



RICE

Research Team

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A close-up photograph of rice plants with green leaves and golden-brown panicles. The background is blurred, showing more rice plants. The text "Introduction" is overlaid on the left side of the image.

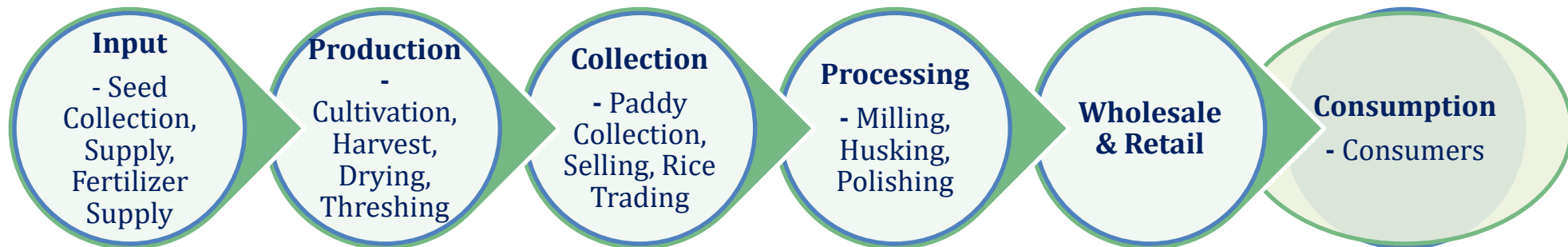
Introduction

Rice

Introduction

Rice is the primary staple food for more than half of the world’s population. Globally, it can be classified into four broad categories

- **Indica Rice:** Indica Rice (Non-Basmati Rice) is the most widely traded type of rice globally, making up nearly ~80.0% of the international trade. When cooked, it is dry, separate, and fluffy.
 - **Aromatic Rice:** This medium- to long-grained Rice is known for its nutty aroma and flavor. Notable varieties include Basmati and Jasmine.
 - **Japonica Rice:** This short-grain Rice is primarily cultivated in Japan. When cooked, it becomes sticky, making it easy to eat with chopsticks.
 - **Glutinous Rice:** Characterized by its opaque grains and very low amylose content, glutinous rice becomes particularly sticky when cooked.
- Aromatic Rice and Indica Rice together constitute ~90-94% of the global trade. During MY25, ~540.8 Mn MT of milled Rice was produced at a global level (MY24: ~523.8Mn MT). Rice is mostly grown and consumed in the Asian Region.
 - India is the largest exporter of Rice and accounted for nearly ~40.0% of the Rice trade during MY22-MY24. During MY24, India witnessed a negative growth of ~12.5% YoY in its Rice exports which reached ~17.5Mn MT (MY23: ~21.0Mn MT), owing to the country’s export ban on Non-Basmati Rice from July 20, 2023. However, in MY25 India experienced a ~42.9% rise in Rice exports, reaching ~25.0Mn MT after removal of the export ban in September 2024. On the global import side, Sub-Saharan Africa is the largest Rice-importing region, slightly exceeding total imports by all of Asia and accounting for more than ~31% of the global imports. Following is a brief representation of the Rice supply chain.



A close-up photograph of golden rice stalks, likely in a field during harvest. The rice grains are ripe and yellow-gold, with some green leaves still visible. A semi-transparent dark blue rectangular box is overlaid on the left side of the image, containing the text "Global Overview" in a bold, white, serif font.

Global Overview

Rice

Global | World Rice Position

- World rice production grew by ~3.2% YoY during MY25, reaching ~540.8Mn MT (MY24: 523.8Mn MT), while consumption also increased from ~525.0 Mn MT in MY24 to 532.9Mn MT in MY25. ~71.8% of the increase in global production and ~72.2% of the increase in global consumption is driven by India, as its production increased by ~8.8% YoY in MY25, while consumption increased by ~4.7% YoY.
- Closing stocks for MY25 recorded at ~186.4Mn MT, a 4.4% increase from ~178.5Mn MT in MY24, suggesting some supply easing. Overall, closing stocks saw a decline from ~187.2Mn MT in MY21 to ~178.5Mn MT in MY24, reflecting tighter supply conditions due to higher consumption growth relative to production.
- Overall, while global rice production has been able to meet rising demand. The relatively narrow gap between production and consumption points to limited surplus availability. This leaves the global rice market sensitive to supply shocks, weather disruptions, and export restrictions by key producers, which could directly impact global prices and availability.

World Rice Position (mln MT)



*Forecast figures.

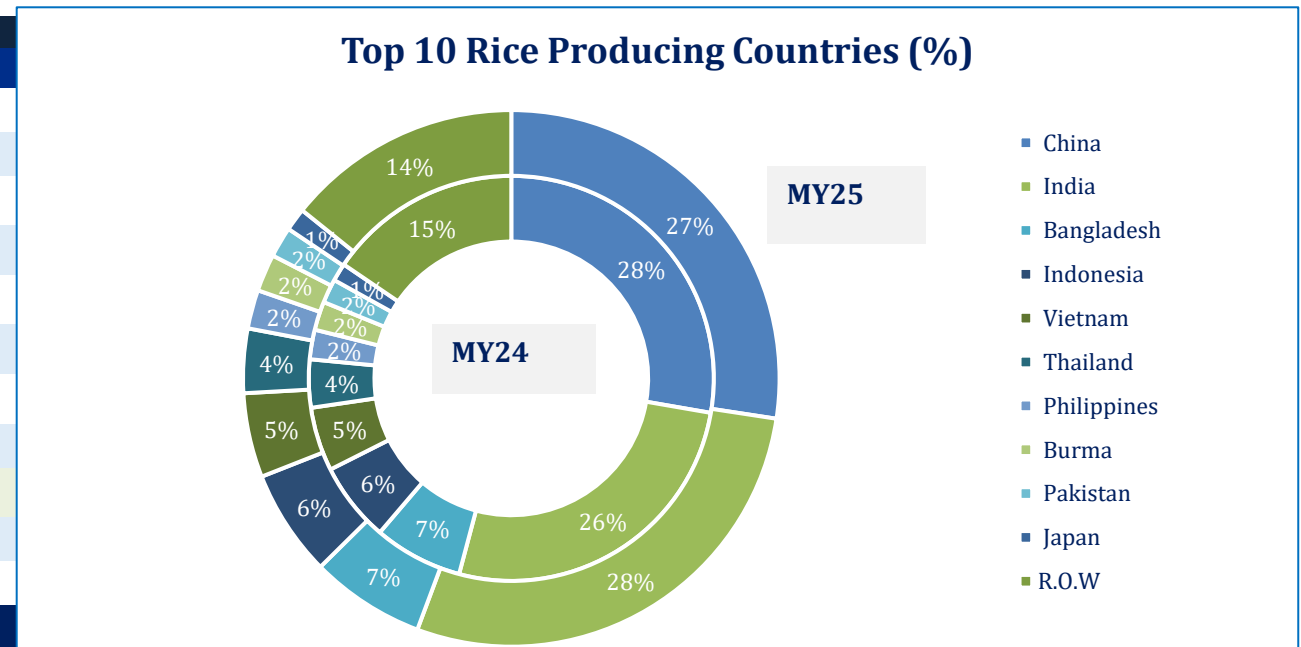
MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep, including China, India and Pakistan.

Rice

Global | Production

- China and India continue to be top global rice producers in MY25, collectively accounting for ~55% of global production. China's production went up from ~144.6Mn MT in MY24 to ~145.3Mn MT in MY25, while India's production grew from ~137.8Mn MT in MY24 to ~150.0Mn MT in MY25, an increase of ~8.8% YoY. India's high production in MY25 can be attributed to timely, ample and well-distributed monsoon in 2024 which improved soil moisture. These weather conditions supported higher plantings and strong crop development, especially for rice.
- Pakistan maintains its position as the 9th largest rice producer in MY25, producing ~9.7Mn MT. Although this marked a ~3% decline from the previous year's ~9.9Mn MT production. Pakistan's share in the global rice production held steady at ~2%, reflecting its resilience despite weather-related challenges and input cost pressures
- Among other key producers, Bangladesh (~36.6Mn MT), Indonesia (~34.1Mn MT), Vietnam (~27.0Mn MT), and Thailand (~20.6Mn MT) maintained steady output levels in MY25.

Top 10 Rice Producing Countries Milled Rice (Mn MT)						
	MY21	MY22	MY23	MY24	MY25	MY26*
India	124.4	129.5	135.8	137.8	150.0	151.0
China	148.3	148.9	145.9	144.6	145.3	146.0
Bangladesh	34.6	35.9	36.4	37.0	36.6	37.5
Indonesia	34.5	34.4	34.0	33.0	34.1	33.6
Vietnam	27.4	26.7	27.1	27.2	27.0	26.3
Thailand	18.9	19.9	20.9	20.0	20.6	20.4
Philippines	12.4	12.5	12.6	12.3	12.4	12.3
Burma	12.6	12.4	11.8	12.3	11.9	12.0
Pakistan	8.4	9.3	7.3	9.9	9.7	9.8
Japan	7.6	7.6	7.5	7.3	7.3	7.3
R.O.W	80.1	77.1	77.7	82.4	85.9	85.1
Total	509.2	514.2	516.9	523.8	540.8	541.3



