UPWARD MOVEMENT

Global demand, low stocks push up Basmati prices

Procurement of paddy by traders is on at a brisk pace

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ROBUST GLOBAL DEMAND and negligible inventories have pushed up mandi prices of Basmati paddy this season sharply across the key rice growing regions in Punjab, Haryana and western Uttar Pradesh.

Mandi prices of Basmati paddy at Karnal (Haryana) and Rajpura (Punjab) are currently ruling around ₹3,800 — ₹4,000/quintal, ₹400 — ₹500/quintal more than the prices prevailed a year ago.

"Negligible carry forward stock from the previous year, large number of pending exports orders have pushed up the mandi prices of new crop this year," Vijay Setia, chairman and managing director, Chaman Lal Setia Exports, a leading exporter of aromatic rice, told *FE*.

Setia said that rice prices are expected to rise in the domestic market while realisation from the exports of the aromatic long grain rice has seen a sharp spike in the first half of the current fiscal.

Currently, the procurement of Basmati paddy by traders from the farmers is going on at a brisk pace and will continue till next month.

According to the Directorate General of Commercial Intelligence and Statistics data, the value of Basmati rice exports rose by more than 37% during April-September 2022 to $2.2 billion from $1.6 billion in the same period last fiscal.

The per tonne export realisation of aromatic rice rose by 24% to $1057 per tonne in April-September 2022 from $853 per tonne a year ago period.

"The prospects of the Basmati rice exports in the second of the current fiscal year are bright as demand has been rising steadily," Vinod Kaul, senior executive director, All India Rice Exporters' Association, said. He said besides the demand from traditional markets in the middle countries, there has been encouraging demand for aromatic rice from the European Union this season.

M Angamuthu, Chairman, Agricultural Processed Food Products Exports Development Authority, said that Basmati rice exports prospects are encouraging as there are several countries in the middle east that need rice to meet their domestic demand.

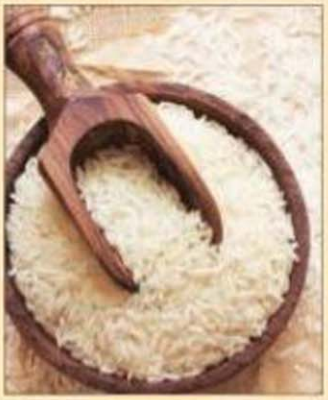
To boost exports, APEDA has set up Basmati Export Development Foundation in collaboration with the industry, through which the farmers in key growing states are informed about the usage of certified seeds, good agriculture practices and judicious use of pesticides to meet the international standards

In September, the government banned exports of broken rice and put a 20% export duty on non-Basmati 'white' rice varieties. However, Basmati rice export was put outside the export restrictions.

Out of the total annual production of 9 million tonne (mt) of Basmati rice, 4.5 mt is exported. In 2021-22, Iran, Saudi Arabia, Iraq, the United Arab Emirates and Yemen had a share of 65% in value of aromatic rice export of $ 3.5 billion.

Pakistan exports around 0.9 — 1 mt of Basmati rice annually and harvesting this year has been disrupted because of flooding in the many parts of the key growing region.

PRICES LIKELY TO RISE FURTHER



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