

# INDIAN RICE EXPORTS

---

**Rice export to lose steam with a 10% decline expected in FY2023: ICRA**

**JANUARY 2023**





## Click to Provide Feedback

*Rice production in India as well as globally is likely to record a deficit in FY2023. Consequently, rice prices would remain high, despite Government measures to limit exports.*

*Indian export of non-basmati rice is estimated to decline by more than 10% in FY2023; however, basmati rice export is likely to remain stable.*



■ **Production:** As per the first advanced estimates (Gol), rice production is estimated to be lower in FY2023 by around 6% at 105 million MT against the previous estimates of 112 million MT. This is attributable to delayed monsoons till August 2022, though it revived somewhat in September 2022. Further, the untimely heavy rain in the first week of October 2022 adversely impacted the crop as well as fresh harvest. Consequently, FY2023 is likely to be a deficit year for rice in India. As per the 13<sup>th</sup> advanced estimates, rice production in FY2022 stood at 130 million MT against the estimated domestic consumption of 107 million MT, creating a surplus of around 23 million MT, which was exported. However, in FY2023, ICRA estimates around 20% lower production compared with FY2022, thus creating a deficit of around 2% against domestic consumption.



■ **Exports:** With an estimated deficit of more than 2% in production against domestic consumption, rice export from India is likely to be lower in FY2023 compared to FY2022. To safeguard domestic consumption and control price escalation, the Government has already imposed a ban on the export of broken rice and slapped a 20% export duty on non-basmati rice. While some importing countries like Bangladesh have cut import duty on rice, India's export duty remains high and makes exports less competitive. Consequently, ICRA believes that the total export of non-basmati rice will decline by more than 10% during the current year. However, basmati rice exports would continue to be stable, as only 25% of the total basmati production is consumed domestically.



■ **Prices:** The average price of total rice exports has increased by 14% in the first five months of FY2023. Basmati rice, which contribute around 20% to the total exports, witnessed export price increase of more than 20% during the same period. Going forward, given the recent export restrictions, and lower rice production in India as well as globally, rice prices in FY2023 are likely to remain higher by 15-20% than the previous year.

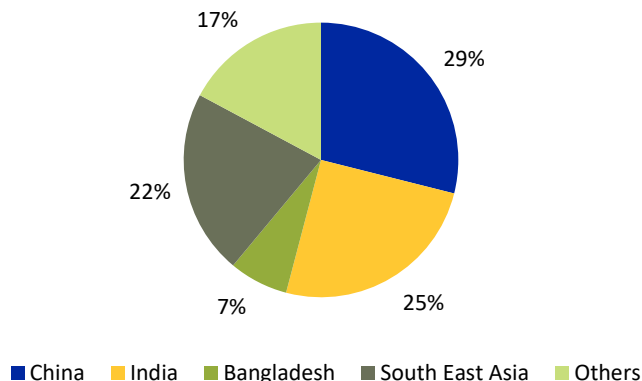


■ **Global challenges:** In FY2022, global rice production was marginally lower against the consumption of around 517 million MT. However, in line with the initial estimates of the United States Department of Agriculture (USDA) of lower global rice production in FY2023 and production decline expected in China due to drought and in India due to aforementioned reasons. ICRA estimates deficit in global rice production to remain at more than 10% in FY2023.

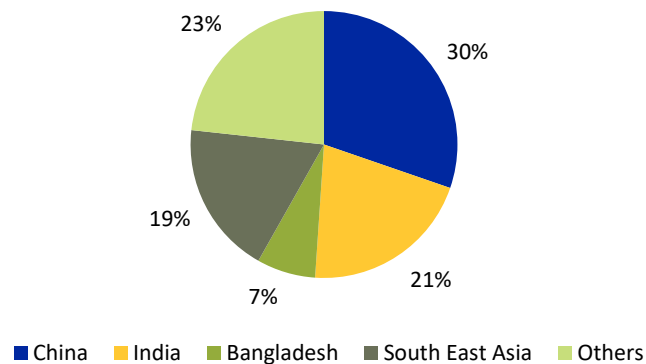
# India, China account for more than 50% of global rice production/consumption

