

Non-basmati rice bore the brunt of export curbs imposed in 2023

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New Delhi, 17 July

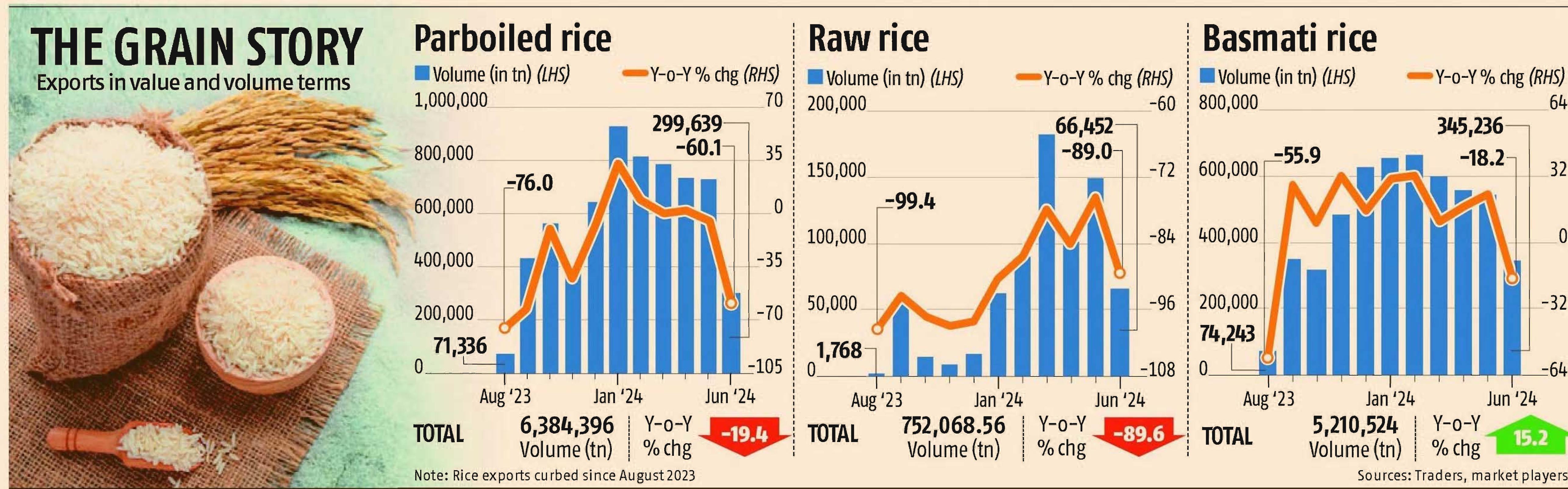
As a panel of senior ministers deliberates on the need to review curbs on exports of some rice varieties, data shows that since outbound shipments saw restrictions in July-August last year, the non-basmati segment has suffered more than basmati exports.

Sources said the panel is expected to soon deliberate on a few suggestions to ease the export curbs on some rice varieties due to higher-than-required stocks in the central pool.

The panel, some observers feel, may also postpone the decision to ease the export curbs till a firm picture emerges on the latest kharif paddy sowing. Already, the central government is set to restart the open market sale scheme for rice from next month. It has also allowed states to buy rice from it without participating in any tender.

The rice will be sold at a fixed price of ₹28 per kg. This decision will enable many states, particularly those in southern India, to restart their food grains programme.

There is also the possibility that the delivery of surplus Food Corporation of



India (FCI) rice for ethanol, which has been kept in abeyance for several months, may be resumed.

This is because grain-based ethanol makers have been pressing the government to resume cheap rice supplies from FCI godowns for the ethanol programme, threatening to shut down their plants otherwise. They contend that in the last six months, the open market price of broken

rice has jumped from an average of ₹22-24/kg to ₹27-29/kg. Maize prices have risen from an average of ₹22-23/kg to ₹26-27/kg. Even at this price, the supplies are limited.

The Grain Ethanol Manufacturers Association recently wrote to Union Food Minister Prahlad Joshi to resume the FCI surplus rice supplies or hike the rate at which oil marketing companies (OMCs) purchase ethanol produced from grains.

Rice stocks in the central pool on July 1 were around 56.31 million tonnes (including unmilled paddy), which is almost 16 per cent more than the stocks on the same date last year. The stocks are also significantly higher than the buffer stock norms.

Sources said the panel of ministers, among other things, could consider a proposal to lower the minimum export price of basmati rice to \$850 per tonne from the

current \$950.

They might allow some export of raw rice with a minimum export price of \$500 per tonne, and also of premium rice varieties like 'Sona Masuri' and 'Gobindo Bhog'. Data sourced from private traders show that after the exports were curbed in August 2023 and until June 2024, parboiled rice figures fell almost 19.4 per cent compared to the same period last year. But

the per unit average realisation on parboiled rice has been on the higher side.

When it came to raw rice, the data showed that exports slumped by almost 90 per cent in volume terms as literally nothing went out of the country between August 2023 and June 2024.

As far as basmati rice is concerned, data shows that India shipped around 5.21 million tonnes of the variety since the curbs were imposed during August 2023-June 2024. This was 15 per cent more than the same period in the previous year.

The per unit realisation during this period was also better for basmati compared to the same period last year. Therefore, the curbs on exports seem to have hurt non-basmati traders more than their basmati counterparts.

In the case of non-basmati players, the market stability depends on a stable export regime and regular shipments, while basmati has a niche global market.

Meanwhile, the United States Department of Agriculture (USDA), in a report released in May 2024, said despite restrictions, India will continue to remain a leading player in the world rice market. It said it will account for almost 18 million tonnes of rice exports in 2024-25, which is around two million tonnes higher than 2023-24.