

● STOCKS OF RICE FIRMS TAKE A HIT

Industry seeks no extension of limits on basmati exports

Procurement for next season likely to be hit if extended

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AFTER TEMPORARILY HALTING basmati rice exports below \$1,200/tonne, the government should refrain from continuing with a minimum export price (MEP) beyond October 15, as it would hit procurement of the next season's crop, exporters said.

Several exporters *FE* spoke to said basmati exports prices usually go up during August-September, considered as the end of the season and the har-

vesting of the crop for the next season (2023-24) commences from October 1.

"The government needs to reduce MEP to a realistic level of \$850/tonne so that farmers prices realisation are not hit because of decline in exports," Vijay Setia, ex-chairman, All India Rice Exporters Association (AIREA) and Karnal-based basmati rice exporter told *FE*. Basmati rice is grown mostly in Punjab, Haryana, western Uttar Pradesh, Rajasthan, Jammu and Kashmir and Uttarakhand.

The aromatic and long grain rice commands a premium in the global market. Out of the annual estimated production of 9 million tonne (MT) of basmati rice, half of the volume is exported. In the previous fiscal, the

country exported 4.56 million tonne (MT) of basmati rice valued at \$4.78 billion with an average price of \$1,050/tonne. According to an official with AIREA, the average export price of basmati rice in the last five years has been \$975/tonne.

"MEP fixed for the basmati rice is valid for a few premium rice varieties, it has to be corrected so that shipment of aromatic long grain rice is not hit," Ashwini Kumar Arora, MD & CEO, LT foods, a major exporter of basmati rice said.

Officials said putting in place an MEP for basmati rice and imposing an export duty on parboiled rice till mid-October would give the government time to get an estimate of the kharif rice output for the current financial year. Meanwhile, shares of companies

engaged in rice exports - Chaman Lal Setia Exports, LT Foods, KRBL, and GRM Overseas dropped up to 6% in Monday's intra-day trade.

Pointing out that the average export price of basmati rice in August has been above \$1,200/tonne, a commerce ministry official said, "There has been large variation in the contract price of basmati being exported with lowest contract price being \$359/tonne in backdrop of average export price of \$1,214/tonne during the current month."

The decision to temporarily impose an MEP on shipments of aromatic rice followed reports that non-basmati rice consignments had been sent under the 'basmati' and 'parboiled' rice category after the ban on white rice shipments last month.