## Exhibit: Country-wise share in global rice production and consumption

### Global rice production



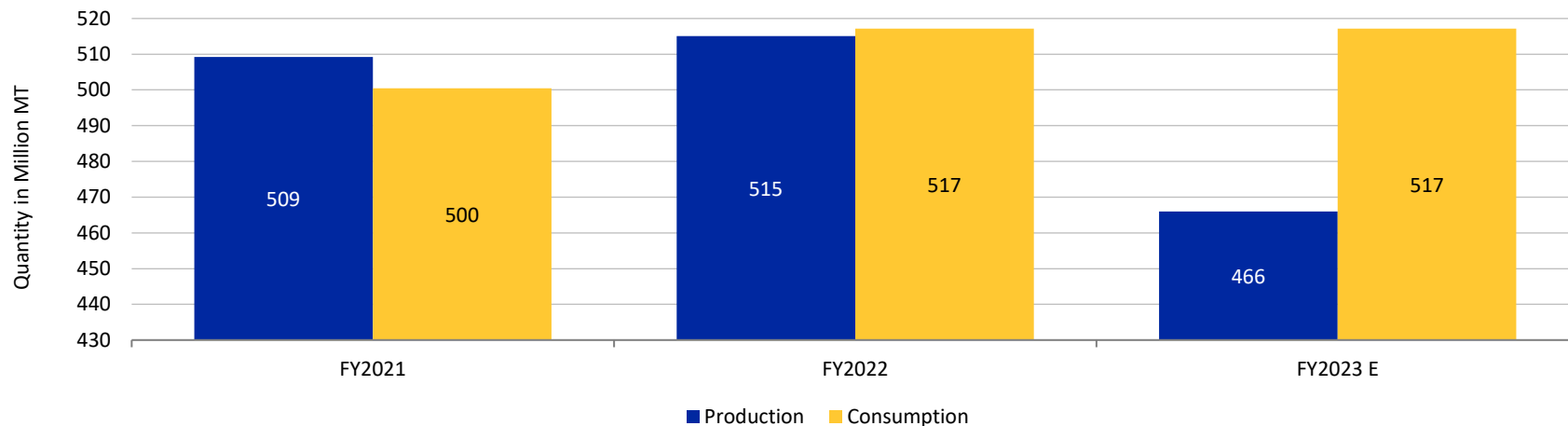
### Global rice consumption



- China and India together contribute more than 50% to the global rice production, followed by over 20% from the South-east Asian nations (Indonesia, Vietnam, Thailand, Myanmar, Philippines and Cambodia).
- The consumption pattern also remains similar to that of production, with China and India together consuming more than 50% global rice followed by the South-eastern nations consuming more than 20%.

# Significant decline likely in global rice production in FY2023

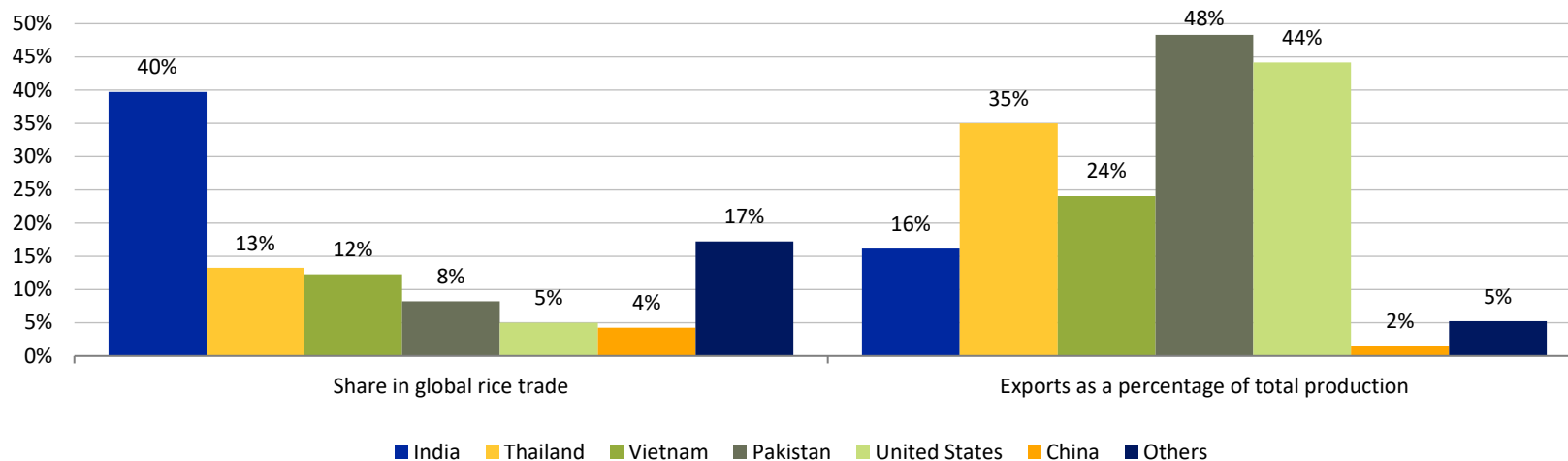
Exhibit: Global production and consumption estimates



