

No plan to ban rice exports, say Govt officials

Centre not thinking of capping shipments either

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The Indian government has no plans to ban rice (non-Basmati) exports or announce any curbs on its shipments, two officials involved in the decision-making have said.

The comments come on the heels of rumours in the global market that after banning wheat exports and limiting sugar shipments, the Indian government could next target non-Basmati rice.

"We do not have plans to ban rice exports. Nor are we thinking of fixing any limit on its exports," said one official, who did not wish to be identified.

Ample stocks available

"There is no such move (to ban or limit rice exports) now," an-

other official said. The first official said India had exported 21.1 million tonnes (mt) of rice (including Basmati) last fiscal and, despite that, the country had sufficient stocks. "Rice is a round-the-year crop and is mostly grown in irrigated areas. We have had another good year of a record crop," he said.

According to official data, the Food Corporation of India (FCI) has record stocks of 33.27 million tonnes (mt) of rice and 26.61 mt of paddy (16.92 mt rice) as of May 1 this year. The stocks are against the mandatory requirement of 11.58 mt operational stocks and 2 mt of strategic reserves of rice. The figures are higher than in the year-ago period.

Credibility at stake

Last week, the Ministry of Agriculture and Farmers' Welfare had in its third advance estimate of production of major crops projected rice output at a



record 129.66 mt for the current crop year to June against 124.37 mt a year ago. On Wednesday, former All-India Rice Exporters' Association President Vijay Setia commented that rumours of ban on non-Basmati exports are affecting the credibility of Indian exporters.

"I am meeting a lot of rice importers at a trade fair. Everyone has a concern that they are getting feedback from Indian suppliers that the Government is going to ban non-Basmati exports, which is totally incorrect. Importers will look for reliable supplier countries if the Centre does not make any policy clarification," he said.

New Delhi-based exporter

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Rajesh Paharia Jain said the rumours of the ban on rice exports have been "highly sold" and exporters have opened letters of credit (LCs) to be prepared for any sudden ban on shipments, like in the case of wheat.

Rumours by design?

On May 13, the Centre caught exporters by surprise by banning wheat exports all of a sudden. Going by that experience, exporters are well prepared, Jain said.

Delhi-based trade analyst S Chandrasekaran wondered if the rumours were "a specific design to increase global market prices and distort the

global trade". Further, he said, the Centre should probe if "some domestic forces are attempting to create rice inflation" in India in order to fuel food inflation.

Given the country's current experience with the wheat ban, the analyst said India should strengthen the transition provisions of the foreign trade policy, in particular LC clauses, to ensure a balanced policy.

'Two issues at stake'

According to Chandrasekaran, the Centre has to examine two things. "One is the diversion of rice instead of wheat in the public distribution system of some States. How much rice will be diverted and what will be its impact on the FCI stocks?"

"Second is the oncoming kharif season. How will the monsoon behave and will production be affected? This will be clear only in October. Perhaps, the Centre might review the situation then," he said.