

Rice

03-08 Sept, 2007

## MAJOR ACTIVITY HIGHLIGHTS

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## DOMESTIC AND INTERNATIONAL NEWS

### Kharif Rice Sowing Up on Good Monsoon

As per the release of government of India's Crop Weather Watch Report on Sept. 8, along with oilseeds, cotton and sugarcane, rice acreage has been up significantly compared to the same period of the last year. Rice plantings, which were lagging in the recent past weeks, picked up pace after floodwaters receded in northeastern provinces. Rice plantings are estimated at 346.91 lakh hectares, against last year's 345.32 lakh hectares. Bihar, UP, Assam and some other states are transplanting relatively short duration paddy varieties to manage the time period that were affected due to flood. 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. But this year it has been extended to September last as climate is favouring for the plantation. Kharif crops are harvested in September-October. Rice output may reach 10 million metric tonnes in next four years with area specific planning, use of improved seeds and technology.

### Haryana Exporters Against the Levy on Rice Export

Rice exporters from Haryana requested the state government to abolish market fee and rural development fund fee levied on rice exports. They also reported that Haryana exporters are loosing out to other states' rice exporters due to imposition of 2 per cent market fee and 2 per cent rural development fund fee on such exports. In other states like Punjab, Uttar Pradesh, etc. there is no such charges. Haryana, one the largest rice exporters in the country, exports rice to West Asia and U.K with the worth of around Rs.15,000 crore.

### Arizona, China Scientists to Develop Higher-Yield Rice Variety

Researchers from China and the University of Arizona are working on to develop a supercharged rice crop. This variety of rice will be developed to meet the demands of rice consumption against the growing population and decrease in acreage for cultivation. The Shennong Center for Crop Functional Genomics, collaboration between the University of Arizona and the Huazhong Agricultural University in Wuhan, China, is working to grow more rice per acre under environmentally friendly conditions. At

present, people are just putting more and more fertilizer into the soil, and most of it is going into the rivers. The new varieties will be developed that require less chemical and fertilizer. The Shennong Center designed the rice varieties to grow drought-tolerant, disease-resistant crops that offer higher yields.

### AP to Procure 115 and 62 lakh tonnes of Paddy and Rice Respectively

The government of Andhra Pradesh in an action plan decided to procure 115 lakh tonnes of paddy and 62 lakh tonnes of rice along with 10 lakh tonnes of maize for the year 2007-08. This decision was taken at workshop held on Thursday under the State Department of Consumer Affairs, Food and Civil Supplies to decide the steps required for the procurement of kharif crops 2007-08 and streamline minimum support price. During 2006-07, AP government procured 107 lakh tonnes of paddy and 53 lakh tonnes of rice from the State agencies and rice millers respectively.

### India Considers Widening Basmati Variety

Presently, government of India is considering a proposal to widen basmati varieties and enhance trade of basmati rice. In basmati rice, India is the leading exporters and global leader. The proposal aims to declare all varieties of Basmati Rice notified as Basmati Rice under the Seeds Act, 1966. And any future variety notified as Basmati under the same law must be considered as basmati Rice. India's share in the world market for basmati rice is about 53 per cent.

### Cambodia may be a leading rice exporter by 2008

At present Cambodia export more than one million tonnes of unmilled rice to neighbouring Vietnam and Thailand annually. Cambodia could become one of the world's leading milled rice exporters by 2008 provided it has sufficient capital to buy unmilled rice from local farmers. Pu Puy, president of the Rice Milling Association of Cambodia said that Cambodian local mills currently require 40 million U.S. dollars in capital to

### Drought Affected Around 95,000 Hectares Rice Field in Indonesia

As per the latest report released by Ministry of Agriculture, Indonesia, the five-month long drought affected almost

94,870 hectares of rice fields in Indonesia. Since last five months, Indonesian rice fields have not received or received little rainfall, which caused crop damage. Out of the total affected 98,870 hectares, 7,760 of rice fields were declared totally damaged and failure of harvest. In the current year, Indonesia may look into the neighbouring countries to meet the domestic demand.

#### Rice: USDA Weekly Export Sales Highlights

Net sales of 104,800 MT were 4 percent below the previous week. The major buyers were Mexico (83,100 MT), the United Kingdom (8,400 MT), Haiti (6,000 MT), and Honduras (2,000 MT). Exports of 58,500 MT were nearly three times the previous week and 5 percent above the prior 4-week average. The primary destinations were Mexico (27,600 MT), Haiti (7,800 MT), Ghana (6,100 MT), and the United Kingdom (6,100 MT). Note: Accumulated exports for Mexico were adjusted down 32,800 MT for long grain rough rice. (This summary is based on reports from exporters for the period August 24-30, 2007).

