

Rice

13th-19th December 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Outlook for Paddy Cultivation in Andhra Pradesh

According to the Andhra Pradesh Government of Agriculture, the area of kharif paddy 27.52 lakh ha. (116%) has been planted as against of 23.73 lakh ha. of normal and 20.48 lakh ha. during corresponding period of Kharif 2004, 17.49-lakh ha. during Kharif, 2003. For Rabi paddy cultivation for the year of 2005-06, the Dept. of Agriculture is implementing a novel method of paddy cultivation that is the "SRI" (System of Rice Intensification). It will reduce water consumption and increase paddy yield. It is proposed to take up awareness among farmers through "Polambadi programme", Farmers' training and wide publicity. Paddy cultivation under "Srivari" method would be treated on par with irrigated dry crops. The cyclonic (BAAZ) heavy rains received in the districts of Kadapa, Chittoor and Nellore 1st December to 3rd December, 05. Due to this, the crop damages also occurred in the districts and dry weather prevailed in Telangana and Coastal Andhra Pradesh during the week. The weather is congenial for intercultural operations where rainfall is not occurred and also harvesting of Kharif crops like paddy, pickings of cotton. Early sown Rabi crops are at vegetative stage. Maize crop are in cob formation stage, and other crops are at Vegetative stage. The area of Rabi rice is at 1.06 lakh ha. (10%), which has been planted as against 10.17 lakh ha. of normal and 1.74 lakh ha. during corresponding Rabi 2004-05. Sowings of paddy nurseries under tanks and minor irrigation sources are in progress. In general overall condition of standing crops is satisfactory and is improving with the recent rains

Bihar Govt. Likely to Procure Paddy from Farmers

The Bihar government has decided to procure about 15 lakh tonne of paddy to prevent the distress sell of paddy by the farmers. They will procure the rice at minimum support price (MSP). According to the State Chief Minister Nitish Kumar, the minimum procurement target had been set as the harvest season was about to over. It is witnessed that the last year target was only 3 lakh tonne. The new target was fixed after a discussion with Union Food Minister Akhilesh Singh. Mr. Kumar said besides Food Corporation Of India (FCI), which was the chief agency for procurement of the paddy; other agencies like BISCOBAN, NAFED and the Primary Agriculture Cooperative Samitis would also be involved in the procurement.

Export Buying Pressure Pushed Up the Pakistani Rice Prices

Pakistani rice prices remained strong in this week as compared to last week due to exporters covered their positions. The dealers are expecting that the price would be steady in the coming days amidst healthy arrivals. The position of new orders is poor at now, but some exporters are in the market to buy to fulfill previous commitments. The rice export is estimated at around 100,000 MT in December, mostly to African countries.

India Exported around 1 Lakh MT of Rice

It was reported that Indian trading firms exported around 1-lakh metric tons of rice to South Africa and Nigeria in November 2005. It is witnessing that India is exporting over 3 lakh MT of rice every month. Recently 1 lakh tons of the parboiled, 5% sortexed category rice was exported to Nigeria and South Africa at \$245-\$255 a ton, free on board, with shipments from the east coast, according to a source. Another 40,000 tons of rice was expected to sell to this country. Indian parboiled rice fetched higher demand due to it is more than \$30/ton cheaper than that of other origins such as Thailand. In case of raw white rice, Pakistan is the main competitor. Recent sales have been few and far between, according to the official. The raw white rice in Pakistan is around \$10/ton cheaper than Indian produce. India currently offers its raw rice, 25% broken, at \$230-\$232/ton, fob basis.

Indian Basmati Prices Down amidst Bumper Production

Bumper crop production of Basmati rice pushed the prices to down. Super brands like Resham, Super Kohinoor, Daawat and Doon are getting lower prices of 20% less than last year. Of the Rs 3,500-crore basmati crop, only around Rs 500 crore worth is sold in branded consumer packs within the country. According to Gurnam Arora, MD, Satnam Overseas, which owns the Kohinoor brand, they have announced an ex-factory price of Rs 3000/qlt for the new crop this year as against of Rs 3800/qlt last year. Pusa paddy traded at around Rs 950-1000/qlt, while traditional basmati paddy was auctioned at Rs 1300/qlt this year as compared to Rs 1600/qlt last year. In the meantime, the bumper harvest has also increased basmati exports. India is now getting advantage on prices against Pakistan because the Indian Basmati prices are less than Pakistani

Basmati prices. Therefore India grasped the EU market. India's Pusa is selling at \$480-520 per tonne compared to Pakistan Super at \$520-530 per tone, according to a source. The Middle East demand has also been glittering. Therefore it is expected that the Basmati rice export to increase.

