

Parboiled rice exports fall over 80% in a month

DUTY WOES: Basmati rice exports down 30% from Aug 25 to Sep 20

STEEP FALL

	Aug 25-Sep 30, '22	Aug 25-Sep 20, '23	% change
Basmati rice export*	342,605	241,083	-29.6
Price **	1,100	1,238	12.5
Parboiled rice export*	1,167,025	204,190	-82.5
Price**	370	488	31.9

*Export in tonnes; **Price in \$ per tonne

Note: On Aug 25, the Centre imposed 20 per cent export duty on parboiled rice and an MSP of \$1,200 per tonne on basmati rice; Source: Traders and market

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The government's decision to impose a 20 per cent export duty on parboiled rice and a \$1,200 per tonne minimum export price (MEP) on basmati rice has pulled down overseas shipments of the former by almost 83 per cent, while basmati exports are down around 30 per cent in a month.

Data sourced from various trade agencies and shippers showed that between August 25 and September 20, export of basmati rice has shrunk from 342,605 tonnes in 2022 to around 241,083 tonnes in 2023.

Similarly, after the imposition of 20 per cent duty during the same period, export of parboiled rice — which is rice that's been partially boiled in the husk — has dropped from 1.16 million tonnes in 2022 to just around 204,190 tonnes in 2023.

The Centre had imposed the duty on parboiled rice with effect from August 25. Also, the MEP decision on basmati rice was announced around the same period.

Meanwhile, data shows that per unit realisation for both basmati and parboiled rice has seen an increase during this period compared to the corresponding period of 2022.

After the imposition of MEP, basmati consignments were sold at a rate of \$1,238 per tonne against \$1,100 in 2022. During the same period, parboiled rice was being exported at around \$488 per tonne against \$370 in 2022.

With global rice prices quoting at over \$700 per

tonne, several traders felt some exporters were under-invoicing their dispatches, mainly of parboiled rice.

In the fiscal year 2022-23 (FY23), India exported around 17.8 million tonnes of non-basmati rice and 4.6 million tonnes of basmati rice. Out of the non-basmati exports, around 7.8-8 million tonnes was parboiled rice.

Globally, rice prices have shot up due to expected drop in production because of El Nino. Among regions, rice production in Asia is among the worst hit. In July 2023, the government banned export of non-basmati white rice, which accounted for nearly 25-30 per cent of the total rice exported from India. The ban was with immediate effect.

Volume-wise, India exported 6.5 million tonnes of non-basmati white rice in FY23, which was 5.3 million tonnes in FY22 (a rise of nearly 22 per cent).

The ban came against the backdrop of an 11.98 per cent year-on-year (Y-o-Y) increase in rice inflation during June.

Last year, the government had imposed a 20 per cent duty on all non-basmati rice exports. It was to restrain overseas shipments but it seems it failed to curb the exports as international prices were very high.

Official data showed that despite the duty, export of non-basmati white rice had increased to 4.21 million tonnes during September-March of 2022-23. It was 3.36 million tonnes during September-March of the previous fiscal year. India has targeted to produce over 110 million tonnes of rice in the 2023 kharif season.