

# Floor price of basmati rice export cut to \$950

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The government has reduced the floor price for basmati rice exports to \$950 per tonne from \$1,200 per tonne amid concerns that higher prices were hurting outward shipments.

News agency *PTI* reported that the commerce ministry, in a communication to Agricultural and Processed Food Products Export Development Authority (APEDA), said: "It has been decided to revise the price limit for registration of contract for export of basmati rice from \$1,200 per tonne to \$950 per tonne."

On August 27, the government banned exports of basmati rice below \$1,200 per tonne to restrict possible "illegal" shipment of white non-basmati rice in the garb of premium basmati rice.

On October 15, it extended the notification for an indefinite period. But, the very next day, the ministry issued a statement saying the review of the Minimum Export Price (MEP) of \$1,200 per tonne levied in August was still under active consideration.

The statement was made amid reports that enraged over the extension of the MEP on basmati rice, some exporters had stopped buying new basmati from farmers. This had led to a decline in their open market prices by at least ₹300-400 per quintal

since the MEP was extended.

The exporters were demanding that the MEP be brought down to \$900-1,000 per tonne to improve overseas sales.

However, a section of the exporters and officials justified the high MEP on the grounds that the current FOB (free on board) export price of Indian basmati rice after assuming a procurement price of around ₹3,835 a quintal comes to around \$1,170 per tonne in Mundra and Jawaharlal Nehru Port Trust ports.

The MEP is just around \$30 per tonne more than the FOB price, which translates into a nominal increase in purchase price for international customers, they argued.

"The government's latest decision will reinstate competitiveness of Indian basmati rice shipments at the global markets," Atul Garg, managing director of GRM Overseas, said in a statement.

He said exporters were now working towards regaining the lost ground. As a result, the buying cycle is showing signs of getting the momentum back.

"The reduction in the MEP will again make Indian premium quality basmati rice attractive in the global market," Garg said.

In FY23, India exported around 17.8 million tonnes of non-basmati rice and 4.6 million tonnes of basmati rice. Of the non-basmati rice exports, around 7.8-8 mt was parboiled rice.

