

Rice

13th-18th Aug, 2007

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Sowing Lagging Slightly

As per the Agriculture Ministry's Crop Weather Watch Report released on Friday, the total coverage of rice till August 17 stood at 278.37 lakh hectare, down of over three lakh hectares compared to 281.26 lakh hectare at this time a year before because of floods in north eastern provinces and eastern region of the country had delayed sowing. Indian Council of Agricultural Research has advised flood-ravaged farmers of Bihar, UP, Assam and some other states to transplant relatively short duration paddy varieties when water level drops to below 2 feet. Transplanting of rice is nearing for completion in the states of Andhra Pradesh, J&K, Karnataka, Kerala and Tamil Nadu. The rice output is expected to be around 100 million tonnes compared to last 10-years' average of 88-90 million tonnes. Normally, kharif sowing starts from June 1 and continues till July end. Kharif crops are harvested in September-October. This kharif crop year also expects rise in output due to application of advanced technology and seeds.

India's Rice Exports Likely To Touch 9 Million Tonnes

India's rice exports are very likely to be doubled to 9 million tonnes this year compared to last year's 4.4 million tonnes, FAO reported. In 2005-06, India exported 1 million tonnes of basmati rice and 3.5 million tonnes of non-basmati rice to the neighbouring and West Asian countries. The expected increase of imports by Asian countries like Indonesia, Bangladesh, Nepal and Vietnam may lead the increase in volume of India's rice exports. Despite the floods that devastated major rice growing areas, the production is expected to rise by 10-15 per cent to 100 million tonnes as rains are always good for paddy. Paddy is a rain fed crop and torrential rains are favourable for its growth.

CCEA Approved NFSM Scheme for Increased Rice Output

The Cabinet Committee on Economic Affairs (CCEA) approved the National Food Security Mission (NFSM) scheme to enhance the production of rice by 10 million tonnes by 2011. The enhancement of production of rice will be done through a set of measures such as area expansion, increasing productivity in selected districts; restoring soil fertility; creating employment opportunities; and upliftment of farm level economy to restore the confidence of the farmers of the targeted districts. In the

next four years, country's rice production is expected to touch 10 million MT.

Njavara- An Indian Rice Variety May Fight Against Cancer

Agriculture Scientists have identified a rice protein - Bowman-Birk Trypsin Inhibitor (BBI), an anti-cancer agent, particularly effective against breast cancer, from an Indian variety of rice, Njavara, mostly grows in Kerala. In the rice, the sequenced part of the gene has shown about 94 per cent identity with the BBI protein. This variety is mainly grown in Wayanad and Palakkad districts of Kerala. Njavara is widely used in Ayurvedic treatments as well as in rejuvenation therapy.

WFP will send 2,000 tonnes of Rice to Bangladesh

To support the flood victims of Bangladesh, the World Food Programme (WFP) has decided to send 2,000 MT of rice to Bangladesh. The massive floods in Bangladesh have damaged the standing crops on about 4.85 lakh hectares and have washed away nearly 133,000 MT of rice that was about to be harvested. The help from the countries like Australia, Germany and Canada will be channelised through the WFP. A week ago, India has committed to provide humanitarian assistance of 50,000 tonnes of grains (40,000 tonnes of rice and 10,000 tonnes of wheat) to Bangladesh to meet its food shortage.

Iraq to Buy 30,000 MT Rice

In order to fulfill the annual requirement of 1 million MT of rice, the Iraq Grain Board issued a new tender to buy 30,000 MT of rice. In last few months, Iraq has issued several tenders to buy hard wheat and rice but found it difficult to conclude with the international companies due to soaring international prices. The last tender issued by the board to buy rice was in July.

Rice: USDA Weekly Export Sales Highlights

Net sales of 54,000 MT were 10 percent above the previous week. The major buyers were Saudi Arabia (20,200 MT), Ghana (14,800 MT), Canada (5,600 MT), Mexico (5,000 MT), and El Salvador (3,800 MT). Exports 101,500 MT were 39 percent above the previous week and 49 percent over the prior 4-week average. The primary destinations were Mexico (36,700 MT), Nicaragua (22,900 MT), Haiti (15,200 MT), Chile (7,600 MT), Honduras (5,300

MT), and El Salvador (5,000 MT). (This summary is based on reports from exporters for the period July 03-09, 2007). Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

The export of non-basmati rice has been steady to better while the export of basmati rice continues to be encouraging. Export demand from Bangladesh for non-basmati parboiled rice strengthened the domestic market sentiment. Demand from Europe and Middle East for basmati rice has kept the market steady as exporters started supplying contracted quantity before the arrival of new crops into the market. The export of basmati rice traded steady at \$1200 per MT FOB, remained unchanged from last week's price level. In the domestic markets, basmati variety traded steady at Rs.4300-4600/qlt against a normal demand-supply situation.

In markets like Delhi, Haryana, Punjab and Uttaranchal, the sentiments for the non-basmati varieties remained unmoved against a normal supply-demand situation while in West Bengal, prices surged sharply for most of the varieties due to good export demand from Bangladesh coupled with normal domestic demand from states like Bihar. Further, heavy rainfall over the rice growing belts created logistic problems, which further pushed up the prices against a strong demand. The prices of IR36 stood at Rs.1800/qlt, up of Rs.200/ from last week's Rs.1600/qlt and Swarna parboiled quoted at Rs.1800/qlt from last week's level of Rs.1700/qlt. Minikit sankar and Doodh Kalma traded up at Rs.2000/qlt each from last week's Rs.1800 and 1900/qlt respectively while swarna new and pankaj prices were a tad lower and traded at Rs.1300/qlt each, down of Rs.100 from the last week's Rs.1400/qlt. In Punjab, rice varieties traded steady but traders expect that prices may trade down in the coming days as new crops started arriving into the market.

