

Curbs on Rice Exports

Why in news?

Recently, government has levied certain restrictions on rice export to check the domestic rise in prices and to ensure domestic food security.

What is the status of rice production in India?

- **Production** - Globally, the top rice-producing country is *China, followed by India*.
- As per Second Advance Estimates, the estimated production of Rice for 2022-23 is *1308.37 Lakh Tonnes*.
- *West Bengal* is the largest rice producer in India.
- **Rabi season**- According to the 3rd Advanced Estimate of the Department of Agriculture and Farmers Welfare,
 - 2021-2022: Rice production was 184.71 lakh tonnes
 - 2022-23: Rice production was 13.8% less, at 158.95 lakh tonnes
- **Kharif sowing data**- As on August 25, rice is sown on 384.05 lakh hectares this year.



- **Delayed sowing**- In States such as Tamil Nadu where the Samba crop sowing starts usually in August in the Cauvery delta area, there will be delayed sowing due to a shortfall in the south west monsoon.
- **Price rise**- During 2022, the paddy prices were ₹27 per kg, but now it stands at ₹33 a kg.
- **Export status**- India is the *largest rice exporter* globally with a 45% share in the world rice market.

Item	Year/Period	Status
Overall rice export	April-May 2023	21.1% higher compared with same period last financial year.
Basmati rice	May 2023	10.86% higher than exports in May 2022
Non- Basmati rice	2022-23	Export is 7.5% more despite 20% export duty on white rice and prohibition of broken rice export

What are the restrictions on rice export?

- **Categories of Rice export**-
 - Basmati rice
 - Parboiled non-basmati rice
 - Raw white rice

- Broken non-basmati rice
- The Government has prohibited the export of white rice and broken rice.
- It levied a 20% duty on Parboiled non-basmati rice till October 15.
- It permitted the export of Basmati rice for contracts with value of 1,200 dollars a tonne or above.
- Rice is the 3rd major agricultural commodity in India to face restrictions on overseas sales in 2022-23.

How the restrictions will benefit farmers?

- **Increase in MSP-** The government has increased the Minimum Support Price (MSP) for rice.
- **Increase in price-** Paddy procurement by rice millers are at a price higher than the MSP.
- **Check in price rise-** The prices will not decline for farmers, restrictions on exports will ensure that there is no steep climb in rice prices in the market.
- **Benchmark price-** If the bench mark price set by the government is high, the farmers will realise better prices.
- **Domestic consumers-** Though there is a slight increase in rice prices at present, in the long run, availability is secured and prices are not expected to spiral.

How the restrictions will affect the world economy?

- **Global food crisis-** India's move could trigger a global food crisis as India is the world's top rice exporter, accounting around 40% of the global trade in the cereal.
- **Africa countries-** India has banned 100% of broken rice which few poor countries import for human consumption, though the variety is mainly used for feed purposes.
- **Food inflation-** Rice is the staple food for half of the population, with Asia producing and consuming about 90% of the global supply.
- This will further pressure on countries that are struggling with drought, heat waves and Russia invasion of Ukraine.
- **Ban on broken rice-** It is mainly used for animal feed, prices have jumped this year on increasing export demand.
- Top buyers including China uses it for livestock feed, some African countries import it for food. It accounts for almost 20% of the shipments abroad.
- **Shift to other countries-** With 20% duty Indian rice shipments may becomes uncompetitive in the market and buyers could shift to Vietnam and Thailand .
- **Exemption-** India has granted Singapore an exemption on rice export, stating that the country is its close strategic partner.

What is the opinion of the exporters?

- **High International demand-** The prices of Indian par-boiled rice in the international market is competitive even with the levy of a 20% duty.
- Countries such as Indonesia, which are rice exporters, are looking at raw rice imports now.
- **Issues with classification-** The government should look at classifying rice as common rice and speciality rice for export policy decisions rather than classifying as

Basmati and non-Basmati.

- **Include GI recognition-** As many as 12 varieties of rice have Geographical Indication (GI) recognition and these should be insulated from general market interventions.
- **Basmati rice-** The government should have permitted exports to continue or fixed the minimum value for exports at \$900 a tonne.
- **Affect farmers-** Exporters will not buy paddy if there is no demand. This will only affect the farmers.
- **No need of restrictions-** Export demand raised as Indian rice quality and the consistency in supply is good.
- Basmati is a speciality rice and new crop arrivals will start soon and there is no need for restrictions.

References

1. [The Hindu- Understanding the curb on rice export](#)
2. [The Hindu- India to export rice to Singapore despite ban](#)
3. [Rice production Image](#)

