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Selective Ban on Rice Exports

Why in news?

India's selective clampdown on rice exports has raised the eyebrows of both local traders and global commentators.

What is the Centre's ban about?

Broken or ground rice refers to the fragments of rice grain obtained by milling. Parboiled rice refers to the rice when the paddy is soaked in water, steamed and dried while retaining its outer husk.

- There are four categories of rice exports.
 1. Raw (white)
 2. Basmati rice
 3. Parboiled non-basmati rice
 4. Broken non-basmati rice
- The government has notified a 20% duty on exports of rice "other than parboiled and basmati rice".
- The government has also imposed a blanket ban on broken rice exports.
- **Reasons for selective ban**
 - Possibility of decline in rice production because of deficient monsoon rainfall.
 - Possibility in yield reduction due to a new virus that has caused "dwarfing" of paddy plants in Punjab and Haryana.
 - Low rice stocks could pose a threat on [Pradhan Mantri Garib Kalyan Anna Yojana](#) and the public distribution system (PDS).
 - To ward off the threat of a price spiral.
 - Broken rice can be used to boost India's ethanol production.

To know about India's export restriction on wheat, click [here](#)

How important is India to the global rice trade?

India is the world's second-largest rice producer after China.

- The major rice producing states are West Bengal, Uttar Pradesh, Punjab, Tamil Nadu,

Andhra Pradesh, Bihar, Chhattisgarh, Odisha, Assam, and Haryana.

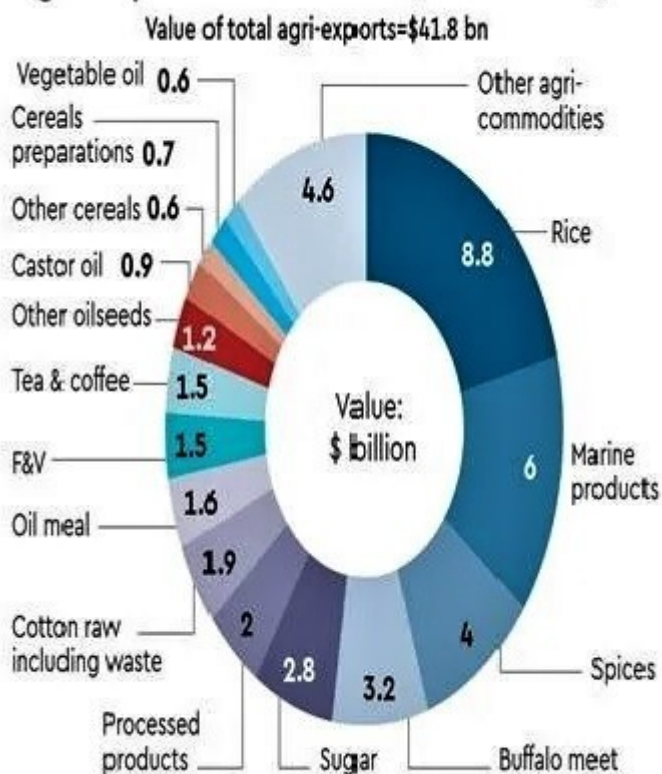
- India has a 40% share of the world’s total rice exports out of which non-basmati forms the bulk of it.
- More than 75% of basmati exports in 2021 were to Iran and Arabian Peninsula countries.
- In non-basmati rice, almost 55% went to African countries.
- India’s non-basmati rice exports witnessed an astounding growth of 109 % in FY 2013-14 to FY 2021-22.
- China, Senegal, Vietnam, Djibouti and Indonesia were the top importers of broken rice exports in 2021-22.

India’s total rice exports (2021-22)	212.10 LMT
Non-basmati Rice	172.62 LMT
Basmati Rice	39.46 LMT

What is promising about the selective ban of rice exports?

- The Centre has decided to ensure that the broken rice is available for its own poultry and other user industries.
- Shipments of rice to the nations in the East, have been curbed as these countries depend on cheaper Indian rice mainly for feed purposes.
- The Centre’s indirect message is to import corn from us.
- Conserving domestic stocks of foodgrains in a populous country like India is definitely essential at a time of fears of a global food crisis precipitated by fertiliser shortages and droughts.

Agri-exports from India (FY 2020-21)



Source: DGCIS

What are the criticisms against the government's move?

- There are fears that the curb will
 - Affect supplies when demand is increasing for Indian rice in the global market
 - Add to global food shortages
 - Spur inflation hitting the poor nations

What is the way ahead?

- Minimum export price can be announced to prevent any under-invoicing.
- There should be regular checks to ensure premium non-Basmati and other types of rice are not get shipped as Basmati rice to escape the 20% tax by hawala traders.

References

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