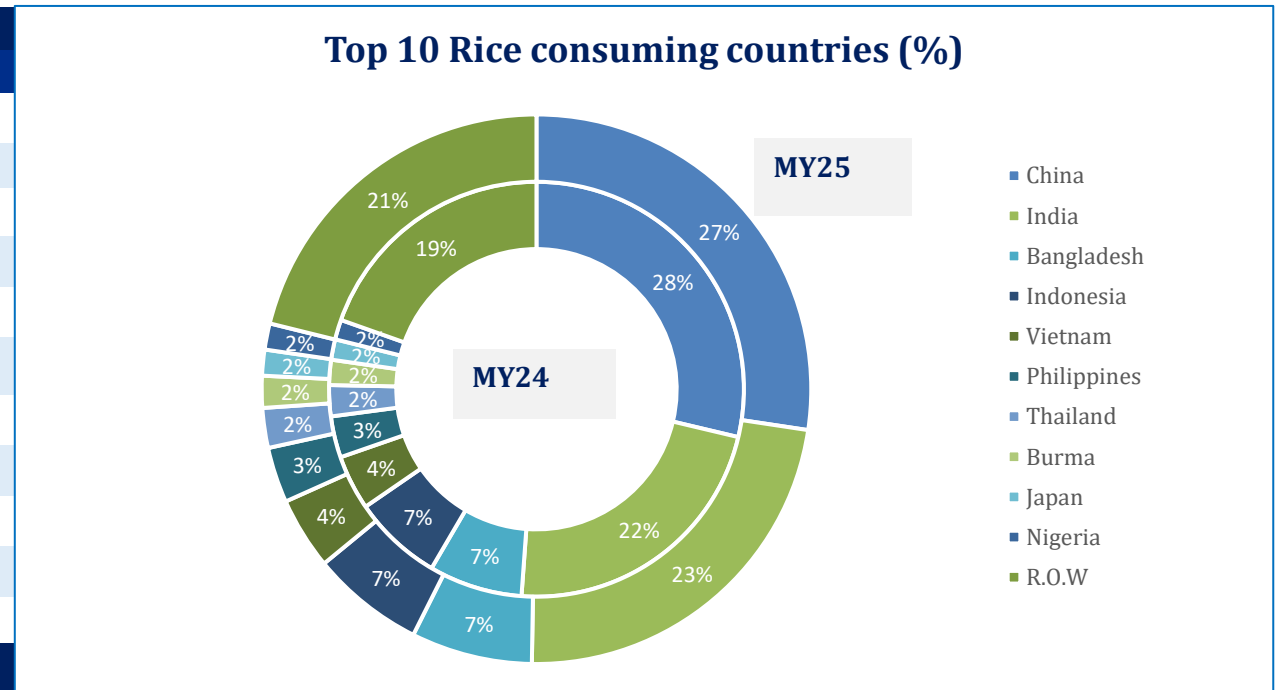
*Forecast figures.
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Rice

Global | Consumption

- During MY25 World rice consumption saw a YoY increase of ~2.2%, recording at 532.9Mn MT (MY24: 525.0Mn MT)
- China has historically remained the largest consumer of rice. In MY25 its consumption stood at ~145.9Mn MT (MY24: ~148.1Mn MT), contracting ~1.5% due to dietary diversification and slowing population growth. In contrast, India posted a notable ~4.7% YoY increase in rice consumption to ~122.0Mn MT (MY24: ~116.3Mn MT), supported by rising demand from rural and urban households and government food distribution programs.
- Looking ahead into MY26, global rice consumption is projected to rise further by ~1.6% YoY to ~541.6Mn MT, driven largely by India (~126.5Mn MT), while China's share is expected to stabilize at ~146.7Mn MT.

Top 10 Rice Consuming Countries Milled Rice (Mn MT)						
	MY21	MY22	MY23	MY24	MY25	MY26*
China	150.3	156.4	155.0	148.1	145.9	146.7
India	101.1	110.4	116.0	116.3	122.0	126.5
Bangladesh	36.1	37.3	37.6	37.6	38	38.5
Indonesia	35.4	35.3	35.6	36.2	35.5	35.5
Vietnam	21.5	22.1	22.4	22.5	22.6	22.8
Philippines	14.8	15.4	16.1	16.8	17.4	17.7
Thailand	12.7	12.3	12.3	12.3	12.5	12.7
Burma	10.4	10.3	10.2	10.0	10.0	10.2
Japan	8.2	8.2	8.2	8.2	8.1	8.0
Nigeria	7.2	7.6	7.8	8	8.2	8.1
R.O.W	105.8	103.6	99.6	109.0	112.7	114.9
Total	503.5	518.8	520.8	525.0	532.9	541.6

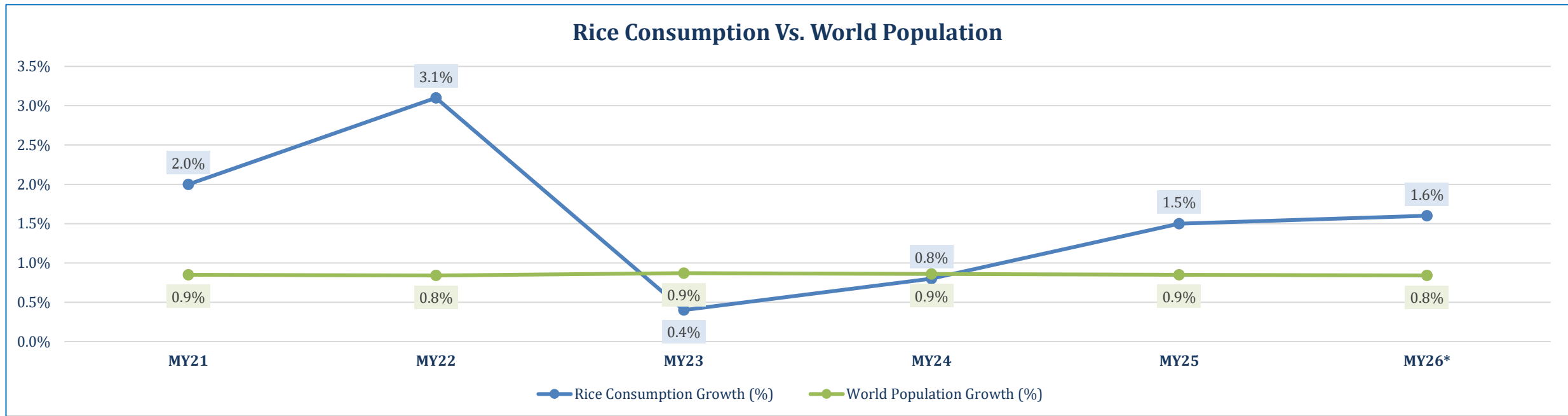


*Forecast figures.
MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep, including China, India and Pakistan.

Rice

Global | Demand

- In MY25, rice consumption increased by ~1.5% YoY (MY24: ~0.8%), outpacing population growth, which stood at ~0.9%. In MY26, rice consumption is projected to grow by ~1.6% while global population growth is expected to remain steady at ~0.8%.
- During MY22, global rice consumption growth peaked at ~3.1% post COVID related disruptions, significantly outpacing world population growth of ~0.9%. However, in MY23, rice consumption slowed ~0.4%, before recovering modestly in MY24 (~0.8%). The slow down in consumption during this period can be attributed to higher international prices and supply disruptions from flooding and potential El Niño impacts. In 2023, rice prices rose to multi-year highs as India, the world's largest exporter, imposed restrictions on non-basmati shipments, curbing global availability.
- The population growth rate remained stable throughout the period MY21-MY25, averaging at ~0.9%.



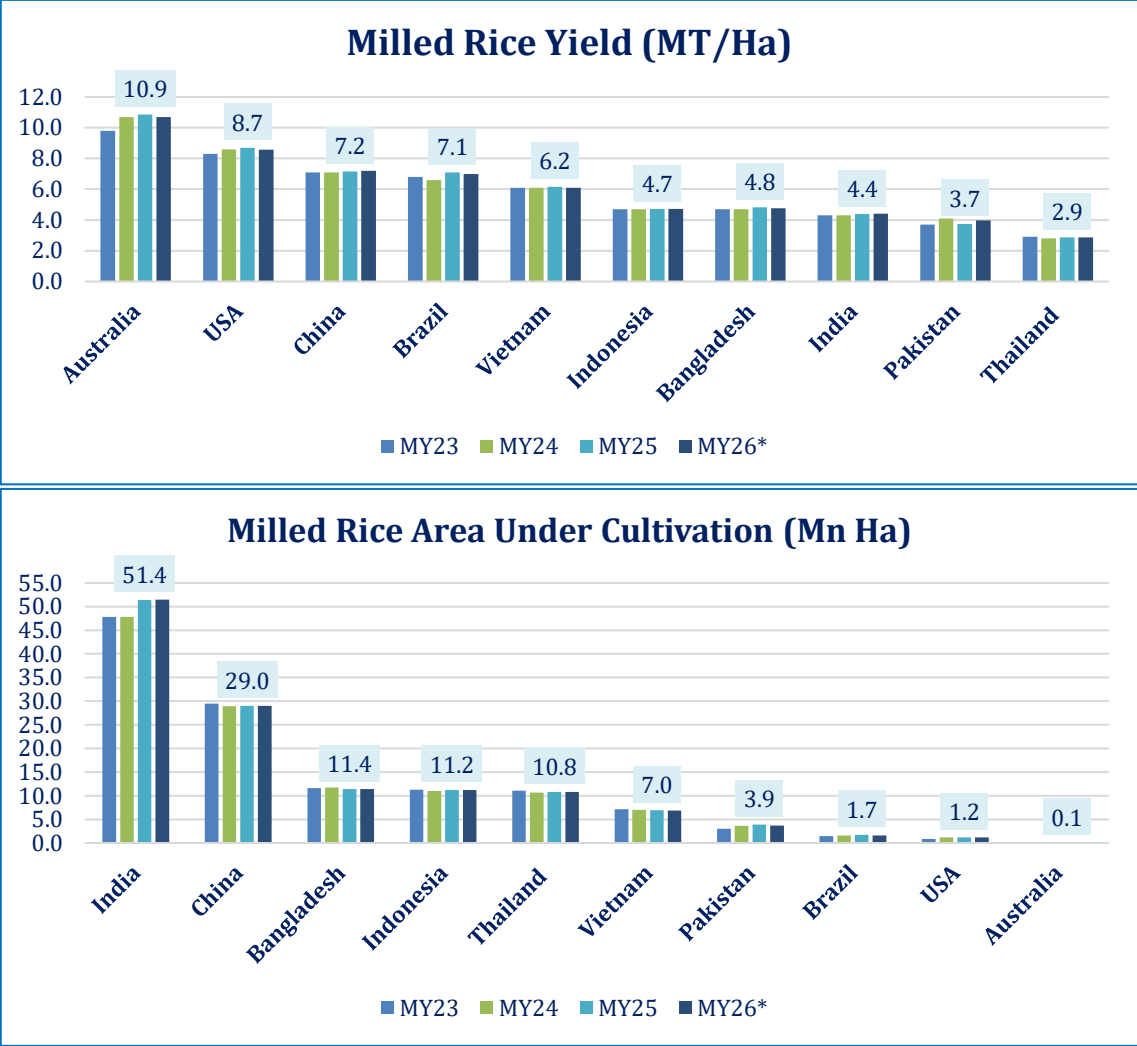
*Population Figures for world population growth are predicted.

