



## 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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