

ECONOMY

India prohibits export of wheat, onion seeds with immediate effect



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The restriction on export of wheat comes as part of measures to control rising prices

Citing **threat to food security**, the Government has “prohibited” export of wheat. The decision was taken on Friday, in view of the “sudden spike in the global prices of wheat arising out of many factors”, the Ministry of Commerce and Industry has informed. Significantly, the order came two days after the Government had decided to **send trade delegations to a number of countries** to explore possibilities of export of wheat.

The global agriculture market has been destabilised by the **Russian invasion of Ukraine**, a major wheat producing nation that is a big supplier to the European market. Apart from national requirements, the order also cited the requirement of India’s wheat among its neighbours in the region.

Addressing the media, Sudhanshu Pandey, Secretary, Department of Food and Consumer Affairs, referred to several countries like Russia, Kazakhstan, Argentina, Bulgaria, Turkey and Hungary, which have taken measures to restrict the export of wheat, and indicated that it was natural for India to follow with a similar order.

The officials, however, had to face a barrage of questions about the sudden “U-turn” regarding the export of wheat as the latest order came two days after the Centre announced that trade delegations would be sent to Morocco, Tunisia, Indonesia, Turkey and other countries to explore possibilities for the export of wheat. They denied that the rapid changes in the policy on the export of wheat were because of a lack of coordination. Addressing the issue, Commerce Secretary B.V.R. Subrahmanyam assured that there is no shortage of wheat in the domestic market adding, “Apart from the food security of India, the government is committed to ensuring food security of neighbours and vulnerable countries.”

However, officials revealed that there was a decline in the “opening stock” compared to the last fiscal. “This year, our opening stock of wheat was 190 LMT (lakh metric tonnes), which was a little less than last year’s opening balance of 273 LMT,” Mr. Pandey said. Both officials emphasised the prohibition is “not a ban”, and is also aimed at controlling the sudden rise in the price of wheat and *atta* in India. The order will prevent some traders from carrying out “speculative” trading in wheat and help in stabilising the agriculture sector, they argued.

“We do not want wheat to go in an unregulated manner in places where it might just get either hoarded or it may not serve the purpose of serving the food requirements of vulnerable nations,” Mr. Subrahmanyam said.

India is a **crucial supplier of wheat** to its neighbours. Apart from Afghanistan which recently received large consignments of wheat from India on humanitarian grounds, Bangladesh is another big importer of Indian wheat. India produced around 7 million tonnes of wheat during 2021-'22 and out of that nearly 50% was imported by Bangladesh.

The emphasis upon the “neighbourhood” in the official notification shows that India is aware that shortage of wheat in the domestic market can create hit the neighbouring economies.

The Ministry’s order however stated that export of wheat will be allowed “in case of shipments where Irrevocable Letter of Credit (ILC) has been issued on or before the date of this Notification”. Export will also be allowed on a Government to Government (G2G) basis only after securing the necessary permissions.

The Ministry of Commerce and Industry also placed export of onion seeds under the “prohibited” category. Both the orders regarding wheat and onion seeds have come into effect immediately.