Note: El Nino conditions: Rise in temperatures, reduction in rains, thick smog, and un-controllable fire (unfavorable weather due to global warming)

Rice

Global | Average Yield

- In MY25, Australia’s rice yield remained the highest globally, recording at ~10.9MT/Ha (flat YoY), followed by the USA at ~8.7MT/Ha.
- Among Asian producers, China sustained the strongest yields in MY25 at ~7.2MT/Ha, followed by Vietnam (~6.2MT/Ha), while Bangladesh (~4.8MT/Ha), India (~4.4MT/Ha), and Pakistan (~3.7MT/Ha) maintained moderate productivity levels. Thailand continued to trail with yields of ~2.9MT/Ha.
- In terms of cultivated area, India led the world with ~51.4Mn Ha, which is ~40% of the total cultivated area globally, followed by China (~29.0Mn Ha) and Bangladesh (~11.4Mn Ha).
- Indonesia (~11.2Mn Ha) and Thailand (~10.8Mn Ha) also accounted for significant areas.
- Pakistan’s rice cultivation stood at ~3.6Mn Ha in MY25, underlining its dependence on modest land area coupled with lower yields compared to regional peers.

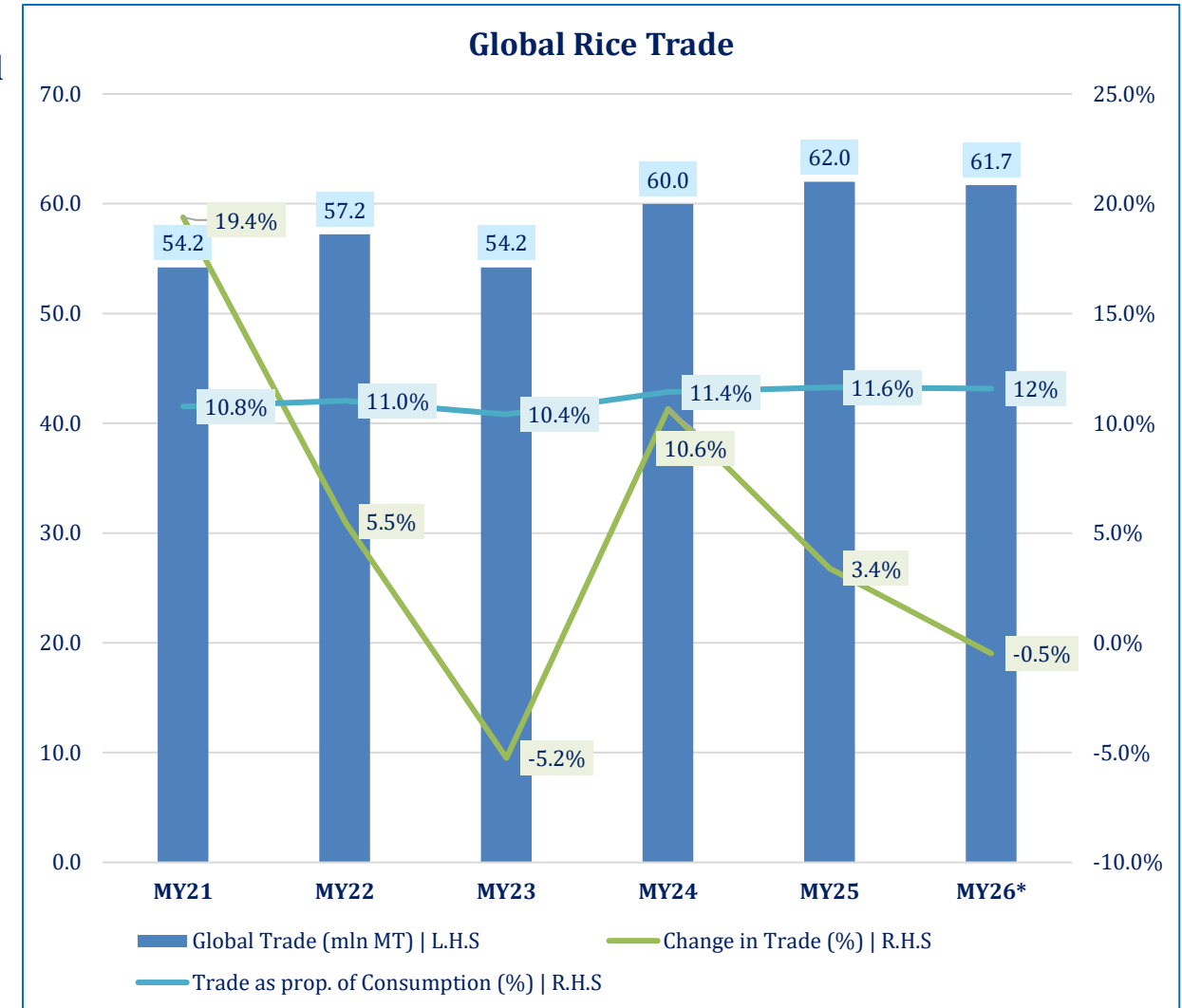


Note: 1 Ha = 2.5 acres
The numbers shown in the charts are values for MY25

Rice

Global | Trade

- Global rice trade stood at ~62.0Mn MT in MY25, continuing the upward trend seen in MY24 when trade increased 10.6% YoY to ~60.0Mn MT (MY23: ~54.2Mn MT). This growth came after a contraction of ~5.2% in MY23, when trade fell from ~57.2Mn MT in MY22 to ~54.2Mn MT. Going forward, trade is expected to stabilize in MY26 at ~61.7Mn MT, representing a marginal decline of ~0.5% YoY.
- Philippines continues to lead as the largest rice importer, while India dominates exports, despite its temporary restrictions on non-basmati shipments. Import demand remains fragmented, with Basmati rice largely directed towards the Middle East (notably Saudi Arabia, Iran, the UAE, and Iraq), broken rice catering primarily to China, and non-basmati rice fulfilling the needs of price-sensitive African nations.
- In MY25, trade as a proportion of global consumption stood at ~11.6%, slightly above the long-term average. Historically (MY21–MY24), global rice trade has accounted for an average of ~10.9% of total consumption, underlining the fact that rice is primarily a domestically consumed staple with relatively limited cross-border trade compared to other grains.



Rice

Global | Exports

- In MY25, global exports at ~62.0Mn MT, marked a ~3.3% YoY increase. The surge was driven mainly by India, whose exports rebounded strongly to ~25.0Mn MT (up ~39.7% YoY), following the removal of its export ban.
- Exports from Thailand and Vietnam moderated slightly, while Pakistan’s exports saw a decline from ~6.5Mn MT in MY24 to ~5.2Mn MT in MY25 (down ~20.0% YoY).
- During MY24, global rice exports stood at ~60.0Mn MT (MY23: ~54.2Mn MT), reflecting a ~9.6% YoY increase. The rise was largely driven by higher shipments from Pakistan (~6.5Mn MT in MY24 vs. ~4.5Mn MT in MY23, up ~44.4%), Burma (~2.8Mn MT in FY24 vs. ~1.6Mn MT in MY23, up ~75.0%), and USA (~3.3Mn MT in MY24 vs ~2.4Mn MT in MY25, up ~37.5%) which offset India’s export decline.

Leading Global Exporters (Mn MT)						
	MY21	MY22	MY23	MY24	MY25	MY26*
India	21.2	22.1	17.7	17.9	25.0	25.0
Vietnam	6.3	7.1	8.2	9.0	8.2	7.9
Thailand	6.2	7.7	8.7	9.9	7.2	7.2
Pakistan	3.7	4.6	4.5	6.5	5.2	5.3
Cambodia	1.9	2.8	3.4	3.7	4.0	4.1
USA	2.9	2.2	2.4	3.3	4.0	3.0
Burma	1.9	2.3	1.6	2.8	1.9	1.6
China	2.4	2.2	1.6	1.1	1.1	0.9
Brazil	0.8	1.4	1.2	1.0	1.0	1.3
Uruguay	1.0	1.0	1.0	0.7	0.9	1.0
Others	6.1	3.8	3.3	3.2	4.5	4.4
World	54.2	57.2	54.2	60.0	62.0	61.7

*MY26 are projected values

Rice

Global | Imports

- Global rice imports have shown a steady upward trajectory, increasing from ~52.7Mn MT in MY21 to ~62.0Mn MT in MY25, with projections indicating further growth to ~61.7Mn MT in MY26.
- The Philippines has consistently emerged as the largest rice importer, with imports ranging from ~3.0Mn MT in MY21 to ~4.9Mn MT in MY25.
- Conversely, China's rice imports have declined sharply since MY22, when volumes peaked at ~6.2Mn MT, to ~2.6Mn MT in MY25 amid improved domestic supply conditions.
- Other key markets such as the European Union, Iraq, and Saudi Arabia have maintained relatively stable import levels.
- Indonesia's imports exhibited volatility, recording at ~4.7Mn MT in MY24 before clocking in at ~0.7Mn MT in MY25, a significant decrease of ~85.1% YoY.

	Leading Global Importers (Mn MT)					
	MY21	MY22	MY23	MY24	MY25	MY26*
Philippines	3.0	3.8	3.9	5.5	4.9	5.5
Vietnam	2.3	2.8	3.5	3.7	4.0	4.1
Nigeria	1.8	2.4	2.0	2.7	2.8	3.0
China	4.9	6.2	2.6	1.6	2.6	2.6
European Union	2.0	2.5	2.2	2.4	2.4	2.2
Iraq	1.3	2.1	1.8	2.2	2.2	2.2
Saudi Arabia	1.2	1.3	1.5	1.8	1.9	1.9
Cote d'Ivoire	1.5	1.6	1.3	1.6	1.9	1.6
Malaysia	1.0	1.2	1.4	1.7	1.6	1.7
Indonesia	0.7	0.7	3.5	4.7	0.7	0.8
USA	1.0	1.3	1.4	1.5	1.6	1.6
Others	36.3	35.0	33.0	36.2	40.3	40.0
World	54.2	57.2	54.2	60.0	62.0	61.7

