



Minimum Export Price for Rice

For Prelims: Minimum Export Price for Rice, Agriculture, [Export](#), [Food Inflation](#).

For Mains: Minimum Export Price for Rice.

[Source: IE](#)

Why in News?

India's production of both rice and wheat hit all-time highs in 2022, according to the Ministry of Agriculture and Farmers Welfare, yet the agricultural landscape has seen a wave of supply-side actions in the form of **export restrictions and trade controls**.

- The government set a **Minimum Export Price (MEP)** of USD 1,200 a tonne on basmati rice shipments in a move aimed at reining in domestic prices.

What Recent Measures has the Government taken to Curb the Export of Rice and Wheat?

- In May 2022, the government imposed a ban on the export of wheat.
- Prohibited the **exports of broken rice** and imposed a **20% duty** on all white (non-parboiled) non-basmati grain shipments in September, 2022.
- In July 2023, the **government banned exports of white non-basmati rice**, allowing only parboiled non-basmati and basmati rice exports.
- In August 2023, a 20% duty was introduced on all parboiled non-basmati rice exports "with immediate effect." This duty was implemented to curb the export of this type of rice.
- In August, 2023, the government directed the [Agricultural & Processed Food Products Exports Development Authority \(APEDA\)](#) not to issue registration-cum-allocation certificates for any basmati rice consignments contracted at a price of USD 1,200 per tonne.
 - This MEP was imposed to prevent **illegal exports of white non-basmati rice disguised as basmati rice**.

What is the Production of Rice and Wheat?

- **Rice Production:**
 - Rice production escalated from 124.37 million tonnes (mt) in 2020-21 to 129.47 mt in 2021-22, further reaching 135.54 mt in 2022-23.
 - However, counterintuitively, the **government undertook [Export curbs](#)** on rice.
 - These measures included the **prohibition of broken rice exports and the imposition of a 20% duty** on white non-basmati grain shipments.:
- **Varied Wheat Production:**
 - Wheat production initially fell from 109.59 mt to 107.74 mt, rebounded to 112.74 mt in 2022-23.

- The government introduced bans on wheat exports, reflecting its intention to manage domestic availability.

What are the Factors Influencing Export Restrictions?

- Despite record production, retail [Food Inflation](#) and open market prices surged.
- Retail rice and wheat prices **increased considerably, prompting the government to intervene** to stabilise domestic prices.
- The government's measures are **aimed at reducing or halting exports to bolster domestic grain availability** and mitigate rising food inflation.
- Asian rice prices surged to a nearly 15-year high in August 2023, driven by rising demand, **production disruptions in major growers** such as Thailand, and fears of possible adverse effects of [El Nino](#).

What are the Challenges and Impacts of Export Controls?

- Selective controls such as the ones **imposed on rice are prone to evasion through misclassification**.
 - For instance, white non-basmati rice was **exported under the codes of parboiled and basmati rice**.
- Despite the export restrictions, open market prices remained high, indicating that these measures did not lead to the anticipated decline in prices.

What can be done to Streamline Exports and Stabilise Prices?

- Experts suggest implementing a uniform **MEP (Minimum Export Prices)** for all types of rice, regardless of **whether it is basmati, parboiled (Partially Boiled), or non-basmati**. This approach could help streamline exports and stabilise prices.
 - MEP is a price limit or floor price set by a government on certain exportable commodities or products. It is the minimum price at which these commodities can be exported from the country.
- A uniform MEP, set at an appropriate level such as USD 800 per tonne, could encourage the export of **various premium rice varieties**, benefiting both producers and the government's goal of maintaining domestic food security.

What are the Key Facts About Rice and Wheat?

- **Rice:**
 - Rice is a **staple food for most** of the population in India.
 - It is a kharif crop which requires **high temperature (above 25°C)** and high humidity with annual rainfall above 100 cm.
 - In the areas of less rainfall, **it is grown with the help of irrigation**.
 - In southern states and West Bengal, the climatic conditions allow the **cultivation of two or three crops of rice** in an agricultural year.
 - In West Bengal farmers grow three crops of rice called 'aus', 'aman' and 'boro'.
 - About one-fourth of the total cropped area in India is under rice cultivation.
 - Leading Producer States: West Bengal, Uttar Pradesh, and Punjab.
 - High Yielding States: Punjab, Tamil Nadu, Haryana, Andhra Pradesh, Telangana, West Bengal and Kerala.
 - India is the **second-largest producer of rice** after China.
- **Wheat:**
 - This is the second most important cereal crop in India after rice.
 - It is the main food crop, in **north and north-western part of the country**. Wheat is a rabi crop that requires a cool growing season and bright sunshine at the time of ripening.
 - Success of the Green Revolution contributed to the **growth of Rabi crops, especially wheat**.
 - Macro Management Mode of Agriculture, National Food Security Mission and Rashtriya Krishi Vikas Yojana are few government initiatives to support wheat

cultivation.

- **Temperature:** Between 10-15°C (Sowing time) and 21-26°C (Ripening & Harvesting) with bright sunlight. Rainfall: Around 75-100 cm.
- **Soil Type:** Well-drained fertile loamy and clayey loamy (Ganga-Satluj plains and black soil region of the Deccan).
- **Top Wheat Producing States:** Uttar Pradesh , Madhya Pradesh, Punjab , Haryana, Rajasthan, Bihar, Gujarat.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. Among the following, which one is the largest exporter of rice in the world in the last five years? (2019)

- (a) China
- (b) India
- (c) Myanmar
- (d) Vietnam

Ans: (b)

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