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Non-trade issues mar basmati exports to Iran

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New Delhi India's export of premium aromatic basmati rice to Iran has not lived up to the initial expectations as political and sanitary issues have bogged down exports to the emerging destination in the last few months.

Iran had emerged as one of biggest export markets for Indian basmati in the last two years, with almost 50% of the country's exports totaling around 1.6 million tonne being sold to that country.

Though, exporters said that with such stringent quality norms, exports would take a while to revive, but commerce ministry officials are hopeful that the situation would improve after April when Iran's own stocks are exhausted.

"It's not that Iran has suddenly ceased to be the lucrative market it once promised to be, but some blame also lies on our own exporters who have been dumping loads of basmati rice into Iran caring little about whether there is actual demand," government officials said.

Traders said unfounded allegations of contamination in Indian basmati rice in October, 2009 have also hurt exports.

Though, Iranian authorities had rejected allegations of contamination of basmati rice from India, but the damage was already done.

"We have been in constant touch with the Iranian government and local agents for allaying any fear about the safety of our products," Gurnam Arora, joint managing director, Kohinoor Food Limited, a key player in basmati rice exports said.

India's basmati rice exports during the current financial year are all set to surpass Rs 12,000 crore mark despite a bad crop. Last year, the country exported around Rs 9,476 crore of basmati rice.

According to an assessment done by Agricultural and Processed Food Products Export Development Authority (Apeda) for the current financial year, till December 2009, the country had already exported basmati rice worth Rs 7,800 crore mainly to Iran, United Arab Emirates, Saudi Arabia, UK and the United States.

Government had lowered the minimum export price (MEP) of basmati rice from \$1,100 to \$900 a tonne in September 2009, to boost exports. Pakistan, a key competitor of Indian basmati rice, has altogether abolished the minimum export price on basmati.

Such is the popularity of the Indian rice that area under basmati rice has increased by around 30% this year in comparison to last year, as it requires lesser water for cultivation. Many farmers in Haryana, Punjab and Uttar Pradesh have shifted to cultivation of basmati during last kharif season because of failure of monsoon.

In the terms of volumes, the country has exported 1.3 million tonne of the premium aromatic rice in 2009-10, till December. Exporters said basmati exports from the country are expected to increase to 2.1-2.2 million tonne in the current financial year.

Spreading aroma

Export trend

Year	Value	Volume
2006-7	2,792	10.45
2007-8	4,344	11.83
2008-9	9,476	16
2009-10 (till Dec)	7,800	13
Target (2009-10)	12,000	21

Source: APEDA