

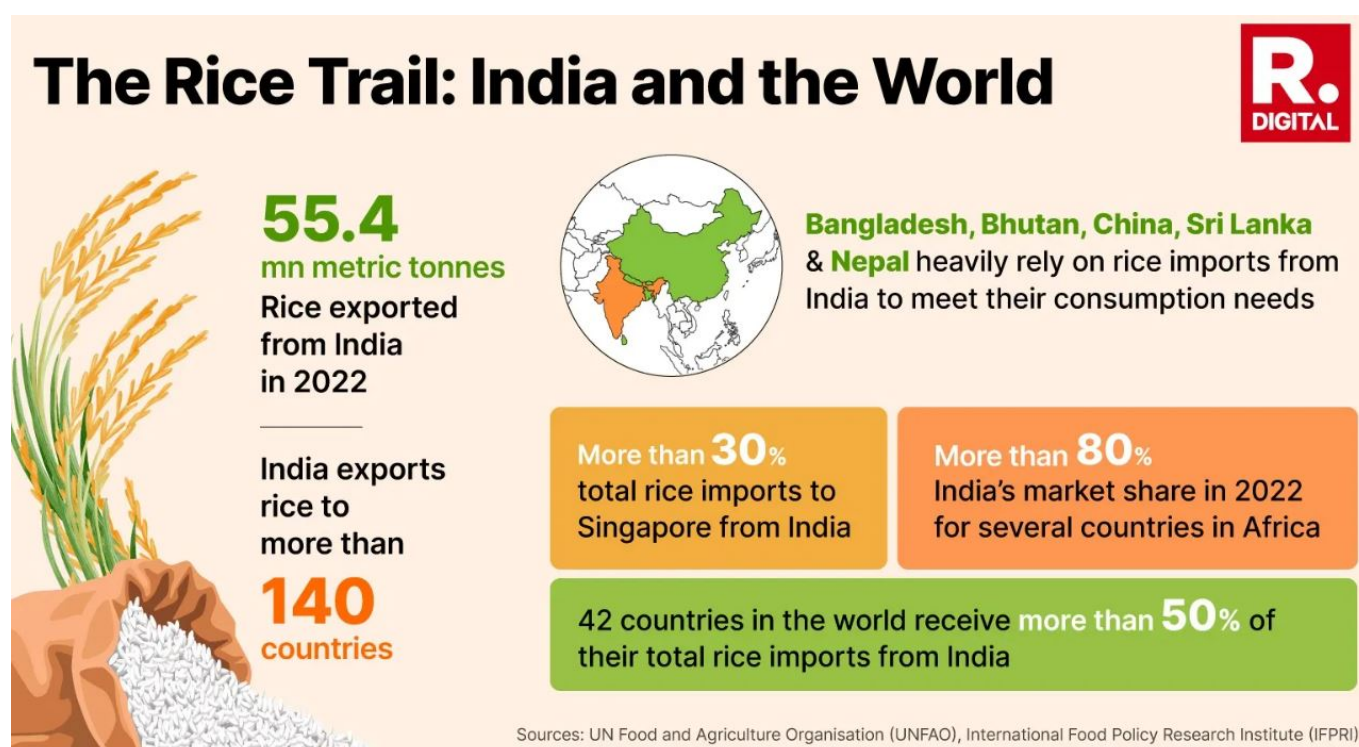
## Curbs on Rice Exports

### 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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](#)