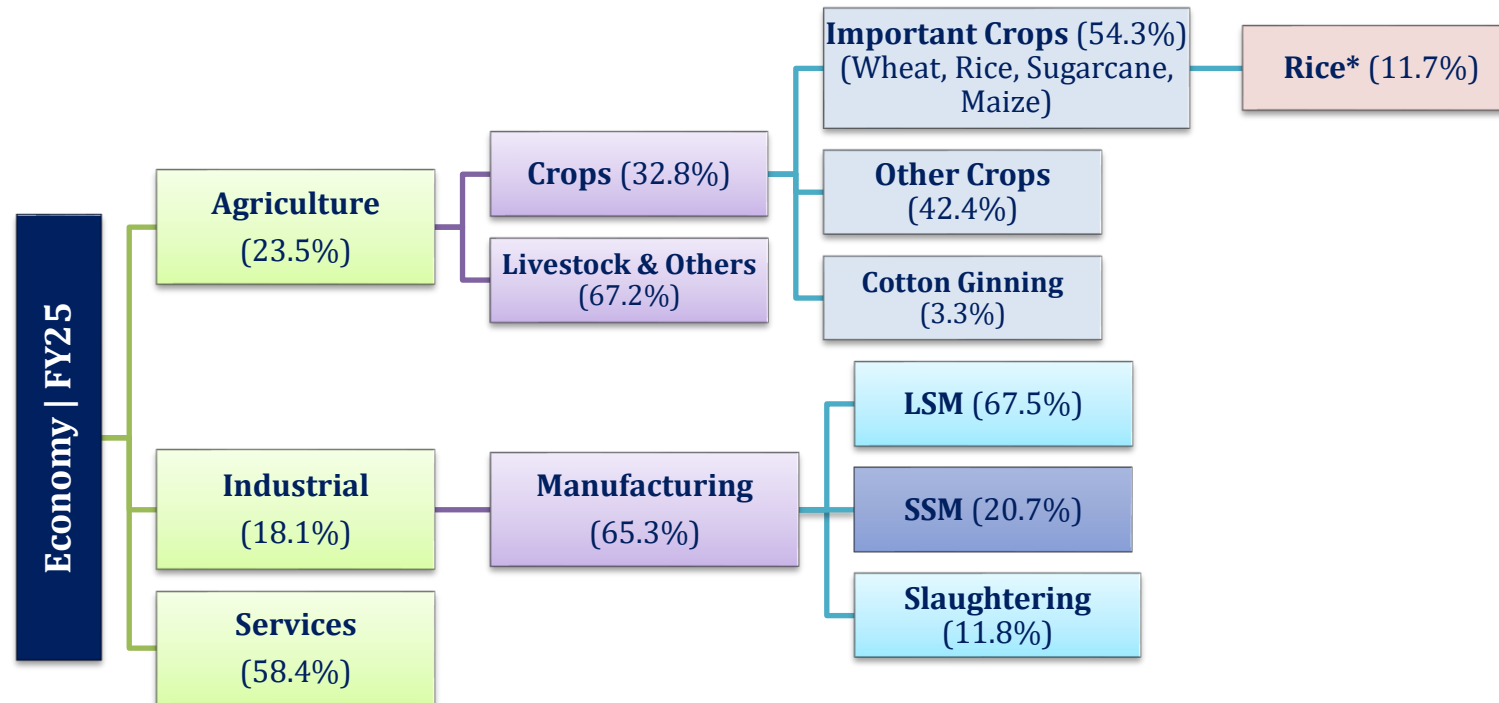
Local Overview

A scenic landscape photograph featuring a vast field of tall, golden-brown grass in the foreground. In the middle ground, there are rolling green hills and a few scattered trees. The sun is low on the horizon, creating a bright, warm glow that fills the sky with soft, pastel colors. The overall atmosphere is peaceful and serene.

Rice

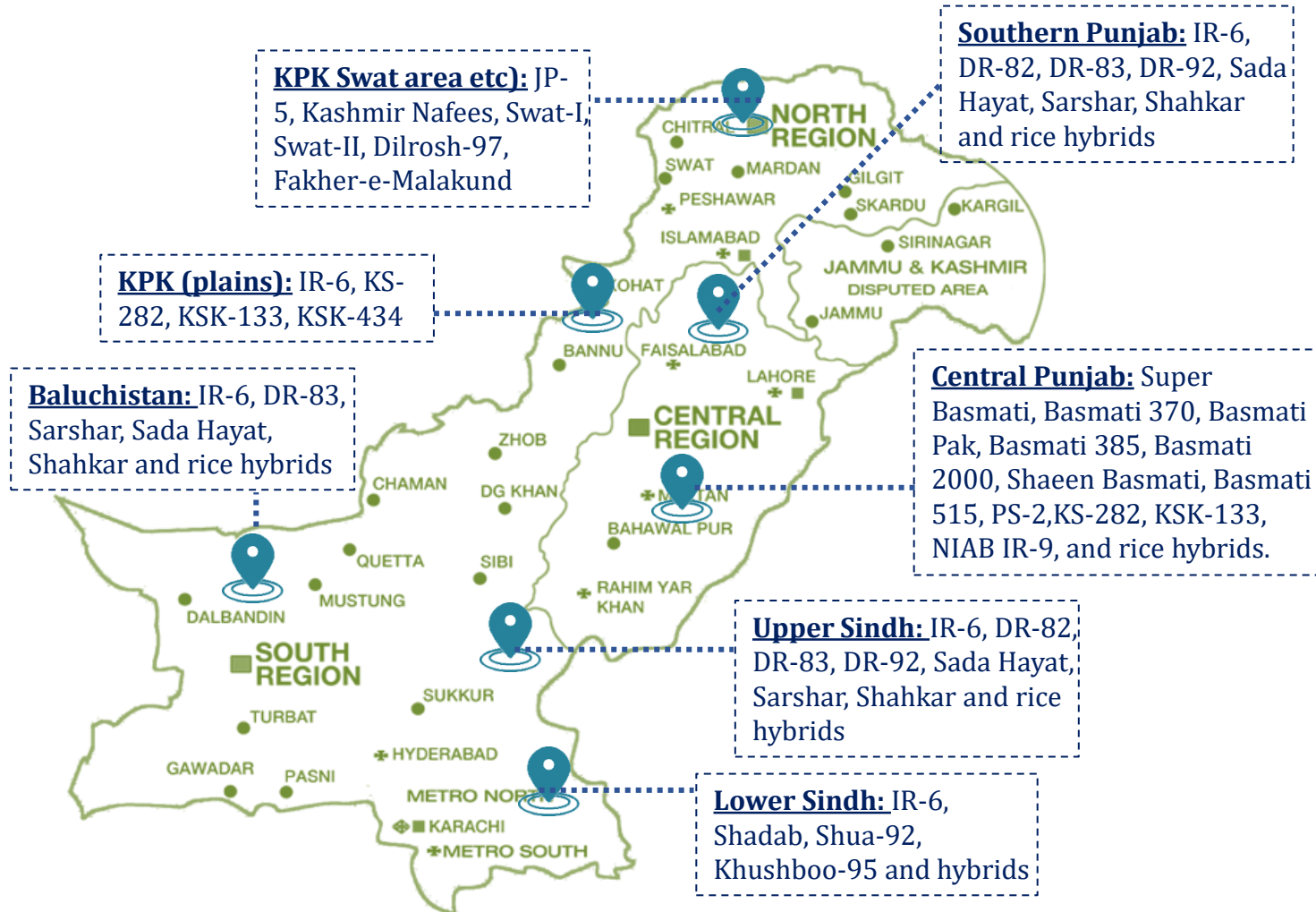
Agriculture | Overview

- In FY25, Pakistan's nominal GDP stood at PKR~114.7Tn (FY24: PKR~105.1Tn). The real GDP growth for the period stood at ~2.7% YoY, which is an increase from its previous growth rate of ~2.5% YoY in FY24. This shows a moderate improvement in the overall economy of the country. The Industrial sector contributed around 18.1% to GDP, while the Services sector accounted for about ~58.4%.
- The Agriculture sector accounted for ~23.5% of the GDP, with crops accounting for around 32.8% of agriculture. Within crops, important crops constitute roughly ~54.3%.
- Rice, being the second main staple food item and third major exportable commodity after Knitwear & Readymade garments, contributed ~11.7% of important crops in FY25. Rice production during the year declined by ~3.0% YoY (discussed later in the report).



Rice

Local | Geographical Distribution



- Pakistan has two major Rice-producing regions; Punjab and Sindh. Together, both provinces account for nearly ~90% of total rice production.
- Punjab, due to its agri-climatic and soil conditions, produces 100% of the Basmati Rice in the country, which is a premium quality and expensive Rice as compared to Non-Basmati/coarse Rice.
- Sindh region is enriched with cultivation of Non-Basmati/coarse Rice, mainly IRRI-6, which is majorly exported to the African regions.
- Sindh region is further bifurcated into two parts due to differing land characteristics and water availability; hence the quality differs according to the varieties.

Rice

Local | Snapshot

- Rice is a Kharif crop, with a sowing season ranging May-June, a growing season from July-Sept and a harvest season from Oct-Dec. Out of the total Rice production, ~62.0% is produced in Punjab, ~31.1% in Sindh, ~5.4% in Balochistan and a very minimal portion of ~1.5% in KPK.
- During FY25, Rice production decreased by ~3.0% YoY, to ~9.7Mn MT (FY24: ~10.0Mn MT). The decline in production came on the back of less yields in the period, which declined to ~2.5 MT/Ha (FY24: ~2.7 MT/Ha), despite an increase of area under cultivation, from ~3.6Mn Ha to ~3.9Mn Ha. The consumption for Rice also declined marginally by ~2.5% YoY to settle at ~3.9Mn MT (FY24: ~4.0Mn MT).
- Rice Sector exports declined ~3.3% YoY, estimated at ~5.8Mn MT (FY24: ~6.0Mn MT). Exports of Basmati Rice stood similar as previous year at ~0.8Mn MT, forming ~13.8% of total Rice exports, while exports of Non-Basmati Rice stood at ~5.0Mn MT in FY25 (FY24: ~5.2Mn MT), forming ~86.2% of total Rice exports. In value terms, revenue from Rice exports reaching USD~3.4Bn (FY24: USD~3.9Bn), down ~14.7% YoY.
- For FY26, the target for rice production set by the GoP is 9.2Mn MT. But recent floods in Punjab (reportedly destroying ~7.3%** of total rice area under cultivation) have raised concerns that damage to standing crops and delayed sowing may prevent the target from being fully realized.

Sector Snapshot	FY23	FY24	FY25
Contribution to GDP	0.4%	0.6%	0.6%
Area under Cultivation (Mn Ha)	3.0	3.6	3.9
Production (Mn MT)	7.3	10.0	9.7
Consumption* (Mn MT)	3.6	4.0	3.9
Yield (MT/Ha)	2.4	2.7	2.5
Exports (Mn USD)	2,148	3,932	3,353
Exports (Mn MT)	3.7	6.0	5.8
Basmati Exports (Mn MT)	0.6	0.8	0.8
Non-Basmati Exports (Mn MT)	3.1	5.2	5.0
Market Structure	Monopolistic Competition		
Regulator	Rice Exporters Association of Pakistan (REAP)		

*Based on the assumption of negligible closing stocks and varies with available stock figures.

