

Basmati exports to Iran to resume soon

Basmati rice exports to Iran are likely to resume as the country has lifted its ban on imports from India and indicated that it will make payments of over Rs 1,700 crore to Indian exporters which have been due since last year.

The lack of an effective payment system has hit trade with Iran, which is the largest importer of Indian basmati rice and absorbs about one-third of this variety.

Exports of basmati rice have got positive indications on resolution of the payments issue against shipment since December 2019. Also, the Iranian government has opened its seasonal ban on imports a month in advance, which is good news for exporters.

The association has requested the government to work out a safe payment mechanism and see if it can permit third-party payment mechanism in dollar and UAE dirham.

Exporters said that they are in talks with buyers in Iran and were expecting exports to pick up.

Exporters are waiting for the currency allocation by the Central Bank of Iran and the Indian government to guide us on which route to get the money. Exporters said it was not easy to find new markets and drop in exports to Iran will make impact on other markets like Saudia Arabia, Yemen and Iraq.

Prices of export quality basmati rice are already 15% less than the previous year at Rs 46 a kg, which may increase once exports to Iran begins.

Source: The Economic Times