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â??This is not dumping, this is demandâ?•: Inside Indiaâ??s rice trade reality as U.S. tariffs surge

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In an exclusive AgroSpectrum interview, Dev Garg, Vice President of the Indian Rice Exporters Federation (IREF), pushes back against U.S. allegations of dumping as tariffs on Indian rice rise sharply, asserting that Indiaâ??s exports are fundamentally demand-driven, not subsidy-fueled.

In an exclusive AgroSpectrum interview, Dev Garg, Vice President of the Indian Rice Exporters Federation (IREF), pushes back against U.S. allegations of dumping as tariffs on Indian rice rise sharply, asserting that Indiaâ??s exports are fundamentally demand-driven, not subsidy-fueled.

Garg explains that Indian basmati and select non-basmati varieties cater to distinct cultural and culinary segments in the U.S., making them non-substitutable by domestically grown American rice. He notes that despite tariffs increasing from 10 per cent to 50 per cent, demand has remained resilient, with higher costs largely absorbed by U.S. consumers due to basmatiâ??s irreplaceable qualities and relatively low household consumption volumes. He highlights Indiaâ??s structural advantagesâ??varietal depth, ageing practices, and advanced milling infrastructureâ??which continue to anchor its global competitiveness.

Looking ahead, Garg outlines IREFâ??s strategy of market diversification, value-added exports, and policy support in Budget 2026 to future-proof Indiaâ??s rice export ecosystem against geopolitical and trade shocks.

The U.S. Presidentâ??s recent comments have brought Indoâ??U.S. rice trade into global focus. From IREFâ??s perspective, what are the biggest misconceptions that need correction regarding Indian rice exports to the United States ?

The first and most fundamental misconception is the allegation of dumping. Indian rice exports to the United States are entirely demand-driven, not supply-pushed. Exporters ship rice only against confirmed orders from U.S. importers, retailers, and distributors. There is no scenario in which rice is â??offloadedâ?• into the U.S. market to suppress prices.

The second misconception is that Indian rice competes directly with U.S.-grown rice. That assumption ignores basic market realities. Indian riceâ??especially basmati and select non-basmati varietiesâ??serves a completely different consumer base, rooted in cultural, ethnic, and culinary preferences. U.S. rice is predominantly medium- and short-grain, designed for entirely different cooking applications. These are not interchangeable products.

Finally, the MSP argument is deeply misunderstood. The U.S. has raised concerns around MSP-linked varieties such as PR-106 and IR-64. But Sona Masuri and basmatiâ??Indiaâ??s principal exports to the U.S.â??do not fall under MSP at all. To suggest that MSP is distorting the U.S. market is simply incorrect.

Despite tariffs rising sharply from 10 per cent to 50 per cent, Indian rice exports to the U.S. have continued. What explains this sustained demand, and how are U.S. consumers responding to higher retail prices ?

The resilience of demand comes down to irreplaceability.

Basmati rice is not a commodity; it is a culinary necessity for specific cuisines. The aroma, elongation, texture, and cooking behavior of Indian basmatiâ??particularly for dishes like biryaniâ??cannot be substituted. Even Pakistani basmati, often cited as an alternative, differs significantly in colour palette, taste profile, and ageing characteristics.

India also has a strategic advantage in varietal depth. When tariffs rise, exporters can shift demand toward alternative Indian basmati varieties. For example, Pusa Basmati 1121 may be premium-priced, but newer varieties like PB-1718 or PB-1509 allow exporters to offer value options without compromising on authenticity. More recently, PB-21 (II-21) has emerged as a premium export variety, roughly priced around $ 1,000 per metric tonne, giving the market flexibility across price points.

Crucially, the entire tariff burden is borne by U.S. consumers, not Indian exporters. But rice consumption volumes in the U.S. are relatively smallâ??typically 5 kg per household annually. Given the high per capita income levels in the U.S., the absolute increase in household food expenditure is marginal. Consumers absorb the price increase without materially altering consumption behavior.

Indian basmati and non-basmati rice cater to specific cultural and culinary segments in the U.S. How critical are these segments to long-term demand, and do you foresee any shifts in consumption patterns ?

