

Rice exporters rally over 9% amid likely easing of curbs

Shares of [rice exporters](#) surged over 9% on Tuesday, on news a report that the [government](#) is considering relaxing [restrictions](#) on [exports](#) of some product varieties.

[Kohinoor Foods](#) jumped 9.6%, [Chaman Lal Setia Exports](#) rose 8.8%, [KRBL](#) gained 7.1% and [LT Foods](#) advanced 5.96%. Analysts said the upsides could be short-lived unless the sector receives an impetus in the Union Budget on July 23.

According to Bloomberg, the government is considering relaxing restrictions on exports for some varieties of rice before the new crop arrives in October, to avoid a glut in the country.

India, the world's largest exporter of rice, has been limiting shipments of key rice varieties since last year to curb food inflation, it said.

"The government's plan to relax restrictions on exports of some varieties of rice and expectation of a reduction in [Minimum Export Price](#) (MEP) for basmati rice is sentimentally positive," said Vincent KA, research analyst at [Geojit Financial Services](#). "There is no expectation of any material impact on exporters like LT Foods and KRBL whose major income is from the basmati segment and their realisation is already above the current MEP."

Money managers said the surge in these [stocks](#) on Tuesday was on account of [sector rotation](#) in the consumable commodities and expectations of a rural focus in the upcoming Budget.

"In the recent trading sessions, the markets saw sugar stocks rallying higher and today rice stocks surged," said Manish Bhandari, CEO of Vallum Capital
"There is a possibility that sector rotation is at play in consumable commodities."

Bhandari said that consumable commodities have witnessed falling yields, and acreages due to harsh climatic conditions and encouraging biogas policy of the

government. Analysts said investors are looking for more impetus for the sector.

"Since today's move in rice stocks is largely driven by news flow, it could be short-lived," said Arun Kejriwal, founder of Kejriwal Research, and Investment Services. "Any agreement with Russia over rice exports post the Prime Minister's visit could also be a trigger for these stocks going forward."

The sector rotation could be an indicator that the market is factoring in a renewed thrust on agriculture and rural India in the upcoming Budget, said Bhandari. "The biofuel policy by the central government is a structural theme for agri commodities as these plants will use agricultural waste which will improve the agro-economy of the country," said Bhandari.