



KAMARAJ IAS ACADEMY
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Ban on Broken Rice

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What's in News?

The Centre has banned the export of broken rice, mostly used as animal feed and as a component for ethanol production, in view of the domestic demand and production scenario of rice.

Export of Rice:

India accounts for **40% of the global rice trade**

Broken rice accounts for almost 20% of India's shipments abroad.

India's rice exports touched a record 21.5 million tonnes in 2021, more than the combined shipments of the world's **next four biggest exporters of the grain: Thailand, Vietnam, Pakistan and the United States.**

India has been cheapest supplier of rice by huge margin and that shielded African countries such as Nigeria, Benin and Cameroon to an extent from a rally in wheat and corn prices

China was the biggest buyer of broken rice, with purchases of 1.1 million tonnes in 2021, while African countries such as Senegal and Djibouti bought broken for human consumption.

The export of broken rice had increased by 4178% during the months between April 2022 and August 2022 compared to same months of 2019.

The export is mainly **to China, Senegal, Vietnam, Djibouti and Indonesia.**

The country exported about 21.31 lakh metric tonnes of broken rice in the last five months.

More than 75% of basmati exports last year were to **Iran and the Arabian Peninsula countries.**

The US, UK, Canada and Australia added up to another 10%.

In non-basmati rice, **almost 55% went to African countries.**

Much of exports to Africa and Bangladesh consist of parboiled 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.

Curbs:

There are four categories of rice exports, of which exports of basmati rice and parboiled non-basmati rice are still allowed freely.

The curbs are only for the other two: raw (white) and broken non-basmati rice.

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(Parboiling is a process where the paddy is soaked in water, steamed and dried while retaining its outer husk. It results in the rice becoming harder with less breakage on milling.)

India has banned exports of 100% broken rice, which a few poor African countries import for human consumption, though that variety is mainly used for feed purposes.

The duty will affect white and brown rice, which account for more than 60% of India's exports.

Need:

Rice is now the third major agricultural commodity in India to face restrictions on overseas sales this year.

Below-average rainfall in key rice-producing states such as **West Bengal, Bihar and Uttar Pradesh** has raised concerns over India's rice production.

A lack of irrigation, together with poor agricultural practices, has resulted in yields that are stunningly low.

Export Curbs would **ensure adequate availability of broken rice for consumption by domestic poultry industry** and for other animal feedstock; and to produce ethanol for **successful implementation of Ethanol Blending Programme**.

News Highlights:

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 and any increase in prices will be reflected in poultry products like milk, egg, meat etc

The domestic prices of rice were also showing increasing trend and it might continue to increase due to low production forecast and 11% increase in export of non-basmati rice

the Centre had not made any changes in the policy relating to the export of par-boiled rice, basmati rice so that farmers continue to get good remunerative prices.

Impact:

It will put further pressure on countries that are struggling with **worsening hunger and soaring food inflation**.

Rice is a staple food for about half of the world's population, with **Asia producing and consuming about 90% of global supply**.

India exports rice to more than 150 countries, and any reduction in its shipments would increase upward pressure on food prices, which are already rising because of drought, heat-waves and Russia's invasion of Ukraine.

The new duty is likely to discourage buyers from making purchases from India and prompt them to **shift towards rivals Thailand and Vietnam**, which have been struggling to increase shipments and raise prices.

Indian exports would fall by at least 25% in coming months because of the duty