DELHI MARKET:

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

Delhi	11.08.07	18.08.07
Basmati Common	4450	4450
Sharbati raw	2500	2500
Sharbati sella	2350	2350
Parmal raw	1300	1300
Parmal sella	1275	1275
DB Rice	3700	3700

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	11.08.07	18.08.07
Parmal paddy	625	625
Parmal raw rice	1200	1150-1200
Basmati paddy	-	-
Basmati rice	-	-

Sharbati sella	2400	2400-2450
DB sella	3200	3100-3200

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	11.08.07	18.08.07
Basmati rice raw	4500	4500
Sharbati esteem	2400	2400
Sharbati sella	2400	2400
Parmal raw rice	1250	1250-1300
Parmal sella	1250	1250-1300
DB Rice Sella	3500	3600-3700
IR8	1100	1100

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	11.08.07	18.08.07
IR 36 (super)	1600	1800
Minikit Shankar	1800	2000
Doodh Kalma	1800-1900	2000
Swarna (New)	1400	1300
Pankaj	1400	1300
Swarna parboiled	1700	1700-1800
Govindobhog	2500	2500
Chawl Moni	2100	2100

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	11.08.07	18.08.07
Sharbati sella rice	2300	2000-2050
Sharbati raw rice	2300	1950-2000
Sharbati esteem	2450	2100-2150
Basmati rice raw	4600	4500
Basmati Paddy	2500	2500
Parmal Govt. Quality	1050	1080
Parmal Wand (New)	1250	1175-1200

CONCLUSION

In the short term, good export demand for non-basmati rice may keep the domestic market steady to firm while in medium to long term, market may trade down with the arrival of new crops. With expected increased output in this crop year coupled with good demand for the basmati variety in international markets may boost the domestic prices.

PORT WATCH (As on 18th August, 2007)

In ongoing financial year, till now, more than a million tonnes of rice has been exported from the Kakinada old port and more than doubled is expected till the end of this financial year. From the Kandla Port, Al Mansoor by Aditya group is handling the export of 8500 tonnes of rice and MERCISM by SAI SHG is handling the export of 13115 tonnes of rice. Kakinada old port, at present, there are near about 90 barges are in functional condition. Mr B. Ramamurthy, the president of the Kakinada Steel Barge Owners' Welfare Association, is of the view that the State Government has to take a long-term view of rice exports and build up the infrastructure at the port accordingly. Rice exports kept the old port at Kakinada busy for the second successive year.

Monsoon Outlook (15.08.07)

Last week's well marked low pressure area over West Madhya Pradesh and neighbourhood lay as a low pressure area over Kutch and adjoining south Rajasthan on 9th. It moved away westwards on 10th. A fresh low pressure area formed over northwest Bay of Bengal off Orissa-West Bengal coast on 10th. It persisted over the same area and became well marked on 12th. It lay over Gangetic West Bengal and neighbourhood on 13th. It lay as a low pressure area over Bihar and neighbourhood on 14th and became less marked on 15th. However, the associated upper air cyclonic circulation lay over Bihar and neighbourhood extending upto 3.6 km above mean sea level with an upper air trough extending from the centre of cyclonic circulation to north Bay of Bengal.

An off shore trough ran from Gujarat coast to Kerala coast during first half of the week and from Gujarat coast to Karnataka coast during second half of the week. The axis of the monsoon trough lay to the south of its normal position in the beginning of the week. The western end of the monsoon trough gradually shifted northward and lay north of its normal position or close to the foothills of the Himalayas from 11th onwards. With the movement of the low pressure area over northwest Bay of Bengal to Bihar,

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 17.08.07)		
	This Year	Last Year	Difference
381.89	278.37	281.26	-3.0

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 09.08.07

(Lakh Tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 09.08.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	53.02	47.13
Chattisgarh	32.65	28.27	31.81
Haryana	20.54	17.73	20.40
Kerala	0.94	1.51	0.94

the eastern end of the monsoon trough also shifted northward and lay close to the foothills of the Himalayas during 14-15th August.

A trough in westerlies at lower and mid tropospheric levels embedded with cyclonic circulation moved over western Himalayan Region during second half of the week.

Outlook For The Week Ending On 22nd August 2007

1. Widespread rainfall with isolated heavy to very heavy falls is likely over northeastern States during first half of the week and decrease thereafter.
2. A low pressure area is likely to form over north Bay of Bengal and adjoining north Orissa-West Bengal coast around 18th August. Under its influence, rainfall activity is likely to increase over Orissa, Chhatisgarh and north Andhra Pradesh during 18th-20th August.
3. Subdued rainfall activity is likely over northwest India and remaining parts of Peninsular India.

Source: GOI (IMD).

FOREX (As on 18th August, 2007):

Foreign Currency	Rs. per unit
1 US \$	41.57
1 Euro	55.74
100 Yen	36.92
1 British £	82.14

Maharashtra	1.94	0.97	1.45
Orissa	17.85	19.69	16.64
Punjab	88.55	78.26	88.50
Tamil Nadu	9.26	10.77	8.60
Uttar Pradesh	31.51	25.49	31.20
Uttaranchal	3.36	1.76	3.28
West Bengal	12.75	6.22	12.65
All-India	276.56	249.63	269.75

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current, 14.08.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$336	5% DP	\$310
5%	\$330	5%	-
10%	\$325	10%	\$305
15%	\$315	15%	\$298
25%	\$300	25%	\$290
35%	-		-
Parboiled	\$339		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$295	25%	\$295
Parboiled	-	Parboiled	\$310

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