

Govt bans non-basmati rice exports to check price spike

Move comes after Russia risked fuelling global food inflation by exiting Ukrainian grain deal

Puja Das & Ravi Dutta Mishra
NEW DELHI

Days after Russia pulled out of the Black Sea grain deal, risking further global food inflation, the government on Thursday banned the export of non-basmati white rice in a bid to check rising prices.

Mint on 18 July reported large companies, traders and exporters are rushing to secure letters of credit (LCs) for future shipments, fearing that rising prices may trigger export curbs on some varieties of non-basmati rice.

“Export policy of non-basmati white rice (semi-milled or wholly milled rice, whether polished or glazed)...is amended from free to prohibited,” the DGFT said in a notification.

The International Monetary Fund had warned that Russia’s exit from a deal allowing Ukrainian grain shipments via the Black Sea threatens to increase global food insecurity and could drive food prices higher, especially in low-income countries. India, a dominant player in the global rice trade, has taken measures in recent months to strengthen control over the trade of certain rice varieties. The country enforced a ban on the export of broken rice in September 2022.

The government will allow consignments of white rice to be exported under certain conditions—for instance, if load-



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ing of the rice consignments on the ship had commenced before this notification. “Ban on non-Basmati Raw and steam rice will have major impact only on low priced thick grain rice (IR64/Ratna) which is exported much in raw form to poor countries like Africa. The same variety is procured by the government for PDS (public distribution system),” said Suraj Agarwal, CEO of Rice Villa, a rice brand. “As there is free export on parboiled form for any non-basmati rice, so it will not impact total export of non-basmati rice from India,” Agarwal added.

India, the world’s largest rice exporter

with a contribution of 40% in global trade, shipped 4.5 million tonnes of non-basmati rice in April-June, against 4.3 MT during the corresponding period last year. This is despite a 20% export duty in place since September 2022. While the export curb may help check domestic rice prices, it may impact India’s rice exports significantly and drive-up global prices further. This, in turn, may hit some nations in Africa that depend heavily on Indian rice, which are typically cheaper than the grain sold by Vietnam, Thailand and Pakistan.

Prices of rice in India have shot up by

20-30% in the past three months and about 10% in the past 10-12 days due to poor harvest in the 2023-24 Rabi season and poor sowing prospects of Kharif crop amid deficit rainfall in east and south India initially and then rain deluge in northern India. A 7% hike in the minimum support price for paddy also contributed to the price hike.

India’s retail inflation hardened in June to a three-month high of 4.81% from 4.31% in May, driven by a spike in food price inflation to 4.5% from less than 3% in the previous month, owing to rising costs faced by households for items like cereals, pulses, milk and tomatoes. While the pace of consumer price rise in June broke a four-month streak of moderation from the 6.5% uptick recorded this January, urban consumers faced nearly 5% inflation in June with food price inflation nearly doubling from May’s 2.4% level to 4.3% last month. According to the World Food Programme, the Black Sea grain deal saw over 725,000 tonnes of wheat shipped to Afghanistan, Yemen, and east Africa.

World Trade Organization head Ngozi Okonjo-Iweald said, “Deeply disappointed at the (Russian) termination of the Black Sea Grain Initiative and the interruption of the grain trade from Ukraine... Black Sea trade in food, feed and fertilizer is critical to the stability of global food prices.”

pujadas@livemint.com

