

Govt may get \$1 b from rice export duty

EXPORT BONANZA. Global market gets attuned to 20% duty on shipments of non-basmati whites

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Non-basmati rice exports during the April-February period of the 2022-23 fiscal were up nearly three per cent at 16.09 million tonnes (mt), but the shipments were lower in February by nearly six per cent.

The underlying fact, however, is that the Indian government stands to gain good revenue to the tune of a billion dollars annually in view of the export duty on the shipments. The global market has accepted the duty and India's market share remains intact.

According to data from the Agricultural and Processed Food Products Export Development Authority (APEDA), exports in the first 11 months of the 2022-23 fiscal were up compared with the 15.64 mt shipped out in the same period of 2021-22.

In terms of value, exports fetched \$5.72 billion against

\$5.56 billion in the year-ago period.

FACTORS TO CONSIDER

However, there are two factors to consider in the data, exporters and traders say. One, shipments seemed to have been dragged a tad since September 2022 due to the Centre announcing export curbs, including imposing a 20 per cent duty on non-basmati consignments and banning fully broken rice shipments.

For example, exports in February were 1.53 lakh tonnes (lt) compared with 1.63 lt in the year-ago period. But earnings were higher at \$563.88 million against \$552.02 million.

The second factor is that India holds on to its leadership in the market, with importers absorbing the duty hike.

"India will get an additional billion dollar revenue from the exports by imposing duty. With the country enjoying 45 per cent market share, the global rice market has absorbed the impact of

India's improving competitiveness

Countries	5% broken		25% broken		Parboiled	
	April 10	Mar 15	April 10	Mar 15	April 10	Mar 15
India	432-36	432-36	417-21	417-21	378-82	383-87
Thailand	505	476	493	468	517	485
Pakistan	483-87	448-52	443-47	431-35	473-77	508-12
Vietnam	463-67	448-52	438-42	428-32	-	-

Source: Thai Rice Exporters Association *Price in \$/tonne

the Indian duty," said BV Krishna Rao, President, The Rice Exporters Association (TREA).

In terms of rupee, rice exports should now be able to fetch the Indian government ₹8,000 crore, he said.

According to available data, rice exports region-wise in the April-February period of 2022-23 were mixed. Shipments to Bangladesh, Nepal, and South-East Asia dropped. But exports to Africa, the European Union, the Americas, and Gulf countries increased.

According to the Foreign Agricultural Service (FAS) New Delhi Post of the US Department of Agriculture, despite India imposing

curbs on exports, demand for Indian rice in the global market remains strong. "Global rice prices have risen to absorb the export tax," it said.

The USDA's FAS Post said Indian domestic supplies are forecast to be ample and the government is unlikely to impose additional export restrictions in the near term.

NO PROBLEM TILL NOV

At the same time, the Government will be reluctant to relax existing restrictions out of fears of food inflation. "While India's export restrictions have not dampened export demand, they have generated an additional source of tax revenue

for the government," it said. Rao said rice exports should have no problem until November-December this year, before the new crop from competing nations such as Thailand, Vietnam, and Pakistan enter the market.

"Pakistan might not face the problems it faced last year due to its worst flood in 61 years. Our kharif could be arriving by then. The Centre can review its export curbs based on market conditions then," he said.

Though the Centre has banned exports of fully broken rice, it is permitting its shipments on a case-by-case basis. Recently, it permitted 3.5 lakh tonnes of consignments to Gambia and Senegal based on the Ministry of External Affairs' recommendations.

"We have to see if there is a shift to white rice in a small way or other alternative before reviewing the decision on duty. But we are still improving our hold on the market despite the duty," Rao said.