**Based on latest reports by FAO

Rice

Local | Trend Analysis

- **Local Production:** Average local rice production over FY21–25 was ~8.9Mn MT. In FY25, production reached ~9.7Mn MT (FY24: ~10.0Mn MT), reflecting a YoY decline of ~3.0%, mainly due to water availability constraints, climatic variability, and higher input costs that limited acreage. Rice production fell ~21.5% YoY in FY23, largely because the 2022 floods most severely affected Sindh and Punjab, which together account for ~90% of national rice output.
- **Local Consumption:** Average local rice consumption over FY21–25 was ~4.1Mn MT. In FY25, consumption was estimated at ~3.9Mn MT (FY24: ~4.0Mn MT), showing a YoY decrease of ~2.5%. Rice consumption fell in FY23–FY24 as floods cut domestic output while high global prices and a weak rupee made exports more lucrative. With limited supply, strong export pull, and food inflation, local buyers shifted to cheaper staples reducing overall rice consumption
- **Exports:** Average rice exports during FY21–25 were ~4.8Mn MT. In FY25, exports declined by ~3.3% YoY to ~5.8Mn MT (FY24: ~6.0Mn MT).
- **Projections:** Rice production is forecasted (according to USDA) to reach ~9.8Mn MT in FY26, assuming stable or slightly increased area under cultivation and average yields, however reports by FAO estimate that ~7.3% of area under cultivation has been damaged due to recent floods. This will negatively impact production and consequently exports (export volumes were earlier projected to remain strong at ~5.8Mn MT). Domestic consumption is expected to increase modestly to ~4.2Mn MT, driven by population growth.

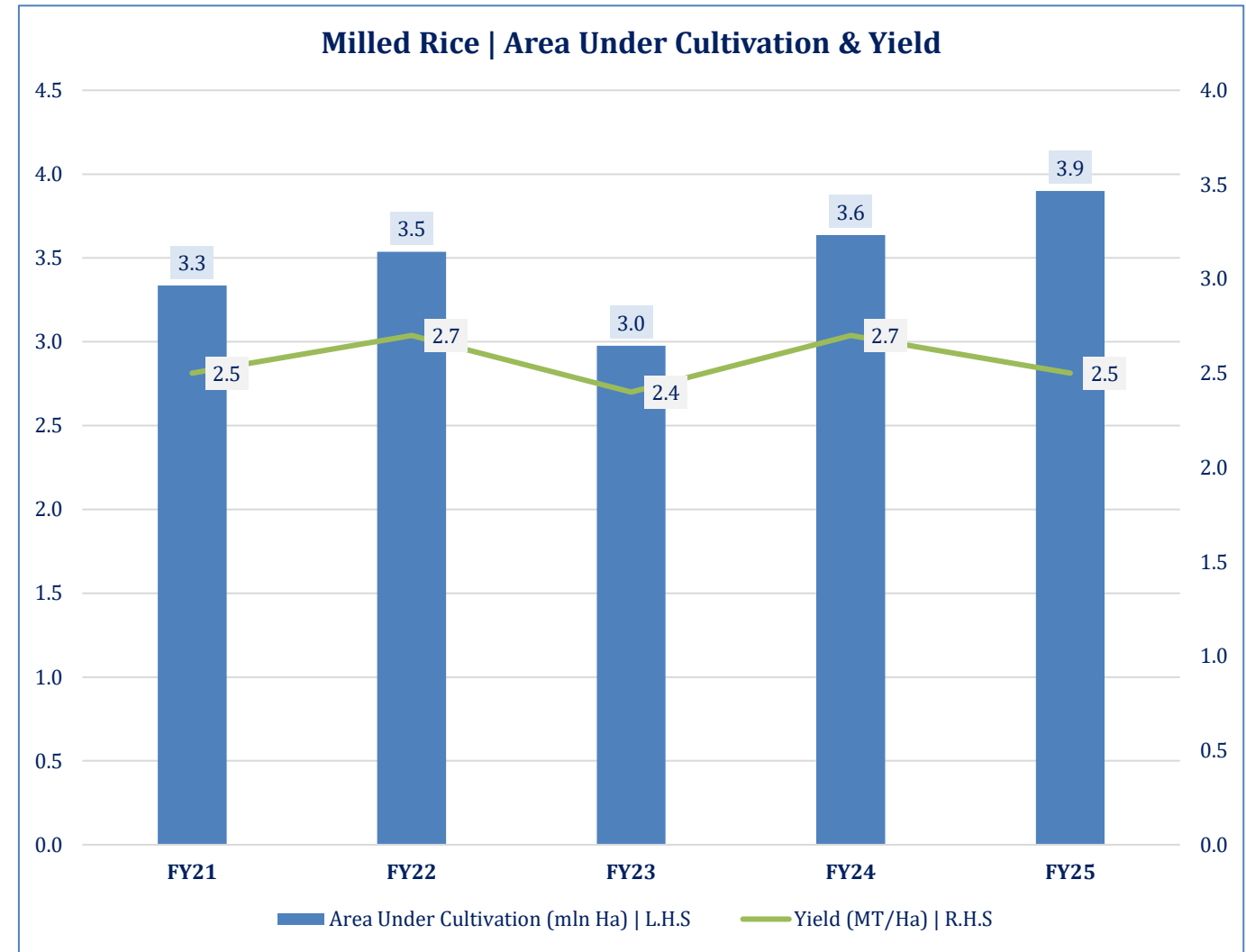
Particulars (Mn MT)	FY21			FY22			FY23			FY24			FY25		
	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total
Production	3.6	4.8	8.4	4.6	4.7	9.3	3.5	3.8	7.3	5.6	4.4	10	5.4	4.3	9.7
Exports	3.1	0.6	3.7	4.2	0.8	5	3.1	0.6	3.7	5.2	0.8	6	5	0.8	5.8
Consumption	0.5	4.2	4.7	0.4	3.9	4.3	0.4	3.2	3.6	0.4	3.6	4	0.4	3.5	3.9

*Note: Residual (ending stock) is assumed to be negligible.
Calculations in the table are based on the assumption that consumption of basmati rice is ~90.0%.*

Rice

Local | Trend Analysis

- The average area under cultivation over the five years (FY21-FY25) stood at ~3.5Mn Ha. In FY25, the area under Rice cultivation increased to ~3.9Mn Ha (FY23: ~3.6Mn Ha) up ~8.3% YoY.
- Despite the increase in area under cultivation, the yield for the period declined by ~7.4% YoY to ~2.5 MT/Ha (FY24: ~2.7 MT/Ha). This decline came on the back of unpredictable rainfall, poor water management, reduced fertilizer application and a shortage of certified seeds.
- Rice yields in FY26 are expected to improve with stable cultivation area, though potential flooding risks could offset these gains.

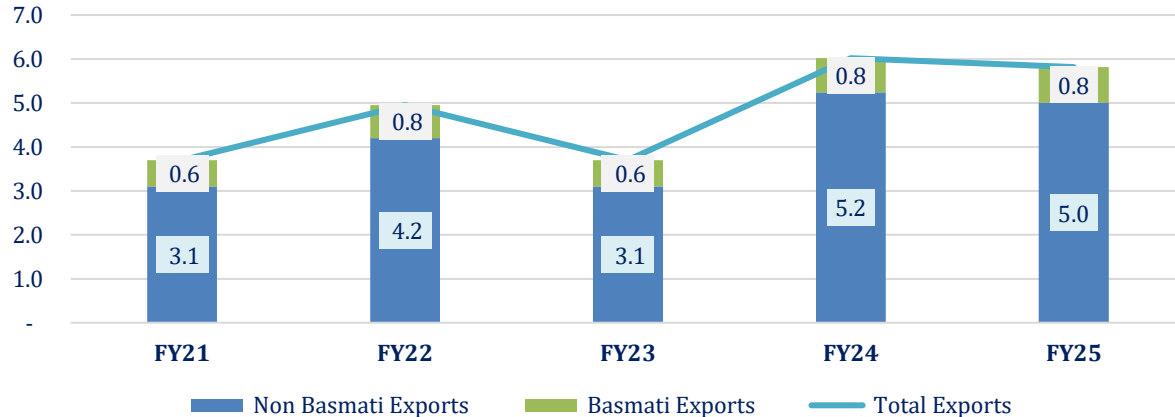


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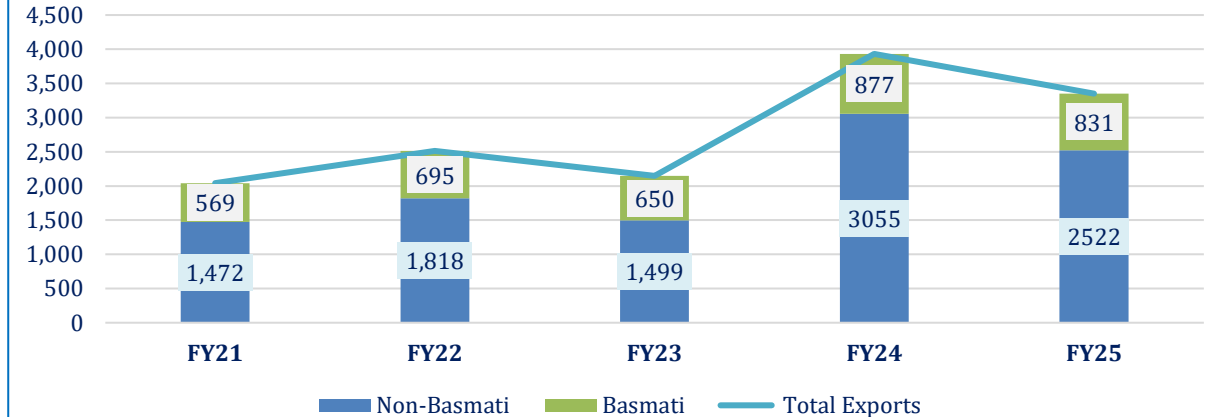
Local | Trade

- Pakistan's Basmati rice is internationally recognized as a premium, high-grade variety (especially in the EU and Middle Eastern markets). While its price is nearly twice that of Non-Basmati rice, the latter continues to dominate Pakistan's overall export volume. Rice export is significant for Pakistan as Rice constituted ~10.5% of the country's total export proceeds during FY25 (FY24: ~12.8%). Total exports of the country rose by ~4.5% YoY in FY25 to reach USD~32.0Bn from USD~30.7Bn in FY24. The exports of Rice declined by ~3.3% YoY, recording at ~5.8Mn MT (FY24: ~6.0Mn MT).
- Basmati Exports:** The country's average Basmati exports for the period FY21-25 amounted to ~0.7Mn MT, forming an average of ~14.6% of total Rice exports over the same period. In FY25, the exports were estimated to be ~0.8Mn MT, which was almost similar to the previous period. The average price for Basmati exports decreased ~9.5% YoY, settling at USD~1,027.1/MT in FY25, down from USD~1,134.9/MT in FY24.
- Non-Basmati Exports:** Average Non-Basmati exports (FY21-FY25) stood at ~4.1Mn MT, forming ~85.4% of total Rice exports. In FY25, exports were recorded at ~5.0Mn MT (FY24: ~5.2Mn MT), with a YoY increase of ~4.0%. The fall in Rice exports can be attributed to ~3.0% YoY lower output in FY25, removal of India's ban on the export of Non-Basmati Rice and trade disruptions due to cross border trade issues with neighboring countries.
- The average export price for Non-Basmati rice fell ~13.7% YoY from USD~583.2/MT in FY24 to USD~503.6/MT in FY25.
- For FY26, rice exports were initially expected to increase; however, recent flooding in Punjab has reportedly damaged about 10-12% of the crop, which could constrain the exportable surplus.

