

Basmati Export Floor Price to Hit Farmers

Haryana, Punjab, UP farmers see loss of ₹8k-10k per acre; millers, exporters demand grain at lower price

REUTERS

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Kolkata: Farmers from Haryana, Punjab and western Uttar Pradesh are staring at a loss of ₹8,000-10,000 per acre of new basmati rice crop following the Centre's move to fix the minimum export price (MEP) of \$1,200 per tonne. Prices of the new crop, known as the 1509 variety, have crashed by ₹400 per quintal in the past week.

Millers and exporters are putting pressure on the farmers to sell the new crop at a lower price as they will make a handsome profit if the government withdraws the MEP after October 15, said Vijay Kapoor, a basmati farmer from Karnal in Haryana who grows basmati rice on 35 acres of land. Kapoor, who is also the president of the Kisan Welfare Club in Karnal, said even Punjab's millers are buying 1509 varieties of basmati rice from Haryana at this price.

Of the total acreage of 1.7 million hectares under basmati rice, the 1509 variety is grown over nearly 40% of the area. Vijay Setia, former president of All India Rice Exporters Association, said according to the association's internal calculation, the overall loss to the farmers will be ₹1,000 crore.

Setia said the farmers are at the receiving end of the MEP fixed by the government. "If the MEP is removed later on, then the hoarders will benefit," he said, adding that if prices fall further then the foreign buyers, who had earlier given good prices for basmati rice, will try to renegotiate prices and bring them down. "It will be difficult for us to handle their demand," said



INTERNAL CALCULATIONS

Former president of All India Rice Exporters Association Vijay Setia says internal calculations put loss to farmers at ₹1,000 cr

Setia, who is an exporter too.

India exported around 4.6 million tonnes basmati rice in 2022-23. The average free-on-board price of basmati rice is around \$1,050 a tonne and exports generally take place in three forms – raw or brown, steam and parboiled.

Raghubir Singh, another farmer from Karnal, said that in the past four-five days prices of new basmati rice have fallen to ₹3,200 per quintal at the mandi from ₹3,600 per quintal. Singh owns 10 acres of land where he grows basmati rice. "I get 26 quintals of rice from 10 acres of land. Due to the drop in prices, I am losing ₹8,000-1000 per acre. No government thinks about the farmers. And we are staring at a huge loss," he said.