

India's restriction on rice export may worsen the global food security concerns

Amidst below normal Kharif sowing season for paddy, India imposed a 20% import duty on the export of Husk rice (HS – 100610), Brown rice (HS code- 100620), semi & wholly milled rice (HS- 100630) whereas imposed a prohibition on export of broken rice (HS 10064000) with effect from 9 September. However, broken rice consignment for which order has been processed before the announcement of the notification would be allowed to be exported between 9th and 15th September.

As of 2nd September 2022 area under rice cultivation was recorded at around 383.9 lakh hectares (LH), down by around 5.6% compared to the same period of 2021 which was around 406.89 LH. The present area under rice cultivation is also down by close to 6% compared to the standard or normal area for rice cultivation of 397.06 LH. The target area under paddy for 2022 was higher, at 413.1 LH. The primary reason for the reduced sown area is the failure of the monsoon in the month of June and of its smooth progression in July in most parts of the country. The imposed export restriction is expected to increase the domestic supply of rice and protect the staple food of over half of India's population from any speculative trading.

Impact on India's export

In financial year (FY) 2021-22 India recorded its highest ever agriculture export of around USD 50 billion, of which rice with an export value of USD 9.7 billion commanded more than 19% share. The subjected four rice commodities (HS code- 100610 (2%) , 100620 (0.2%), 10063090 (20.7%), 10064000 (11.7%)) constitutes around 35% of India's total rice export. Thus the following measures may hamper India's agriculture export prospects for the current FY.

Global food security

In 2021 around USD 27.5 billion worth of rice was imported around the globe. India is the largest exporter of rice in the world. India commands around 40% share in the global export of Broken and semi or wholly milled rice. India is the second largest exporter of husk rice with around 19% global share. The following export restriction would further worsen the global food security situation which is already under stress due to the ongoing conflicts in Europe and climate catastrophe in other major rice-producing nations like China and Pakistan. The situation would be much direr for developing and least developing countries like Bangladesh (90%) and Iraq (68%) which are heavily dependent on India for their rice imports

Conclusion

According to the fourth advance estimate released by the government, India's rice production for FY2021-22 was at a record level of 130.3 million tones. As of August Food Corporation of India (FCI) has around 279.5 lakh metric tons (LMT) of rice in its buffer stock which is twice the buffer norm for the

month of July(135.40 LMT) and close to three times for the month of October (102.5 LMT). Thus the export restriction seems prudent with anticipation of lower production for the current FY. Even though it's important for India to protect its food security needs India may also consider the food requirements of its long-term trading partners like Bangladesh and other least developing countries by making necessary arrangements if required. .

Notifications

PIB

MoS Smt. Anupriya Patel lays foundation stone of 'Chunar Logistics Park' in Mirzapur, UP

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1856858>

Shri Piyush Goyal launches US Startup SETU

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1857352>

RBI

Reserve Bank of India – Bulletin Weekly Statistical Supplement

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54350

CBIC

Government imposes 20% import duty on export of some rice

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-tarr2022/cst-49-2022.pdf>

Exchange rate notifications

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt73-2022.pdf>

DGFT

Government prohibits export of broken rice

<https://content.dgft.gov.in/Website/dgftprod/e51d35f2-910e-48ac-9e5e-32cbac228402/Noti%2031.pdf>