India not to lift ban on wheat, broken rice exports soon

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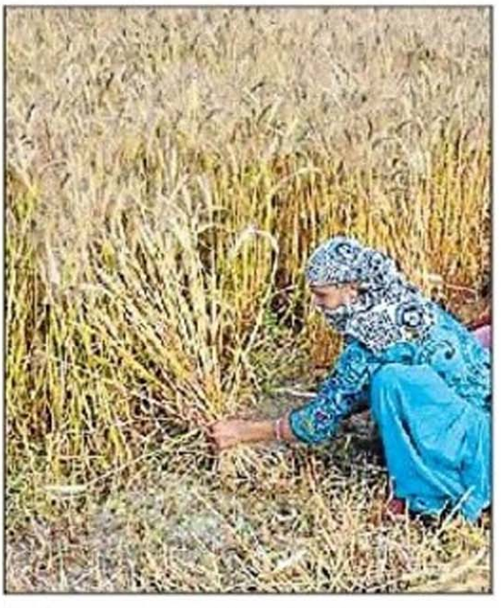
NEW DELHI: India will not immediately lift its ban on the export of wheat and broken rice, while a 20% tax on overseas shipments of white rice will continue to shore up domestic food security, according to recommendations of an interministerial panel mandated to review these policies, a person aware of the development said.

The country has sufficient food stocks to intervene in the market, and the Centre may take additional measures to bring down cereal inflation and avoid price spikes during the monsoon months, the person cited above, who was part of the review, said. The review also showed that edible oil prices, which had soared to record highs in 2022, had cooled sufficiently and were expected to go down further based on international price movements.

The government's purchase of winter-sown wheat at minimum support prices, known as procurement, stands at nearly 27 million tonne (MT), although the targeted quantity was 34 million tonne. The review showed that all government food hand-out schemes, including ration for 800 million beneficiaries, will require nearly 18-19 MT, leaving a surplus of about 8 MT.

Extreme weather damaged the country's wheat crop for the second straight year after a prolonged spell of rain and hail in April. The government had expected 112 MT of record output, which is unlikely, analysts said.

The possibility of an El Nino, a monsoon-disrupting weather pattern, continuing geopolitical uncertainties, and elevated cereal prices are reasons why the government has decided not to "make any modifications as far as exports are concerned", the person cited above said.



Extreme weather had damaged wheat crop for the second straight year. HT

Last year, a blistering early summer shriveled wheat crops in several northwestern states even as exports continued to rise due to strong global demand due to the Ukraine conflict. This stoked shortages of the grain and prices, prompting the government to impose a ban on overseas sales in May 2022.

The government sold 3 MT of wheat in the open market, which brought down wheat inflation from a record 20% in January. India's retail inflation slid to an 18-month low of 4.7% in April, compared to 5.66% in March. Cereal inflation continued to be in double digits, rising 13.67% in April compared to a 15.27% growth in March.

The upcoming June-September kharif or summer-sown season is critical to bolster the country's food stocks.