Kerala: Farmers Deprived from Payments of Paddy

According to the framers in the Kuttanad area of Kerala, they are not getting the payments from the Kerala Civil Supplies Corporation though the Kerala Government has announced a paddy procurement programme. Kuttanad area is the rice bowl of the state. In the absence of the payments, the farmers are worried about finding enough resources for the 'puncha' crop, which is already two months old in the field. The government had declared a procurement price of Rs.707 per quintal. Therefore many farmers borrowed money at high interest rates from private money lending institutions for the last crop as well as for the 'puncha' cultivation. However, the Kerala Civil Supplies Corporation is not making the payments, because of financial constraints. The Corporation had procured rice in the area with assistance of 22 private mills to collect paddy from the farmers. The farmers were told that the Corporation would give them cheques within ten days of their producing the bills, given to them by the private mills. At the present, the local Corporation functionaries say that they are not able to give the payments because of financial problems.

Heavy Rains Affected on Rabi Rice Sowing

Rabi Rice, groundnut and coarse cereals sowing area has hampered in South India due to heavy rains in this region and therefore the area has decreased. According to the Ministry of Agriculture, seven of the 36 meteorological sub-divisions in the country have got excess rainfall during the post-monsoon season from October. South India has received 58% excess rainfall during the period. Consequently, coverage of rice has been decreased in Andhra Pradesh (-70,000 hectares compared with the same period a year ago) and Kerala (-10,000 hectares). Though Tamil Nadu's coverage of rice is up 30,000 hectares, a final picture is awaited pending reports of damage by the rains. Overall, sowing of rice in the country is down by 61,000 hectares to 5.59 lakh hectares (lh) during the current Rabi season compared with last year.

Rice Fetched Lower Prices in Mysore Market

In Mysore market, the rice prices cut down between Rs.50 at the maximum level and Rs.100 at the minimum level during the week-ending December 13 in the Mysore agricultural produce market, as compared to previous week. It got Rs.800 a quintal at the minimum level as against of Rs.900 of the previous week. At the maximum level, it fetched Rs.1,900, while it got Rs.1,950 in the last week. According to the market sources, around 6,722 quintals of rice have hit the market, which is down by 3,744 quintals compared to last week, when the supply was 10,466 quintals. On the other hand, the arrival of paddy was up by 159 quintals, from 811 to 970 quintals. Though it secured Rs.75 less at the minimum level, it got Rs.16 more at the maximum level, selling at Rs 475 and 666, respectively.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

Delhi market showed a positive trend for rice prices due to less arrival and higher spot wheat prices in this week as

compared to last week. The most of the varieties fetched higher prices of Rs.10-30 per quintal in the physical market. The higher demand is also a positive factor. The domestic demand for rice is putting some pressure on rice prices. The export demand for Basmati is also a major factor for price up. Government procurement in various centres also kept pressure on rice prices. It is expected that the prices of new varieties would be stable in the coming days.

Market Price For Different Varieties Of Rice In Delhi Mandis (Rs. per Qtl.)

Delhi	12.12.05	19.12.05
Basmati New	2450-2550	2400-2500
Sharbati new	1500-1550	1525-1560
Sharbati old	1600-1650	1625-1650
Parmal raw	925-970	960-1000
Wand	1020-1070	1050-1085
Parmal sella	1000-1050	1020-1070
IR 8	880-950	910-960
DB Rice	1800-2050	1700-2000

DEHRADUN MARKET:

The market sentiment was very good in Dehradun market. The all of the varieties fetched good return due to export pressure and less arrival. Basmati, Sharbati, Parmal and IR-8 received higher price in this week as compared to last week. The arrival is also coming from Haryana. Prices for rice may continue to trade range bound in the coming days.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	12.12.05	19.12.05
Basmati Raw	2100-2200	2150-2250
Sharbati	1525-1590	1600-1675
Parmal Raw	950-1025	1000-1100
IR 8	890-950	950-965

RUDRAPUR MARKET:

