

9. Ban on Export of Onion

Prelims: Economics- Agriculture

Mains: GS-III- Storage, transport and marketing of agricultural produce and issues and related constraints

Why in News?

- ▶▶ Union ministry of commerce and industry amended export policy of onion from free to prohibited, which amounts to banning of onions from export, with immediate effect.

Reasons behind the Decision:

- ▶▶ The prohibition by the government comes amid rising prices of onions across the country.
- ▶▶ The commerce and industry ministry amended the export policy of onion, making it 'prohibited' from 'free' earlier.
- ▶▶ The decision has:
 - ❖ banned exports of all varieties of onion in a bid to tame prices.
 - ❖ imposed stock limits on onion traders to facilitate release of stocks and prevent hoarding by traders.

Impact of the Decision:

- ▶▶ Retail traders across the country will now be able to stock only up to 100 quintals of onion while wholesale traders will be allowed to stock up to 500 quintals.
- ▶▶ In the past, the Centre had authorised states to impose stock limits but this time it has imposed the limits on its own.
- ▶▶ Sudden export bans shut off the possibility of the farmer getting a bumper price for his crop, something that he feels he is entitled to, as the obverse of the distress sale he often has to undertake.

Way Ahead:

- ▶▶ States must act expeditiously and launch a crackdown on hoarders to bring the stocks to the market swiftly. Promote modern infrastructure facilities like cold storages and warehouses to use it as buffer stock. Instead of banning exports, the government should encourage export of onion in its raw and processed forms. The government must invest in food technology that would permit farmers to increase output without fear of distress sales, onion offtake assured because of its storage in a processed state. More policy making and political attention should be devoted to raising onion output, or for that matter farm output in general. Complacency on the farm front is wholly avoidable.