Basmati & Non Basmati Exports (mln MT)



Basmati & Non Basmati Exports (USD Mn)



Rice

Local | Export Destinations

Basmati | Volumetric Exports

Sr.	FY23		FY24*	
	Country	Exports Share (%)	Country	Exports Share (%)
1	UAE	25.1%	UAE	19.3%
2	KSA	9.5%	KSA	13.2%
3	Oman	7.2%	AFG	9.8%
4	Netherlands	4.3%	Oman	7.5%
5	UK	4.2%	Yemen	6.6%
	R.O.W	49.7%	ROW	43.7%
Total (Mn MT)	0.6	100%	0.8	100%

Non-Basmati | Volumetric Exports

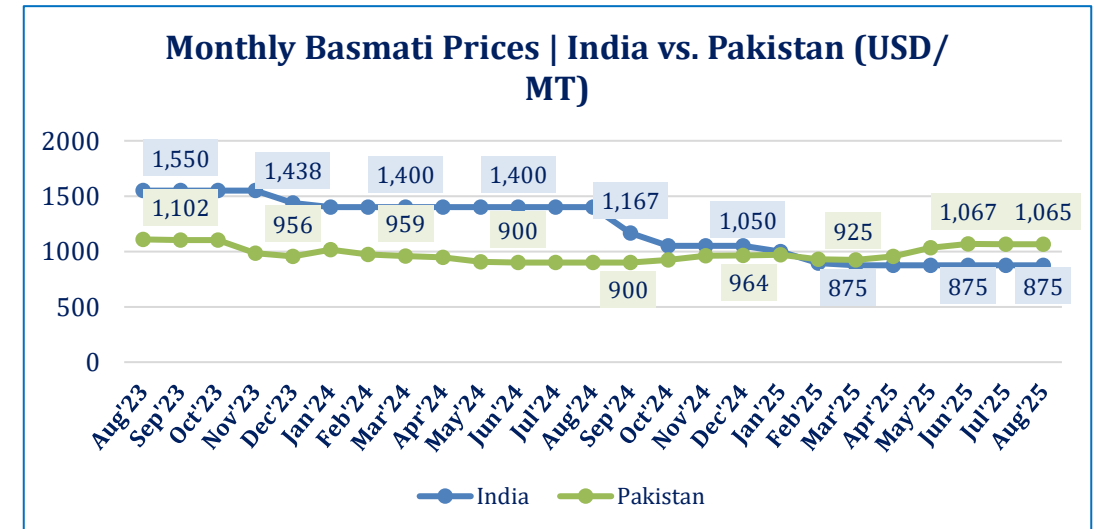
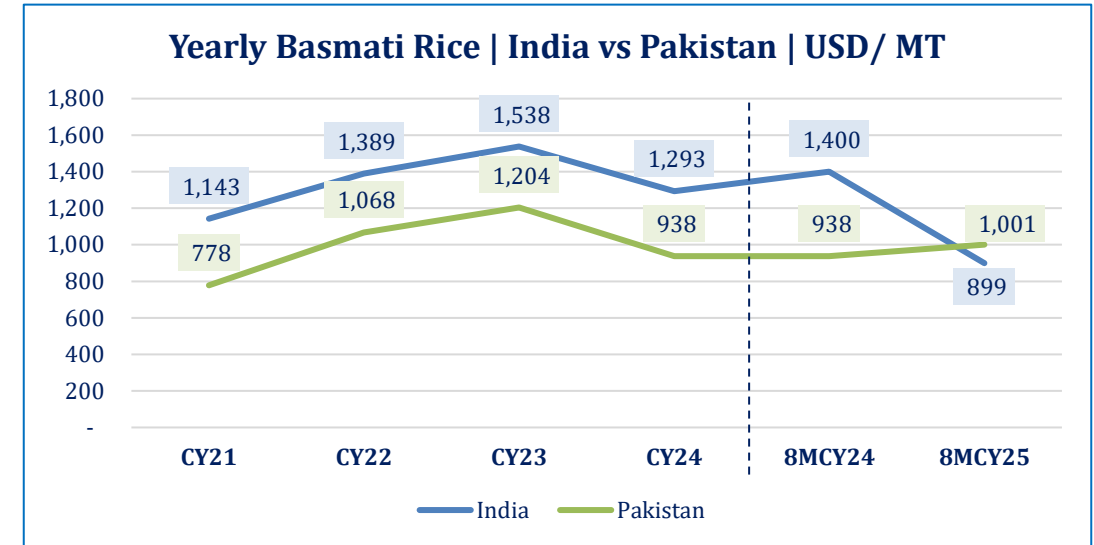
Sr.	FY23		FY24*	
	Country	Exports Share (%)	Country	Exports Share (%)
1	Kenya	18.8%	Indonesia	17.0%
2	Malaysia	11.3%	Malaysia	15.3%
3	Tanzania	10.3%	Kenya	10.5%
4	UAE	7.0%	Afghanistan	9.3%
5	China	6.7%	Philippines	5.3%
	R.O.W	45.9%	R.O.W	42.6%
Total (Mn MT)	3.7	100%	5.2	100%

- During FY24, UAE, KSA, Afghanistan, Oman and Yemen were the top five export destinations of Basmati Rice with ~19.3%, ~13.2%, ~9.8%, ~7.5% & ~6.6% share, respectively, in the total exports of Basmati Rice. Other countries that import basmati rice from Pakistan include US, Italy, Netherlands, Germany and Australia, among others.
- Conversely, during FY24, Indonesia, Malaysia, Kenya, Afghanistan, and Philippines were the top five export destinations of Non-Basmati Rice and held ~17.0%, ~15.3%, ~10.5%, ~9.3%, and ~5.3% share respectively, in the total exports of Non-Basmati Rice. Other countries that import Non-Basmati Rice from Pakistan include Côte d'Ivoire, Mozambique, Benin, Cameroon, Haiti among others.

Rice

Price Dynamics | Basmati

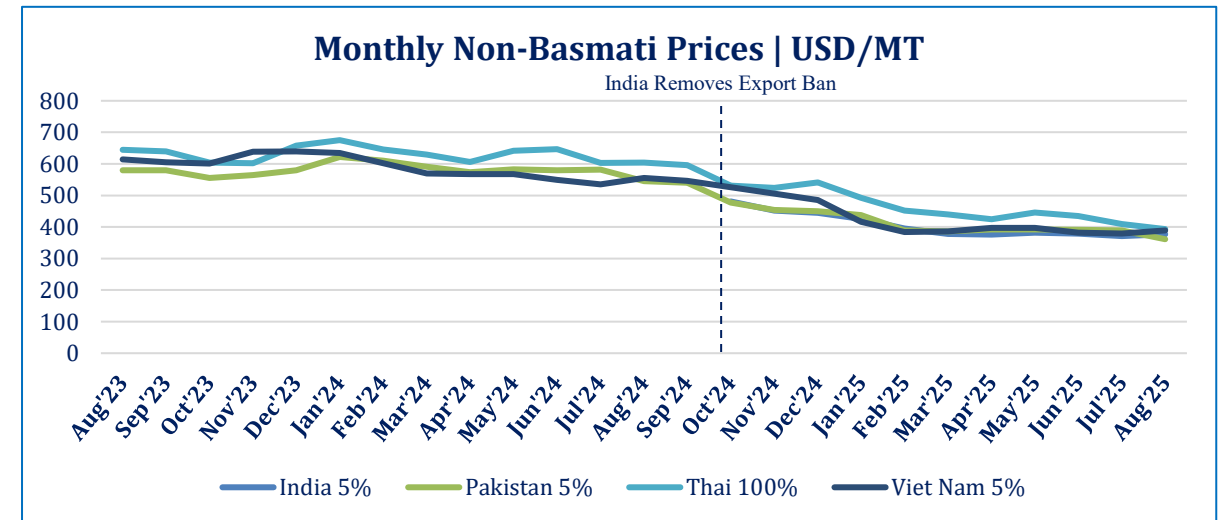
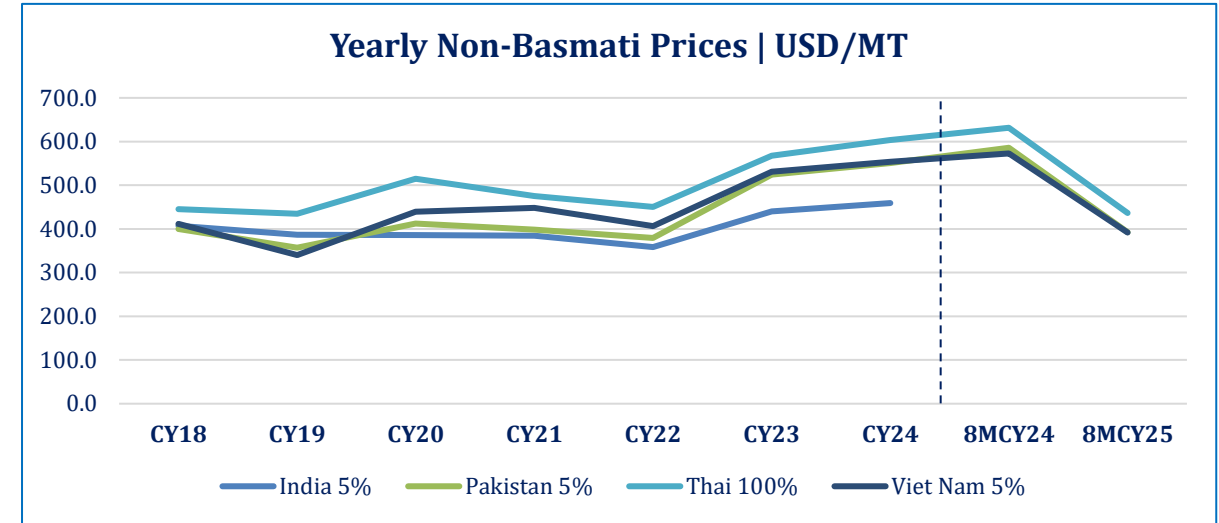
- In 8MCY24, Indian Basmati averaged USD~1,400/MT, which was ~49.2% higher than the price recorded for Pakistan (USD~938/MT). However, by 8MCY25, this trend flipped as Indian prices dropped to USD~899/MT (~35.8% decrease YoY), while Pakistan's prices recorded at USD~1,001/MT (up by ~6.7% YoY).
- There were multiple factors in play that help explain the price flip in Basmati prices between India and Pakistan. Pakistan's basmati export prices stayed firm and even rose despite India removing its export floor because Pakistan faced its own supply tightness and fresh demand. Reported flood-related crop losses in Punjab were expected to negatively impact supply, while renewed buying interest from key markets (including Iran/Gulf) kept demand strong, pushing prices upwards by the end of 2025. On the other hand, India removed its export floor price in September 2024 to compete in the global market, which explains the sharp drop in its Basmati price after 8MCY24, continuing to 8MCY25.
- Pakistan's Basmati Rice has historically (CY21-CY24) been priced almost ~22.0% lower than Indian Basmati Rice. The delta reflects a slower INR depreciation against the USD, compared with PKR depreciation against the same. In CY23, this delta remained close to historic levels, where prices rose ~10.7% YoY and ~12.7% YoY, for India and Pakistan, respectively.