The market sentiment for paddy remained pronounced but the trend remained same for rice in Rudrapur market in this week over last week. The most of the paddy varieties traded on higher side in this week as compared to last week. The positive factor was less arrival. The rice is supplying to Uttaranchal and U.P. but the domestic demand is stable in this market. Prices for most of the rice varieties remained stable this week. New Basmati rice has hit the market. Government is procuring most part of farmers produce. The bumper production of Basmati rice kept prices under pressure at most of the trading centre. It is expecting that the rice price to remain firm in January when export pressure will come in full-fledged, according to the traders. Traders are expecting that market may remain range bound in coming week.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	12.12.05	19.12.05
Sharbati paddy (New)	740-750	800-825
DB paddy	935-950	1050
Parmal paddy	600	650-675
Parmal raw rice	1020-1030	1025
Wand	1020-1030	1025
Basmati paddy		1100-1175
Basmati rice	2450-2500	2400
Sharbati sella	1580-1610	15550
Sharbati esteem	1640-1660	1600
DB sella	2300	2350

KARNAL MARKET:

Most of the rice varieties fetched higher prices in this week as against of last week. Government procurement in this market kept pressure on prices and therefore the prices did not go down in this mandis. The government quality parmal rice procured at the price of Rs.1060 per quintal, according to the traders. Parmal rice fetched good return from this market due to good demand. It can be expected that the prices of the old varieties would remain mostly steady in the coming week. The prices for the new varieties are likely to remain strong in the coming week.

Market Price For Different Varieties Of Rice In Karnal Mandis

KARNAL	12.12.05	19.12.05
Basmati rice sella	2700-2800	2750-2850
Basmati rice raw	2200-2300	2250-2350
Sharbati esteem	1820-1860	1825-1875
Sharbati sella	1600-1625	1625-1650
Parmal raw rice	865-925	900-970
Parmal sella	950-975	1000-1035
IR 8	825-865	865-900
DB rice sella	1950-2000	2000-2050

KURUKHESTRA MARKET:

The market remained steady in this week over last week. The most of the varieties traded on stable range due to stable demand and stable arrival. The prices may not decline further and may increase near January particularly for Basmati varieties.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	12..12.05	19.12..05
DB rice (New)	2250-2300	2250-2350
DB Rice (Old)	2140-2200	2150-2200
Sharbati esteem	1650-1700	1650-1700
Sharbati sella	1600-1650	1600-1650
PR11 sella	1175	1150-1200
Parmal rice	1050-1100	1075-1125
Parmal Wand	1050-1100	1075-1125

Parmal Sella	1050-1100	1075-1125
Basmati Rice New	2450-2500	2400-2500
Basmati Rice Old	2800-2850	2800-2900
Basmati paddy	1250-1300	1250-1300

AMRITSAR MARKET:

Less demand and strong arrival of Basmati rice restricted the price up in Amritsar market in this week as compared to last week. Government procurement restricted the price movement on lower side abruptly in this market. Therefore most of the varieties traded on slight lower side in this market. The export buying pressure remained weak. Maximum demand remained on Parmal rice due to government procurement of Parmal rice. Arrivals were strong in domestic market. Prices are expected to improve in near future as government has reduced its release quota.

Market Price For Different Varieties Of Rice In Amritsar Mandis

AMRITSAR	12.12.05	19.12.05
Sharbati sella rice	1550-1600	1500-1550
Sharbati raw rice	1500-1550	1450-1500
Sharbati esteem (New)	1650-1700	1550-1650
Basmati rice raw	2700	2500
Parmal Govt. Quality	1000	965-972
PR11 paddy	650-700	700
PR11 rice	1150-1200	1100-1150
Parmal Wand (New)	1125-1150	1100-1125

WEST BENGAL MARKET:

New kharif crop arrivals are increasing and therefore the prices are going to down for some varieties. The demand for other rice is stable and prices for most of the varieties remain stable. The prices till that time are expected to remain range bound on a slightly lower side.

Market Price For Different Varieties Of Rice In West Bengal Mandis

WEST BENGAL	12.12.05	19.12.05
Ratnachudi	1090-1110	1100
Fine	1350-1450	1250-1325
Super Fine	1275-1300	1250-1300
IR 36 (super)	1075-1100	1050-1075
Minikit Shankar	1400	1375-1400
Minikit (M- Shankar)	1350-1360	1340-1360
Doodh Kalma	1300-1350	1300-1350
Swarna (New)	925-975	900-950
Pankaj	950-1000	925-975
Swarna parboiled	1000-1020	990-1020
Govindobhog	2300	2300-2350
Chawl Moni	1600-1700	1650-1700

Conclusion

The most of the trading centre showed a positive trend for rice prices except Amritsar and West Bengal where strong arrival kept prices on lower side. Government procurement is hindering the price movement on lower side abruptly as arrival is increasing at most of the mandis. But traders of most of the domestic spot markets for rice are expecting an increase in demand in January for export demand. Arrivals are increasing but is expected to be followed by greater demand particularly export demand in the coming days. Prices for basmati varieties are expected to rise on increased export demand in late December and January months.

