



Ministry of Consumer Affairs, Food & Public Distribution



Fact Sheet on Amendment in India's export policy on Rice

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Recent changes in India's rice-export rules have helped keep a check on domestic prices without reducing the availability for exports. The changes have been done keeping in mind the need to support the ethanol-blending programme that saves costly oil imports and to help the animal husbandry and poultry sectors by reducing the cost of animal feed that has a bearing on the price of milk, meat and eggs.

Need for amendment in rules

- **Significant rise in export of broken rice:** There has been a rise in global demand for broken rice due to geo-political scenario which has impacted price movement of commodities including those related to animal feed. Export of broken rice has increased by more than 43 times in past 4 years (21.31 LMT exported from April-August, 2022 compared to 0.51 LMT in the same period in 2019) with significant jump in 2021-22 over last year. In the year 2021, the quantity exported was 15.8 LMT (April-August, 2021). Prices of broken rice rose significantly in the current year.
- **Meet domestic requirement under Ethanol Blending Programme:** Since Ethanol Season Year (ESY) 2018-19, India has allowed grain based ethanol and in ESY 2020-21, Food Corporation of India has also been allowed to sell rice to ethanol plants for fuel ethanol production. However, in the current ESY 2021-22, against the contracted quantity of 36 crore litres, only about 16.36 crore litres (till 21.08.2022) have been supplied by distilleries due to low availability of broken rice for ethanol production.
- **Contain impact on poultry sector due to rising prices:** Domestic price of broken rice, which was Rs.16/Kg in the open market, has increased to about Rs. 22/Kg in States. Poultry sector and animal husbandry farmers were impacted the most due to price hike of feed ingredients as about 60-65% inputs cost for poultry feed comes from broken Rice. Any increase in prices of feedstock are reflected in price of poultry products like Milk, Egg, Meat etc. adding to food inflation.
- **Price of rice in domestic market:** The retail price of rice showed an increase of 0.24% over the week, 2.46% over the month and 8.67% over the year as on 19.9.2022. There is an increase of 15.14% on an average of five years.
- **Domestic production scenario of Rice:** The likely shortfall in area and production of Paddy for the Kharif season 2022 is 6%. In domestic production, 60-70 LMT estimated production loss was earlier anticipated. Now, production loss of 40-50 LMT is expected and production output is not expected to be higher this year but only at par with previous year.

- The domestic prices of Rice are showing increasing trend and it may continue to increase due to low production forecast by about 6 MMT of Paddy and 11% increase in export of Non basmati compared to corresponding period of last year.



Amendment in export policy of Broken Rice



About 50-60 LMT of broken rice (HS Code 1006-4000) is produced annually in India and is mainly used as poultry and cattle feed. It is also used as a feedstock by the grain based distilleries for producing ethanol which is supplied to Oil Marketing Companies (OMCs) to meet blending requirements (20%).



In order to ensure adequate availability of broken rice, Govt. of India has amended the export policy of broken rice (under HS Code 10064000) w.e.f 9th Sep, 2022 from “Free” to “Prohibited” as per Notification No. 31/2015-2020 dated 8th Sep, 2022 with certain relaxations during the period 9th -15th Sep, 2022 only for cases where loading of consignment has commenced before this Notification, shipping bill is filed and vessels have already berthed or arrived and anchored in Indian ports and their rotation number has been allocated before this Notification, consignment has been handed over to the Customs before this Notification and is registered in their system.

Amendment in export policy of Non Basmati Rice (Others) (HS Code 1006 - 3090), Rice In Husk (Paddy Or Rough) (HS Code 1006 – 10), Husked (Brown Rice) (HS Code 1006 – 20), Non Basmati Rice (Parboiled Rice) (HS Code 1006 – 3010)

International price of Indian rice (non-basmati others HS Code 10063090) is selling around Rs. 28-29/kg which is higher than the domestic price. An export duty of 20% on Rice in Husk (Paddy or Rough), Husked (Brown Rice) and Semi-milled or Wholly milled Rice whether or not polished or glazed other than par-boiled rice and basmati rice has been imposed by the Government. This would lead to lowering of prices of rice.

No change in Export policy of Non Basmati Rice (Par Boiled Rice) and Basmati Rice

The government has not made any changes in the policy relating to par-boiled rice (HS CODE = 1006 30 10) so that farmers continue to get good remunerative prices. Further, dependent and vulnerable countries will have adequate availability of par-boiled rice as India has significant share in the global rice export.

Similarly, no change in policy in Basmati rice (HS CODE = 1006 30 20) has been done as basmati rice is premium rice which is majorly consumed by the Indian Diaspora in different countries and its export quantity is very less compared to other rice.

Relaxation for transitional arrangement of Export of Raw Rice (HS Code 10063090) and Raw Broken Rice (HS Code 10064000)- (Representations from Associations)

- As per the notification of DGFT, the transitional relaxation for export of raw broken rice (HS Code 1006-4000) was upto 15th September, 2022 but now has been extended upto 30th September, 2022 and shall be further extended upto 15th October, 2022.

WTO Compliance

According to the non-binding guiding principles to support the Multi-lateral Trading System (MTS) for the achievement of Sustainable Development Goals (SDGs), it has to be ensured that any emergency measures introduced to address food security concerns shall minimize trade distortions as

far as possible, be temporary, targeted and transparent and be notified and implemented in accordance with WTO rules. In accordance with WTO rules “Ministerial decision on World Food Programme, food purchase exemptions from export prohibitions or restrictions”, Members should not impose export prohibitions or restrictions on food stuffs purchased for non-commercial humanitarian purposes by the World Food Programme.

In September, 2022, India has banned export of broken rice and imposed a 20 per cent export duty on non-Basmati rice except for parboiled rice to boost domestic supplies amid a fall in area under paddy crop in the current kharif season.

The ban on export of broken rice, which is used in poultry feed, was imposed following a rise in the grain's exports in recent months which had put pressure on the domestic market. This is a temporary measure which has been undertaken for food security concerns of the country keeping in line with the achievement of SDGs (Goal 2: Zero hunger).

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