India to bar rice exporters from UN food relief tenders

Move aimed at ensuring domestic rice supplies and keeping prices of the commodity down

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India will not allow domestic rice exporters to participate in United Nations World Food Program (WFP) tenders, a senior official told *Mint*, a move that risks stoking global food security concerns.

This is the first time New Delhi has taken such a measure, which is yet to be announced publicly.

India's stand is guided by its effort to ensure domestic food security and check inflation, this official said, and comes against the backdrop of WFP, the world's largest humanitarian organization, recently inviting tenders for broken rice supplies to Spain, Cameroon, Togo and Algeria.

WFP provides food relief to populations hit by conflict, disaster and the impact of climate change.

"WFP has recently invited tenders for the supply of broken rice to four countries-- Spain, Cameroon, Togo and Algeria and therefore, DGFT (Directorate General of Foreign Trade) has received representations to allow Indian rice exporters to participate in the tender process," the official cited above said.

"Government-to-government exports of select commodities for humanitarian purposes is already in place. After a long deliberation, it was decided that at present, permission to participate in the WFP tender process may not be granted, and bilateral exports on a case-by-case basis may be continued given the export ban amid India's priority to ensure food security."

8.3%
food inflation in India in January

India imposed a ban on broken rice exports in September 2022 and on non-basmati white rice in July 2023 to augment the domestic supply and keep inflation in check after patchy monsoon rains sparked worries over lower rice output.

Mint in August reported the WFP had sought 200,000 tonnes of rice for its humanitarian operations from India, the largest exporter of rice, citing "catastrophic levels" of global food insecurity triggered by the covid-19 pandemic and the Ukraine war.

Since the export ban, India has supplied rice to needy nations and its key strategic partners, but on a case-by-case basis.

Several African nations are heavily dependent on rice imports from India. Togo imported 88% of its rice from India last year. Benin, the largest global importer of Indian broken rice, procured 61%, while almost half of Senegal's imports of the grain originated from India.

"India's rice export ban reflects a consumer-oriented bias in its food policy, impacting the global rice supply and prices, especially in Asia and South Africa. Despite this, India has increased rice exports to Nepal and Bhutan through bilateral agreements," said Amarnath Tripathi, associate professor of economics at Jaipuria Institute of Management in Noida.

"Domestically, the ban helps control rice prices and highlights the necessity to reduce paddy cultivation due to declining water tables. Notably, basmati rice, accounting for nearly half of India's exports, remains unaffected by the ban, minimizing the global impact of the rice export ban."

Prime Minister Narendra Modi, in his Independence Day speech last year, pledged to curb inflation in remarks made months ahead of general elections due in April-May this year.

The International Monetary Fund has asked India to lift rice export bans due to their global inflationary impact. New Delhi says the measures are necessary to ensure adequate domestic supply and reduce local prices.

13%
rise in rice prices in January against 12.3% in December

While India's food inflation has moderated, rice is the only product in the cereal basket that continues to weigh on consumer prices.

In January, food inflation, comprising nearly half the overall consumer price basket, was 8.30%, down from 9.53% in December 2023. However, rice prices were up 13% in January against 12.3% in December and 10.4% in January 2023.

The move risks stoking global food security concerns. REUTERS