- Till FY2021, global rice production was adequate to cover the global consumption. In FY2022, there was a deficit of around 2 million MT against the global consumption of around 517 million MT, as per the estimates of the USDA.
- In FY2023, as per the initial estimates from the USDA, global rice production is likely to decline to 508 million MT compared with 515 million MT in the previous year. Further, after considering the recent drought situation in China and estimated lower production in India, global rice production is likely to decline by 10% to 466 million MT. Consequently, a deficit of more than 10% against the consumption of 517 million MT is expected.

# Indian rice export accounts for 40% of global rice trade

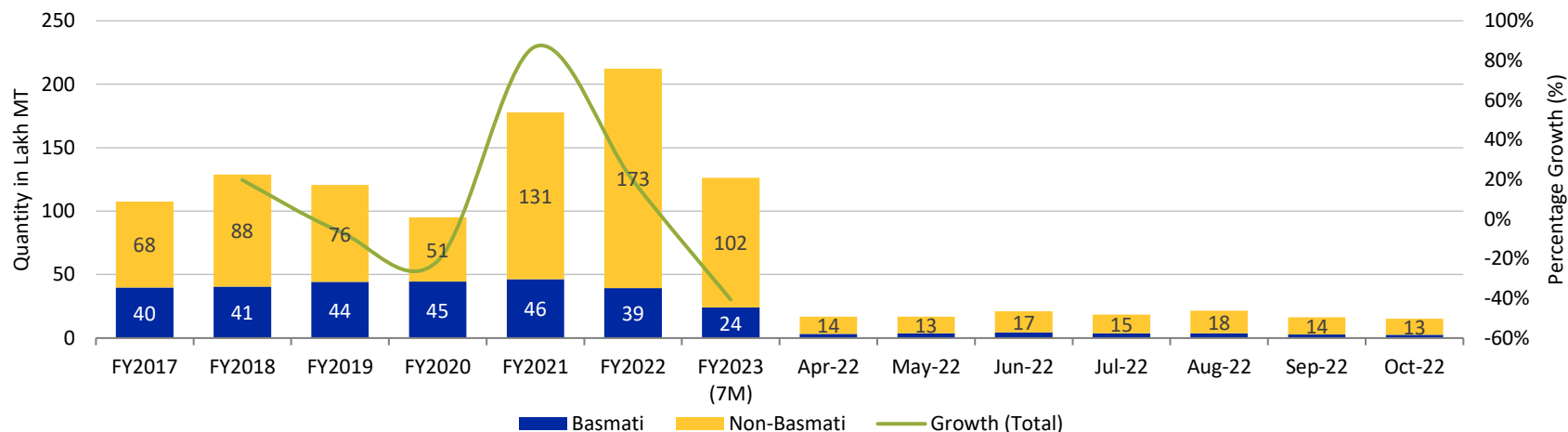
Exhibit: Share in global rice trade and share of exports out of total production (country wise exports) in FY2022



- Around 10% of the global rice production is exported. In FY2022, global rice trade stood at around 53 million MT, out of which India exported around 21 million MT (40%).
- After the export restrictions announced in India, Thailand and Vietnam are likely to gain as these countries could fill the gap in international rice trade to an extent.

