

Rice export curbs may be eased as stocks rise ahead of fresh crop

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NEW DELHI: Swelling stocks and a looming harvest may prompt the government to relax curbs on rice exports, in a move expected to cheer millers and exporters, and aid the minimum support price (MSP) scheme.

Currently, basmati rice can be exported only above a floor price, parboiled rice exports attract a 20% export duty, and non-basmati and broken rice exports are completely prohibited. These curbs were brought in to ensure sufficient domestic stocks and cool prices.

An inter-ministerial meeting on July 3 proposed to replace the export ban on non-basmati and broken rice with a fixed export duty, as in the case of parboiled rice. It was also decided to reduce the minimum export price (MEP) on basmati rice. The proposal has been sent to the commerce ministry, an official aware of the matter said.

The confidence in relaxing these curbs stems from ample rice stock in warehouses and expectations of a good harvest amid a good monsoon forecast, both of which are expected to keep a lid on prices. At the same time, it eases the pressure on granaries, and fetches revenue in export duty.

“In the last inter-ministerial committee meeting, it was decided to send the matter (fixed duty on rice varieties barring basmati) to the commerce ministry. The proposal has been sent, and the ministry will examine it and devise a mechanism to monitor or review the fixed duty structure considering the changes in international rice prices,” the official cited above said. The ministry will also study basmati stocks lying with Indian exporters and the expected trend in global prices, and bring a proposal before the committee of secretaries and ministers, which will take a call, the official added.

The latest agriculture ministry estimates show, this year is



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likely to see rice production at 136.7mt compared with last year's 135mt. Trade estimates show a domestic consumption of around 100mt this year.

Questions sent on Thursday to secretaries and spokespeople of commerce and food & public distribution ministries were unanswered at press time.

The review comes after rice exporters pitched for relief last month, stating the restrictions are not only hurting rice trade and mills but also pressuring Food Corp. of India (FCI) due to excess stocks. They also asked to cut the export floor price to \$800-850 per tonne from the existing \$950. States such as Chhattisgarh, Odisha and Telangana have declared bonus over and above minimum support price (MSP), which is raising subsidy outgo as well.

During the April 1-June 11 period, overall rice exports fell 34% to 3.2mt, latest available data showed. Out of this, exports of non-basmati white rice plunged 78% to nearly 300,000 tonnes, broken rice 8% to 300,000 tonnes, and parboiled rice 11% to 1.5mt.

In FY24, India exported 15.7mt of rice, against 21.8mt in FY23. This included non-basmati white rice (2.36mt), broken rice (545,000 tonnes) and parboiled (7.57mt). India is the world's second-largest producer of rice after China and the largest exporter, contributing at least 40% to the global trade until export curbs were imposed.