

**Voluntary Report** – Voluntary - Public Distribution

**Date:** September 15,2020

**Report Number:** IN2020-0124

**Report Name:** Government of India Prohibits Fresh Onion Exports

**Country:** India

**Post:** New Delhi

**Report Category:** Agriculture in the News, Agricultural Situation, Vegetables, Agriculture in the Economy, National Plan, Policy and Program Announcements

**Prepared By:** Ankit Chandra

**Approved By:** Mark Rosmann

**Report Highlights:**

On September 13, 2020, the Ministry of Commerce and Industry prohibited exports of all varieties of onions with immediate effect in order to curtail domestic supply shortages.

## Background

On September 13, 2020, Ministry of Commerce and Industry, Government Of India (GOI) amended its onion export policy from free to prohibited, thereby banning fresh onion exports with immediate effect.

This move is attributed to recent price triggers in the domestic market signaled by onion supply shortages due to heavy rainfall in August that has damaged produce by 40 to 50 percent in key growing states of Madhya Pradesh, Karnataka and Gujarat. This has led to a 150 percent increase in average onion wholesale prices that were previously selling from \$163/metric ton (MT) (INR 12000/MT) on August 29, 2020, to \$407/MT (INR 30000/MT) on September 14, 2020<sup>1</sup>. At present, Maharashtra, the largest onion producing state in the country, has 1.5 million metric tons (MMT) of summer onions in storage against its total storage capacity of 3.7 MMT. This supply crunch will likely continue until November, when the next harvest reaches Indian markets, prompting the GOI to look toward imports in the short term. Afghanistan, Turkey and Egypt are the largest onion exporters to India.

Onions are integral to Indian cuisine on the subcontinent and are a part of the everyday diet. However, these steep onion price movements are not new, and onions are often a political issue—in 2019, droughts followed by monsoon rains caused production damages resulting in an acute shortage that raised prices. This prompted the GOI to ban onion exports in September last year, and also placed measures to prevent hoarding<sup>2</sup>. The GOI subsequently lifted the ban in February 2020 wherein exports were renewed. Onion exports are important for India's trade, which were valued at \$324 million in 2019-20. Top importers of Indian onions have included Bangladesh, Malaysia and the United Arab Emirates.

Please find the official notification [here](#) and below in the attachment.

## Attachments:

[Notification No. 31 - Amendment in Export Policy of Onions.pdf](#)

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<sup>1</sup> 1 USD (\$) = Indian Rupee (INR) 73.72

<sup>2</sup> [PIB article](#)