# Indian rice exports to decline significantly in FY2023

Exhibit: Trend in quantity and growth of basmati and non-basmati rice exports

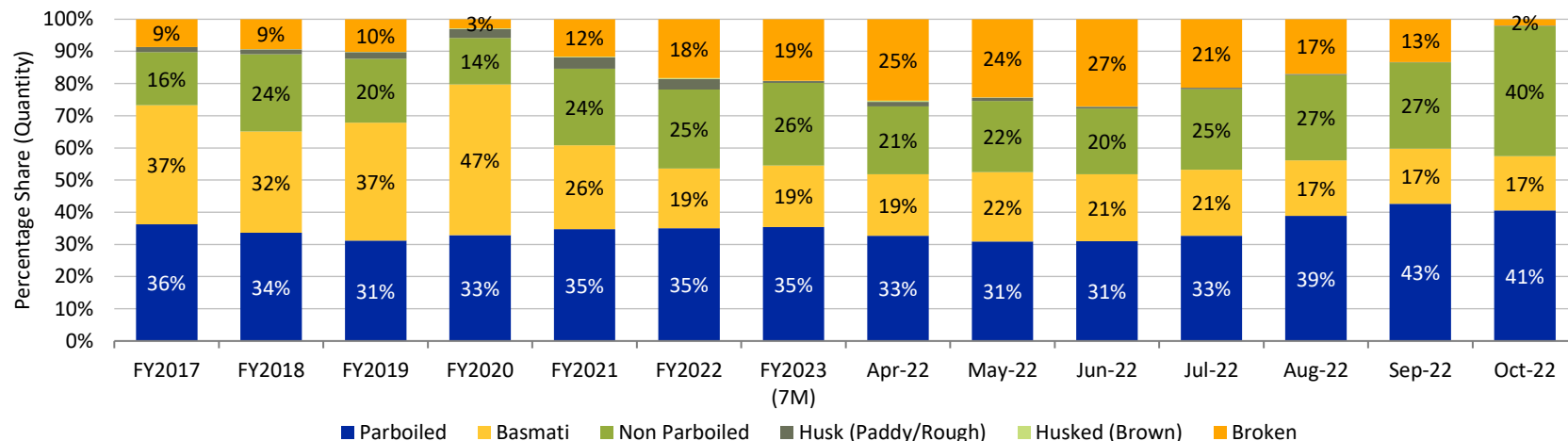


- The Indian export of non-basmati rice had increased significantly to 131 lakh MT in FY2021 from 51 lakh MT in previous year. It further increased to 173 lakh MT in FY2022.
- With the expected decline in rice production in FY2023 and to contain inflationary pressures, the Government announced a ban on the export of broken rice and an export duty of 20% on other non-basmati rice w.e.f. September 01, 2022. However, based on the feedback from the industry, some relief was provided till September 30, 2022 in terms of allowing in transit shipments.
- ICRA estimates a 10% decline in Indian rice exports given the restrictions on exports and the lower rice production expected in the current year.

Source: ICRA Research; Director General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Government of India

# Basmati exports to continue unabated

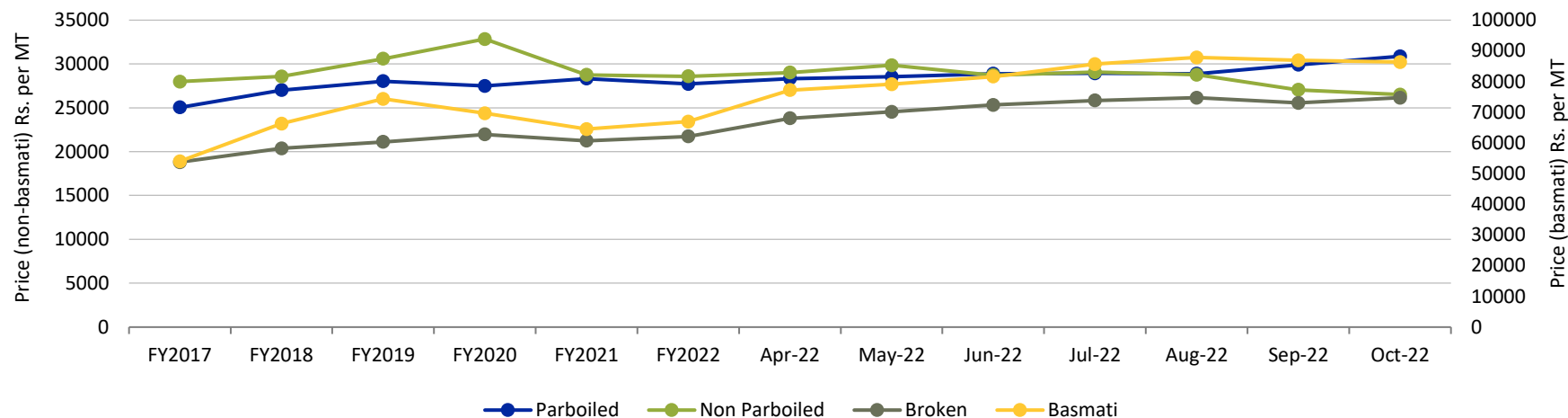
Exhibit: Share of different varieties in total rice export



- While basmati rice exports declined to 39 lakh MT in FY2022 compared with 46 lakh MT in FY2021, export of non-basmati rice increased to 173 lakh MT in FY2022 compared with 131 lakh MT in FY2021 and 51 lakh MT in FY2020. This increase is attributed to stable production in India and competitive prices for non-basmati variety.
- However, basmati rice exports remained unaffected in the current year as India consumes only around 25% of the total basmati produced in the country.

