity from India.**
- ▶▶ MEP is **imposed in view of the rising domestic retail/wholesale price or production disruptions** in the country.
- ▶▶ MEP is a kind of **quantitative restriction to trade.**
- ▶▶ Government fixes MEP for the selected commodities with a view **to arrest domestic price rise and augment domestic supply.**
- ▶▶ This is intended to be imposed for short durations and is removed when situations change.
- ▶▶ The removal of MEP helps farmers / exporters in realising better and remunerative prices and would also help in earning valuable foreign exchange for the country.

### What Does Such Imposition Mean?

- ▶▶ Simply put, henceforth exports will not be allowed if the consignments are priced below \$ 850 per tonne. The steep MEP will, in a way, stop all outbound shipment of onions from India.

### Reason Behind the Imposition:

- ▶▶ This move comes after the state-owned MMTTC Ltd had floated a tender for import of onions from "Pakistan, Egypt, China, Afghanistan or any other origin", triggering criticism from farmers in Maharashtra.

- ▶▶ The inclusion of Pakistan in the tender list had evoked extreme criticism from various quarters.
- ▶▶ The MMTC, however, issued a fresh corrigendum to its tender, excluding Pakistan as the country of origin, thereby making bids from the neighbouring country ineligible.
- ▶▶ Prices in mandis of **Maharashtra – the largest onion Growing State** which accounts for over 33 per cent of national produce – has been on the rise since April.
- ▶▶ Imposition of the MEP are steps taken by the Centre to prevent further rise in prices.