These segments are not niche anymoreâ??they are structural.

Indian food has become one of the most popular global cuisines, and the U.S. is no exception. The rise of Indian restaurants, ready-to-cook meal kits, ethnic food aisles in mainstream retail, and cross-cultural adoption of Indian cooking at home is driving sustained growth in basmati demand.

From IREFâ??s perspective, the long-term trajectory is clearly upward. Basmati consumption in the U.S. is increasing not just among the Indian diaspora, but among mainstream consumers who associate it with premium quality, health, and superior taste. This is not a cyclical trendâ??it is a cultural shift.

You mentioned that the tariff burden is largely passed on to U.S. consumers. What impact has this had on Indian exporters, millers, and farmers? Has it affected export realisations or supply-chain planning?

At present, Indian exporters remain largely insulated.

There was a window of nearly one month between the announcement and implementation of the higher tariff. During this period, exporters front-loaded shipments into the U.S., ensuring continuity of supply. As a result, there has been no disruption to export flows, no inventory overhang, and no adverse impact on farm-gate prices.

From a planning perspective, Indian rice exports are continuing as normal. Milling operations, procurement cycles, and shipping schedules remain intact. There is no evidence of stress transmission from U.S. tariff policy back to Indian farmers or millers at this stage.

Given that U.S.-grown rice is not a like-for-like substitute for Indian basmati, how does this quality and culinary differentiation strengthen Indiaâ??s competitive position globally ?

Indiaâ??s competitive advantage lies in quality, ageing, and processing sophistication.

Indian exporters have a long-standing practice of supplying aged rice. Much like wine, rice improves with ageâ??its cooking properties, aroma, and grain integrity enhance over time. This gives Indian rice a superior culinary experience compared to fresher alternatives from competing origins.

Additionally, Indiaâ??s milling infrastructure is significantly more advanced than many competing exporters, including Pakistan. Indian mills deliver consistent grain length, polish, and breakage control at scale. This consistency is critical for global buyers and foodservice chains.

As a result, Indian rice is not just prevalentâ??it is becoming the reference standard in many global markets.

Looking ahead, how is IREF working with the Government of India to diversify markets, mitigate tariff-related risks, and ensure stable growth for Indiaâ??s rice export ecosystem ?

Market diversification is a central pillar of IREFâ??s strategy.

We have identified 26 high-potential international markets where competitors currently dominate rice consumption. The cumulative market opportunity across these geographies is estimated at Rs 1.8 lakh crore. These countries already import riceâ??it is simply sourced from non-Indian origins.

Our approach is not generic. Countries like Japan, for example, are extremely particular about food quality. Sushi rice has specific textural requirements. IREF has identified Indian varietiesâ??such as Nagri Dubraj, a GI-tagged rice from Chhattisgarhâ??that can technically and sensorially replace the rice currently used in sushi preparation.

Beyond trade negotiations, large international events and food festivals are increasingly being used as export-promotion platforms. The goal is to demonstrate functional equivalenceâ??or superiorityâ??of Indian varieties in global cuisines.

What recommendations would IREF like to see reflected in the Union Budget 2026 ?

There are three clear priorities.

First, an interest subvention scheme for rice exporters. Export financing costs in India remain high, and easing this burden would immediately improve competitiveness.

Second, targeted incentives for setting up modern rice mills, especially those focused on value-added processing, ageing infrastructure, and export-grade packaging.

Third, enhancing the existing export incentive framework from 0.9 per cent to around 3 per cent, coupled with a strong focus on export infrastructureâ??ports, logistics, and quality certification systems.

These measures would not only strengthen exports but also future-proof Indiaâ??s rice ecosystem against geopolitical and tariff-related shocks.

Closing Thought

As the global trade narrative grows louder, IREFâ??s message is clear: *Indiaâ??s rice exports are not a distortionâ??they are a response to demand, culture, and culinary preference. Tariffs may rise, rhetoric may sharpen, but as long as food remains deeply tied to identity and taste, Indiaâ??s rice will continue to travel the worldâ??grain by grain, market by market.*

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