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World's largest rice exporter restricts shipments

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India has banned sending broken rice abroad and imposed a 20% duty on other varieties, Reuters reports

India has banned the export of broken rice and imposed a 20% duty on outbound shipments of other various grades, Reuters has reported. The South Asian nation cited food security concerns in making the move, which was announced on Thursday, as below-average monsoon rainfall had curtailed planting. India exports rice to more than 150 countries.

The government has reportedly excluded parboiled and basmati rice from the export duty, which will come into effect on September 9. It also banned exports of 100% broken rice, a variety mainly used for feed purposes, although a few African countries import it for human consumption.

The duty will affect white and brown rice, which represents more than 60% of India's exports, according to the president of the All-India Rice Exporters Association, B.V. Krishna Rao. *"With this duty, Indian rice shipments will become uncompetitive in the world market. Buyers will shift to Thailand and Vietnam,"* Rao told the media outlet.

India accounts for more than 40% of global rice shipments and competes with Thailand, Vietnam, Pakistan and Myanmar in the world market. Experts warn that the country's exports will fall by at least 25% in the coming months because of the duty.

According to a Mumbai-based dealer at a global trading firm, India has been the cheapest supplier of rice by a huge margin, which has to some extent shielded African countries such as Nigeria, Benin, and Cameroon from the rally in wheat and corn prices.

"Except rice, prices of all food crops were rising. Rice is joining the rally now," he said.

The dealer also noted that the ban on broken-rice shipments could badly affect China's purchases for feed purposes.

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