Source: FAS, USDA.

#### DOMESTIC MARKET COMMENTARY

During the week starting September 3, export of non-basmati rice has been steady to better while the export of basmati rice traded steady. Rising demand for the non-basmati varieties from the flood hit Bangladesh, African and other East Asian countries kept the domestic market steady against the arrival of new crops. The normal demand for the basmati variety is continuing from the EU and Gulf countries. Exporters are trying to collect old stocks in the domestic markets to fulfill the signed export contracts and to pave way for the new crops. In domestic markets, non-basmati rice varieties mostly traded steady to easy on lower offtake against the increased arrivals while basmati traded steady on a normal demand-supply situation. Basmati variety traded steady at Rs.4500-4600/mtl whereas sarbati raw and sarbati sella traded at Rs.2200-2700/mtl and 2000-2400/mtl respectively in Delhi, Karnal, Rudrapur and Amritsar markets. DB sella in Delhi quoted up at Rs.3800/mtl from last week's price of Rs.3600/mtl and in Uttranchal, quoted up at Rs.3200/mtl to 3400/mtl. Parmal paddy also quoted firm at Karnal at Rs. 650/mtl. In West Bengal, rice varieties were slightly dipped as healthy arrivals outpaced strong domestic and export demand. The prices were down in the range of Rs.50-100/mtl. As on August 31, kharif rice acreage stood at 337.00 lakh hectares, up 2.8% from the last year's 334.18 lakh hectares. Export of basmati and Pusa basmati varieties traded down at \$1175 and \$1050 per MT FOB from last week's \$1200 and \$1100 per MT FOB respectively. IR-64 quoted steady at \$300 per MT FOB. Parboil export price stood steady at \$315 per MT FOB and the 25% broken stood at \$305 per MT FOB. The export of Sarbati rice traded down at \$640 per MT FOB and 100% parmal broken traded steady at \$265 per MT FOB.

#### DELHI MARKET:

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

Delhi	01.09.07	08.09.07
Basmati Common	4500-4600	4500-4600
Sharbati raw	2450	2400

Sharbati sella	2300	2250
Parmal raw	1400	1300
Parmal sella	1200	1150
DB Rice	3600	3800

#### RUDRAPUR MARKET:

**Market Price For Different Varieties Of Rice In Rudrapur Mandis**

RUDRAPUR	01.09.07	08.09.07
Parmal paddy	625	750
Parmal raw rice	1150-1200	1200
Basmati paddy		-
Basmati rice		-
Sharbati sella	2400	2400
DB sella	3200	3400

#### KARNAL MARKET:

**Market Price For Different Varieties of Rice In Karnal Mandis**

KARNAL	01.09.07	08.09.07
Basmati rice raw	45-4600	4600
Sharbati esteem	2400-2500	2700
Sharbati sella	2400	2700
Parmal raw rice	1200	1250
Parmal sella	1350	1300
DB Rice Sella	3600-3650	3500-3600
IR8	1100-1125	1200

#### WEST BENGAL MARKET:

**Market Price For Different Varieties Of Rice In West Bengal**

WEST BENGAL (Burdwan)	01.09.07	08.09.07
IR 36 (super)	1700	1600
Minikit Shankar	2150	1950
Doodh Kalma	2150	2000
Swarna (New)	1500	1300
Pankaj	1500	1400
Swarna parboiled	1850	1700
Govindobhog	2550	2500
Chawl Moni	2100	2000

#### AMRITSAR MARKET:

**Market Price For Different Varieties Of Rice In Amritsar**

AMRITSAR	01.09.07	08.09.07
Sharbati sella rice	2200	2150-2200
Sharbati raw rice	2200-2250	2200-2250
Sharbati esteem	2200	2200
Basmati rice raw	4600	4600
Basmati Paddy	2500	2500-2550
Parmal Govt. Quality	1075	1000
Parmal Wand (New)	1200	1100

## CONCLUSION

In the short term, good export, particularly from Bangladesh, Indonesia and EU and Saudi countries combined with the mild domestic demand for rice varieties may keep the market steady to firm while in the medium to long term market may trade down with the arrival of new crops.

## PORT WATCH (As on 1<sup>st</sup> September, 2007)

From the Kandla Port, MERCS MATALE by SAI SHG group is handling the export of 15500 tonnes of rice and berthed on 7 September.

