



Ministry of Commerce & Industry



Introduction of additional safeguards for export of Basmati rice to prevent exports of Non-Basmati white rice through misclassification as Basmati rice

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To check the domestic prices and to ensure domestic food security, the Government has been taking measures to restrict export of rice from India. The export of non-basmati white rice was prohibited on 20th July 2023.

It has been noticed that despite restriction on certain varieties, rice exports have been high during the current year. Up to 17th August 2023, total exports of rice (other than broken rice, export of which is prohibited) were 7.33 MMT compared to 6.37 MMT during the corresponding period of previous year, registering an increase of 15.06%. There has been a spurt in the export of parboiled rice and Basmati rice; both of these varieties did not have any restriction on exports. While the export of parboiled rice has grown by 21.18% (3.29 MMT during the current year compared to 2.72 MMT during previous year), export of Basmati rice has increased by 9.35% (1.86 MMT during the current year compared to 1.70 MMT during previous year). Export of non-basmati white rice, which had an export duty of 20% since 9th September 2022 and has been prohibited w.e.f. 20th July 2023, has also registered an increase of 4.36% (1.97 MMT compared to 1.89 MMT during previous year). On the other hand, as per third Advanced Estimate of Department of Agriculture & Farmers Welfare, during the Rabi Season 2022-23, the production was only 158.95 LMT against 184.71 LMT during Rabi Season of 2021-22 i.e., there was a decline of 13.84%.

Internationally, due to strong demand from Asian buyers, production disruptions registered in 2022/23 in some major producing countries like Thailand, and fears of possible adverse effect of the onset of El Nino, international rice prices have also been rising continuously since last year. The FAO Rice Price Index reached 129.7 points in July 2023; its highest value since September 2011, registering an increase of 19.7% over past year levels. As the prices of Indian rice are still cheaper than the international prices, there has been a strong demand for Indian rice, resulting in record exports during 2021-22 and 2022-23.

The Government has received credible field reports regarding misclassification and illegal export of non-basmati white rice, export of which has been prohibited with effect from 20th July 2023. It has been reported that non-basmati white rice is being exported under the HS codes of parboiled rice and Basmati rice.

As the Agricultural & Processed Food Products Export Development Authority (APEDA) is responsible for regulation of export of Basmati rice and already has a web-based system in place for the purpose, the Government has issued following instructions to APEDA to introduce additional safeguards to prevent the possible illegal exports of white non-basmati rice in the garb of Basmati rice:



- i. Contracts for Basmati exports with the value of USD 1200 per MT only and above should be registered for issue of Registration – cum – Allocation Certificate (RCAC).
- ii. Contracts with the value of below USD 1200 per MT may be kept in abeyance and may be evaluated by a committee to be set up by the Chairman, APEDA, for understanding the variation in prices and use of this route for export of non-Basmati white rice. It has been noted that there has been large variation in the contract price of Basmati being exported with lowest contract price being USD 359 Per MT in backdrop of average export price of USD 1214 per MT during the current month. The Committee should submit its report within a period of one month, whereafter a decision on lower price exports of Basmati planned by industry can be taken appropriately.
- iii. APEDA should hold consultations with trade to sensitize them about the matter and work with them to discourage any use of this window for export of non-basmati white rice.

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