Rice

Price Dynamics | Non-Basmati

- The four major exporters of broken rice (Non-Basmati/Coarse types) are India, Thailand, Vietnam, and Pakistan. Prices across all four increased in CY24, with an average of 541.9 USD/MT compared to 515.7 USD/MT in CY23 (up by 5.1% YoY) following India's export ban in Jul'23, which restricted global supply.
- Pakistan witnessed significant price changes in recent years. In CY23, Pakistan's Non-Basmati rice prices went up by ~38.3% YoY to USD ~524.5/MT from USD ~379.2/MT in CY22, mainly due to India's export ban on Non-Basmati rice imposed on July 20, 2023, which limited the supply at global level.
- This upward momentum continued into CY24, with Pakistan's prices recording at USD ~550.7/MT, marking a further ~5.0% YoY increase. By 8MCY25, prices dropped to USD ~392.5/MT, down ~28.7% YoY, as India lifted its export ban in September 2024, re-entering the global market with competitively priced shipments.

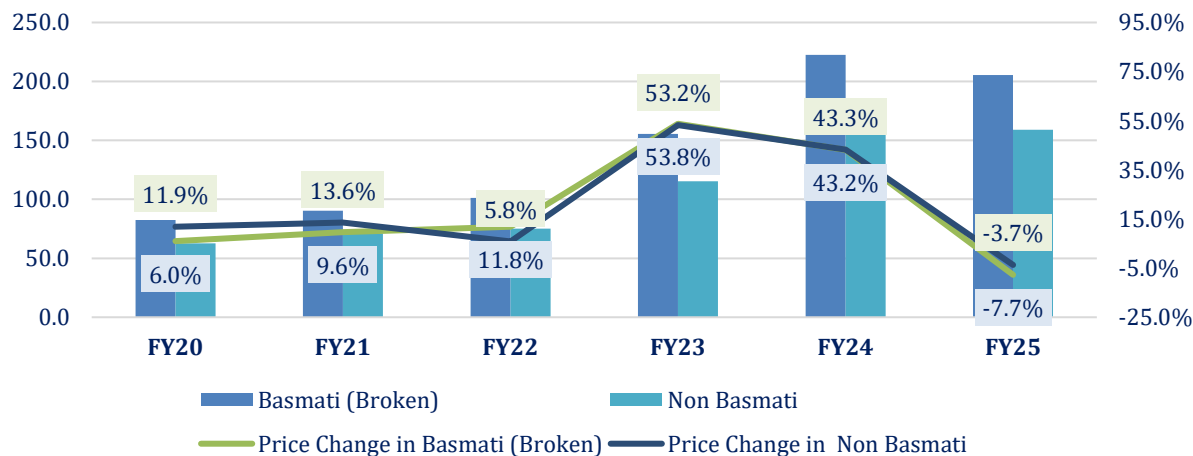


Rice

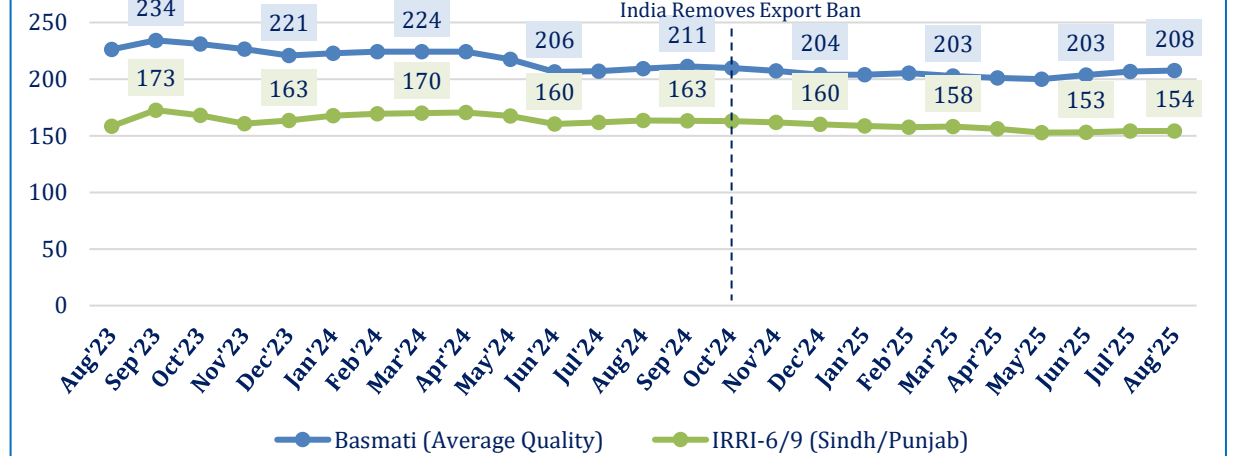
Local | Prices

- Based on the last 10-year data (FY15-FY25), Basmati and non-Basmati local prices exhibit a correlation factor of ~ 0.89 , reflecting thereby that prices tend to move in close tandem.
- Average price for the Basmati (broken) during FY25 decreased by $\sim 3.7\%$ YoY reaching to PKR ~ 205.4 /Kg from PKR ~ 222.6 /Kg in FY24. Similarly, the average price for Non-Basmati rice recorded at PKR ~ 159.1 /Kg in FY25 down by $\sim 7.7\%$ YoY from PKR ~ 165.2 /Kg in FY24.
- This rise in prices of both Basmati and Non-Basmati Rice during FY24 was lower than the increase in prices of both types of Rice during FY23 primarily due to lower domestic inflation (National CPI: FY24: $\sim 23.8\%$; FY23: $\sim 29.1\%$) and increased production.
- Average Basmati prices for the 3MFY25, clocked in at PKR ~ 209.2 /Kg (down $\sim 6.8\%$ YoY, compared to SPLY), while Non-Basmati price was recorded at PKR ~ 162.8 /Kg (up $\sim 0.7\%$ YoY compared to 3MFY24).
- According to a report by USDA, the impact of recent floods on Pakistan's rice crop will lead to reduced supply, higher prices and disruptions in food supply.

Domestic | Average Yearly Prices (PKR/Kg)



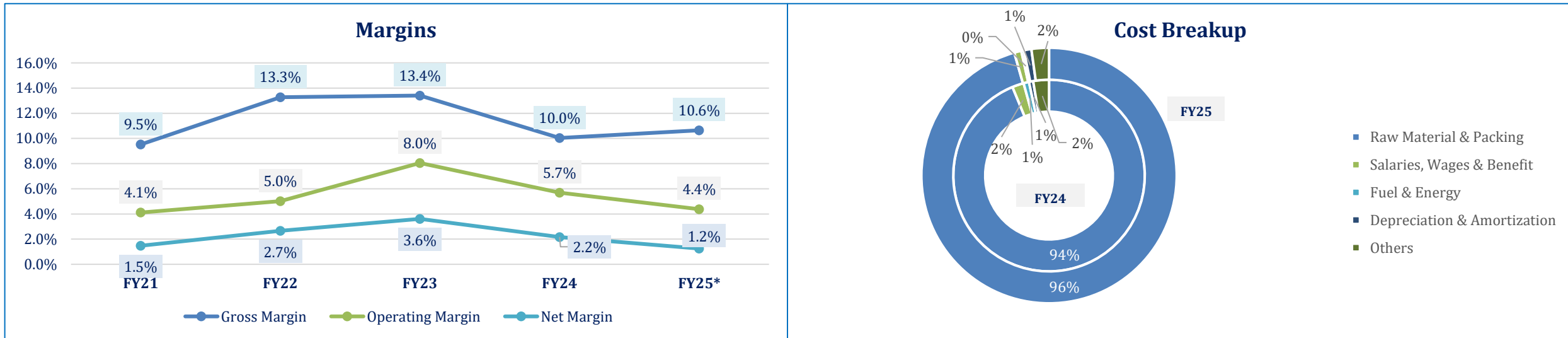
Domestic Average Monthly Price Trend (PKR/Kg)



Rice

Business Risk

- The Sector's gross margin shows a modest rebound to 10.6% in FY25, though still below the FY22–23 highs. This indicates some stabilization, but profitability levels remain under pressure compared to the earlier peak.
- Operating margin declined further to ~4.4%, moving closer to FY21 levels due to cost escalations outpacing revenue growth.
- Net margins fell from ~3.6% in FY23 to ~2.2% in FY24, before settling at ~1.2% in FY25 despite stronger export performance. The decline was largely driven by record-high policy rate, which peaked at 22% during FY24, significantly raising finance cost for a sector heavily reliant on short-term borrowing for procurement and exports.
- The sector had recorded stronger profitability in FY23, with margins improving to ~3.6% on the back of higher revenues, but this proved unsustainable as debt servicing pressures mounted in later years.
- Raw materials dominated the cost base at ~96% in FY24 and ~94% in FY25, leaving margins highly exposed to input price swings. The slight shift toward overheads is minimal, underscoring continued vulnerability to raw material volatility as seen in margin pressures.