## Monsoon Outlook (05.09.07)

An upper air cyclonic circulation lay over West-Central Bay of Bengal off North Coastal Andhra Pradesh extending between 2.1 and 5.8 km above mean sea level on 31st August. Under its influence, a low-pressure area formed over West-Central and adjoining North-West Bay of Bengal and North Coastal Andhra Pradesh on 1st September. It persisted over the same area on 2nd and became less marked on 3rd. However; an upper air cyclonic circulation extending upto mid-tropospheric level lay over Orissa and neighbourhood on 3rd. It lay over Bihar and neighbourhood extending upto 3.1 km above mean sea level on 4th and became less marked on 5th. The axis of the monsoon trough lay to the south of its normal position during many days of the week. The eastern end lay more southward compared to the western end of the monsoon trough in association with the low-pressure area over West-Central and adjoining North-West Bay of Bengal. An off shore trough extended from South Gujarat coast to Kerala coast during first half and from Konkan coast to Kerala coast during second half of the week. A cyclonic circulation lay over Sub-Himalayan West Bengal and adjoining Bihar in lower tropospheric levels on 1st September and moved eastwards across northeastern States during 2nd-5th. Another upper air cyclonic circulation lay over Gangetic West Bengal and neighbourhood extending upto mid-tropospheric level on 5th. Last week's cyclonic circulation over South-West Madhya Pradesh and neighbourhood extending upto mid-tropospheric level persisted over the same area on 30th and became less marked on 31st

## SUMMARY PROGRESS OF KHARIF RICE

### (Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 07.09.07)		
	This Year	Last Year	Difference
381.89	346.91	345.32	+1.59

Source: Ministry of Agriculture, GOI

August. Last week's upper air cyclonic circulation over East Uttar Pradesh and neighbourhood extending upto 3.1 km above mean sea level lay over North-East Rajasthan and neighbourhood extending upto 1.5 km above sea level on 30th and over North-West Rajasthan and neighbourhood on 31st August. It became less marked thereafter.

## Rainfall:

### Under influence of the above systems:

Widespread/fairly widespread rainfall occurred over Andaman & Nicobar Islands, Lakshadweep, Kerala, Coastal Karnataka and Konkan & Goa during the week. Scattered to fairly widespread rainfall occurred on many days over Madhya Maharashtra, Marathwada and remaining parts of peninsular India outside Tamil Nadu where it was isolated on many days. Widespread/ fairly widespread rainfall occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim during many days of the week. Scattered to fairly widespread rainfall occurred over Gujarat State and East Rajasthan during first half of the week and it was isolated to scattered thereafter. Scattered to fairly widespread rainfall occurred over Orissa, Chhattisgarh and Vidarbha during second half of the week. The rainfall was deficient over Northwest India with isolated rainfall activity during the week. The rainfall was also less over remaining parts of East, Central and West India where isolated/scattered rainfall occurred during many days of the week.

### Outlook For The Week Ending On 12<sup>th</sup> September 2007

Widespread rainfall with scattered heavy to very heavy falls is likely over Bihar, Sub-Himalayan West Bengal & Sikkim and northeastern States during the week. Fairly widespread rainfall with isolated heavy to very heavy falls is also likely over remaining parts of East India during first half of the week and decrease thereafter. Scattered to Fairly widespread rainfall activity is likely over northwest India. Decrease in rainfall activity over South peninsula where scattered rainfall is likely.

Source: GOI (IMD).

## FOREX (As on 10<sup>th</sup> September, 2007):

Foreign Currency	Rs. per unit
1 US \$	40.71
1 Euro	55.66
100 Yen	35.36
1 British £	82.26

## PROGRESSIVE PROCUREMENT OF RICE AS ON 31.08.07

(Lakh Tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 31.08.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	53.15	48.18
Chattisgarh	32.65	28.31	32.23
Haryana	20.54	17.73	20.45
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.96	1.91
Orissa	17.85	19.87	17.15
Punjab	88.55	78.27	88.52
Tamil Nadu	9.26	10.77	8.86
Uttar Pradesh	31.51	25.49	31.20
Uttaranchal	3.36	1.76	3.36
West Bengal	12.75	6.41	12.66
All-India	276.56	250.23	272.76

Source: Ministry of Agriculture, GOI

### International Asian Rice Prices Per MT FOB (Current, 07.09.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$335	5% DP	\$320
5%	\$325	5%	-
10%	\$320	10%	\$315
15%	\$310	15%	\$310
25%	\$300	25%	\$300
35%	-		-
Parboiled	\$335		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$290	25%	\$305
Parboiled	-	Parboiled	\$315

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