Port Watch (As on 16th December, 2005)

Kandla Port is loading 3,500 MT of rice to Makkala on the vessel 'Angel'. The vessel is being handled by Aditya agents. 'Merco Mahara' is expected at the port to load 13,500 MT of rice to Dammam. The vessel will be handled by Sai Shipping agents.

Weather Watch (As on 18th December, 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

- Coastal Tamilnadu, south coastal Andhra Pradesh and Bay Islands have reported scattered to fairly widespread rains for the last 12-18 hours.
- Yesterday's **Deep Depression** over Southwest Bay of Bengal moved west-northwards during the last 24hrs and has further intensified in terms of intense cloud bands organisation, deepened central pressure and enhanced sustained wind pattern around the system. It is currently located at southwest Bay around 10.6°N latitude and 82.3°E longitude characterized by about 75-80Km/hr maximum sustained wind, an estimated 987hPa of Central Pressure at 07:30UTC of today. South Andhra Pradesh has already experiencing about 35-40Km/Hr surface onshore winds since morning today. Model prediction suggests that the deep depression is likely to further intensify slowly and **move in west-northwestward initially** and may **perhaps move in very slow north/northeasterly direction subsequently** in coming 2-3days due to the influence of the large amplitude mid-latitude westerly trough in middle and upper troposphere.
- Model prediction further suggests that stronger winds with speed up to around 60 Km/Hr. are likely along north coastal Tamilnadu, coastal Andhra Pradesh during next 2-3 days. Fairly widespread to wide spread rainfall with isolated heavy to very heavy rains over coastal Tamilnadu & Pondicherry, coastal Andhra Pradesh during next 2-3 days. Scattered to fairly widespread rains are expected over Kerala, Lakshadweep, Rayalaseema, south interior Karnataka, Telangana in coming days.
- Cold wave conditions are prevailing over parts of north India and northwest India. Model prediction suggests that the minimum temperatures over Punjab and Rajasthan are likely to rise by about 1-2 °C due to the passing **Western Disturbance** that is likely to affect J&K, H.P. and adjoining

areas of Punjab, Haryana and Uttranchal during 19-20 December. Under its influence, these area may receive isolated to scattered rainfall with snowfall over hilly regions during 19- 20 December.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

- Isolated to scattered snowfall/rainfall over J&K, H.P. and Uttranchal and isolated rainfall over Punjab and Haryana during 18-20 December.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

- Mainly dry weather may prevail over the region.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

- The region is likely to experience mainly dry weather.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

- Fairly widespread to wide spread rainfall with isolated heavy to very heavy rains over coastal Tamilnadu & Pondicherry, coastal Andhra Pradesh and Bay Islands during next 2-3 days. Scattered to fairly widespread rains are expected over Kerala, Lakshadweep, Rayalaseema, south interior Karnataka, Telangana, coastal Orissa in coming days.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

- Mainly dry weather is expected to prevail over the region.

Source: NCMRWF

FOREX (As on 19th December, 2005):

Foreign Currency	Rs. per unit
1 US \$	45.24
1 Euro	54.37
100 Yen	38.86
1 British £	80.15

SUMMARY OF PROGRESS OF RABI RICE (Area Coverage)

(Area in lakh hectares)

Normal Area	Area Coverage (As reported on 12.12.05)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	5.59	6.20	-0.61	AP (-0.7, -43.8), Ker (-0.1, -25.6), TN (+0.3, +7.1)

Source: Ministry of Agriculture, GOI

Progressive Procurement of Rice as on 12.12.2005

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 12.12.05	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.04	2.80	1.39
Chhattisgarh	28.37	5.36	4.93
Haryana	16.62	18.45	13.77
Maharashtra	2.05	0.20	0.06
Orissa	15.90	0.24	0.20
Punjab	91.06	79.70	77.18
Tamil Nadu	6.52	-	0.12
Uttar Pradesh	29.71	4.70	4.24
Uttaranchal	3.16	0.59	0.45
West Bengal	9.44	0.07	0.02
All-India	246.83	112.33	102.54

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$284	5% DP	\$263
5%	\$278	5%	\$262
10%	\$275	10%	\$259
15%	\$263	15%	\$247
25%	\$249	25%	\$240
35%	\$247		
Jasmine	\$383		
PB 100% Sortexed	\$279		
A1 super	\$206		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$223	Basmati (fine grade)	\$850
20%	\$219	PR 106 PB 5%	\$270
25%	\$217	PR 106 5%	\$270
		PR 106 25%	\$236

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