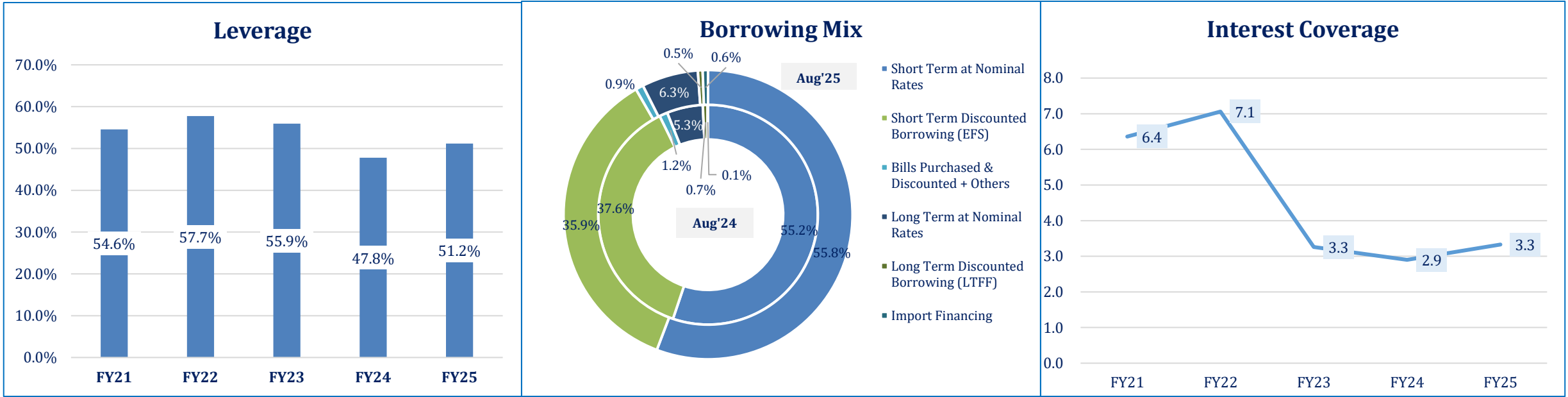


*Some income statements for FY25 have been annualized

Rice

Financial Risk

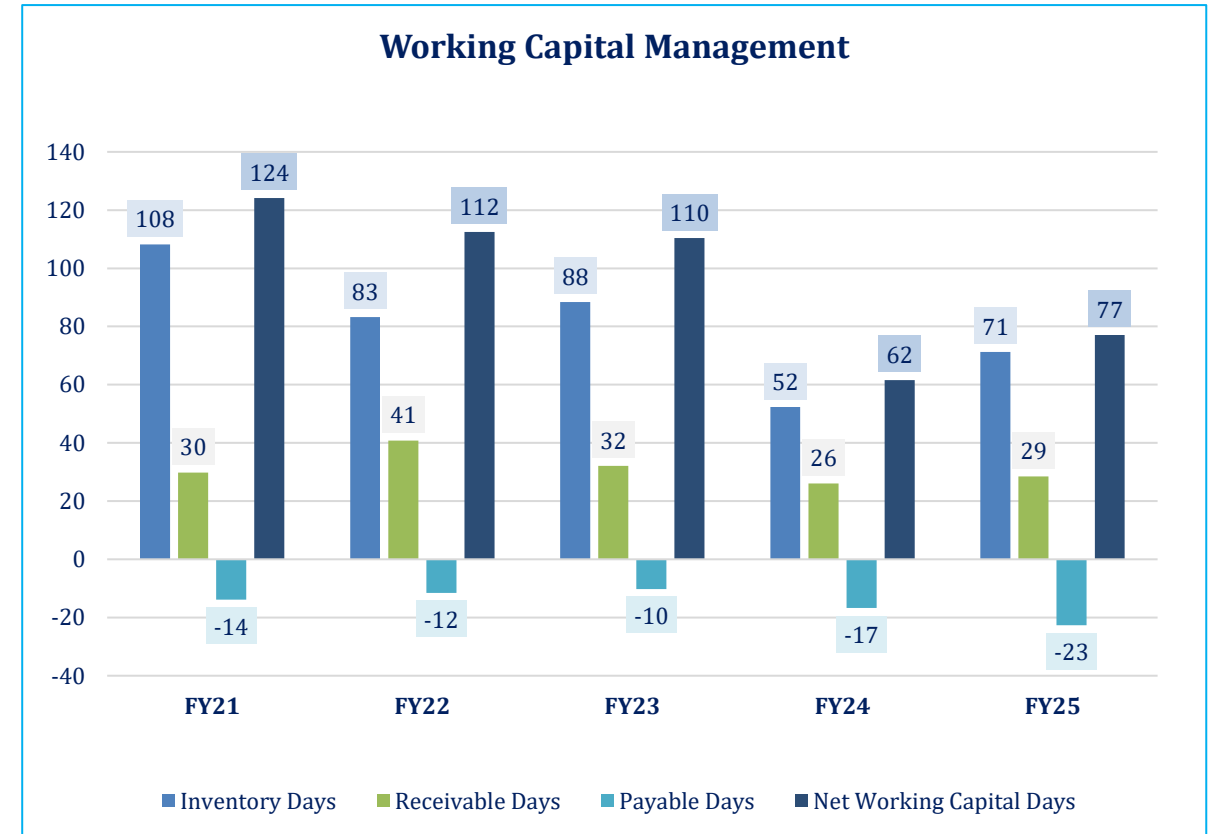
- Leverage for the Rice Sector stood at ~51.2% in FY25 (SPLY: ~47.8%). Between FY21–FY23, leverage remained relatively stable in the range of ~55–58% before declining sharply to ~47.8% in FY24, before rising to ~51.2% in FY25.
- Record export earnings in FY24—driven by higher volumes and elevated global prices following India’s export ban—facilitated substantial debt repayments and boosted retained earnings, bringing leverage down to ~47.8% by year-end, down from ~55.9% in FY23. The subsequent increase to ~51.2% in FY25 reflects renewed seasonal borrowing requirements.
- Interest coverage fell from 7.1x in FY22 to 2.9x in FY24 on higher finance costs, before rebounding to 3.3x in MFY25 on the back of strong export earnings and lower interest rates.
- The sector’s borrowing mix remains heavily concentrated in short-term nominal financing, which accounted for ~55.8% in Aug’25 (Aug’24: ~55.2%). Concessional facilities, primarily under EFS and LTFF, constituted ~35.9% (Aug’24: ~37.6%), while long-term nominal borrowings and other facilities continued to represent only a marginal share of the total mix.



Rice

Financial Risk | Working Capital Management

- Net working capital days have decreased over the latest 5-year period. After peaking at ~124 days in FY21, they dropped to ~112 days in FY22, before edging down to ~110 days in FY23. A sharp decline followed in FY24 when they recorded at ~62 days, reflecting stronger working capital efficiency. However, an increase followed in FY25 as working capital days went up to ~77, indicating renewed buildup in working capital tied to higher inventory levels.
- The sector's inventory is generally maintained for ~4 months. It stood at ~71 days by FY25, compared to ~52 days during FY24. Most of the exported rice is offloaded following December, after the harvesting season. Milled rice stock levels in December are, therefore, generally high, which are largely offloaded in the first quarter of the next year.
- In FY25, payable days stood at ~23 days (SPLY: ~17 days). Since Rice is a cash commodity, to secure the supply of paddy and processed rice, the sector usually makes cash payments and sometimes even advance payments to its suppliers that contribute to low payable days.



Rice

Rating Curve

PACRA rates 10 clients in the Rice sector. The rating bandwidth of the sector lies between BBB to A-.



Rice

SWOT

- Favorable agri-climatic conditions
- Continuous availability and ease of access to raw material
- Availability of low-cost skilled and unskilled labor
- Simple to operate plants
- Long grain rice well-established market
- Government incentives and policies
- Strong export prospects

- Rising freight charges
- Currency fluctuations
- Climatic changes and shifting rain cycles
- Strong bargaining power of buyers
- Intense competition from regional players in international market
- Geographical export concentration
- Groundwater depletion



- Lack of research and development initiatives
- Low per-acre yield
- No value-addition/ commodity product
- Poor marketing strategies in export market
- Outdated machinery i.e. harvesters
- Unavailability of hybrid seed varieties
- Water management concerns

- Growing population and food consumption
- Increased cultivation area for rice, as farmers switched from growing other crops.
- India's ban on Non-Basmati exports

Rice

Outlook: Stable

- Rice maintains its position as one of the imperative cash crops for Pakistan, being the second most important staple food after wheat. Rice contributes significantly towards agriculture value addition, i.e., ~2.5% and ~0.6% in GDP during FY25.
- **Export Prospects:** During FY25, Rice exports recorded at ~5.8Mn MT, declining by ~3.3% YoY (FY24: ~6.0Mn MT), despite the sector remaining a key contributor to Pakistan's external receipts. Rice constituted ~10.5% of the country's total export proceeds in FY25, down from ~12.8% in FY24, as overall exports of the country grew by ~4.5% YoY to reach USD~32.0Bn. Pakistan's Basmati rice, internationally recognized as a premium variety in the EU and Middle Eastern markets, continued to trade at nearly twice the price of Non-Basmati rice. However, Non-Basmati rice dominated in terms of volume, mirroring historical trends.
- Rice is among the major crops that suffered damage from the recent floods, with nearly ~10% of the crop in Punjab destroyed. For FY26, the Government had projected exports of USD~4.0Bn (~5.6Mn MT); however, achieving this target now appears challenging given the crop losses.
- **Business Risk:** It follows from this that major risk facing the Sector are the short-term borrowings which made up ~91.7% of total borrowings as of Aug'25, with borrowing under Export Financing Scheme making up ~35.9% of these short-term borrowings during the same period. In the presence of rates for discounted borrowings linked with the policy rate, with the discount window currently at ~3% (similar to ~3% during the corresponding period last year), the Sector remains exposed to changes in interest rates. However, with the SBP maintaining the policy rate at 11% for three consecutive monetary policy meetings (as of Sep'15, CY25), overall borrowing costs are significantly lower compared to last year when the policy rate stood at ~19.5%
- Interest rate movements can be considered important in the context of Sector's leverage as well which averaged at ~54% during FY21-24 period and settled at ~51.2% in FY25.
- Moreover, while the earlier PKR devaluation continued to support export competitiveness, with India's return to the export market, Pakistan may face stronger competition, which could reduce the pace of growth in rice exports compared to the previous year.
- While stable policy rates and supportive trade dynamics provide a favorable backdrop, the Sector's outlook for FY26 is overshadowed by the recent floods in Punjab, which have severely damaged rice cultivation. This crop loss poses a significant risk to both domestic supply and exportable surplus, limiting the potential recovery that might otherwise have been expected.

Rice

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