# Rice prices to remain high despite export restrictions

Exhibit: Export price trend



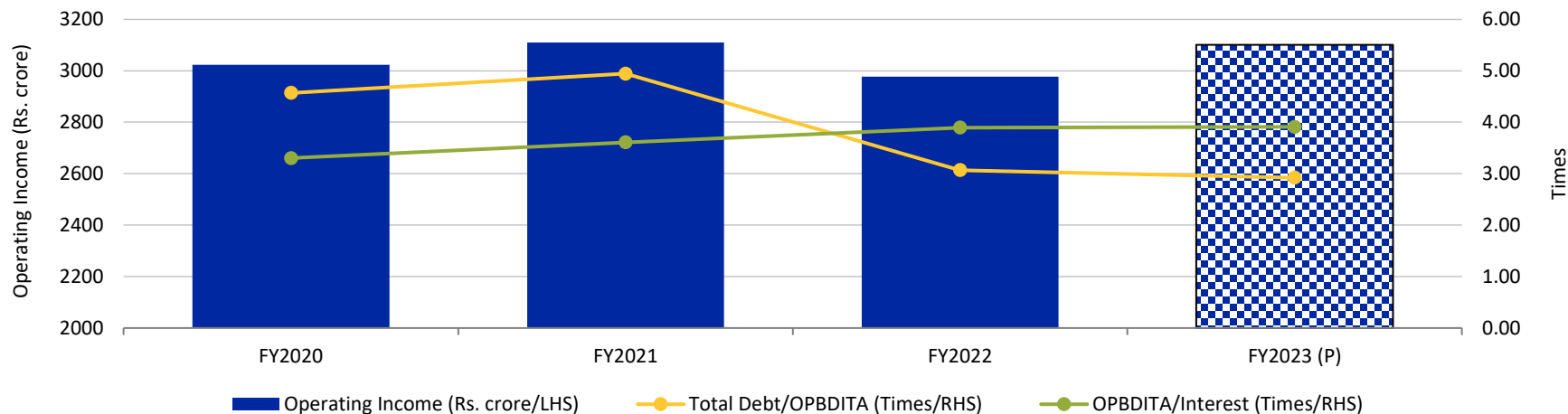
- Export prices of non-basmati rice have remained steady till October 2022, However, basmati rice price witnessed a significant increase in FY2023. Further, the prices of parboiled rice have shown an increasing trend since September 2022.
- The export duty on non-basmati rice and ban on broken rice would continue to keep the domestic prices under check. However, a lower-than-estimated rice production could impact the prices, going forward. Additionally, increase in minimum support price (MSP) for paddy announced (in June 2022 for FY2023) by the Government of India (GoI) would continue to provide a cushion to non-basmati rice prices.

Source: ICRA Research; Director General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Government of India



# Financial performance of Indian rice millers/exporters to remain stable

Exhibit: Finance performance of non-basmati rice millers/exporters\*



- Despite an estimated decline in rice exports, the revenue of the non-basmati rice millers/exporters would remain stable in FY2023 with a marginal increase over FY2022 largely on account of relatively high realisations.
- The profit margins would remain stable, backed by the ability of Indian rice exporters to pass on the price rise. Moreover, despite a volatile business environment, the debt overage metrics are also expected to remain stable in FY2023.



**Export of non-basmati rice to remain under check in the near term, until any indication of a surplus production. Countries like Thailand and Vietnam to gain from the Indian export restrictions**



**Demand-supply mismatch to prevent any significant moderation in prices**



**Regulatory measures by the Government to guide export as well as domestic price trends**



**Paddy production in India and China to drive global rice prices**



**Financial performance of Indian rice millers/exporters to remain stable**



**Click to Provide Feedback**



ICRA

## Analytical Contact Details



**Jayanta Roy**

*Senior Vice President*

**Priyesh Ruparelia**

*Vice President*

**Manish Pathak**

*Vice President*



[jayanta@icraindia.com](mailto:jayanta@icraindia.com)

[priyesh.ruparelia@icraindia.com](mailto:priyesh.ruparelia@icraindia.com)

[manishp@icraindia.com](mailto:manishp@icraindia.com)



+9133- 7150 1120

+9122 – 6169 3328

+91124 – 4545 397





ICRA

## Business Development/Media Contact Details



**L. Shivakumar**

*Executive Vice President*

**Jayanta Chatterjee**

*Executive Vice President*

**Naznin Prodhani**

*Head Media & Communications*



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



+9122- 6114 3406

+9180 – 4332 6401

+91124 – 4545 860





***© Copyright, 2023 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

**Thank You!**