

Rice

1-6 October, 2007

## MAJOR ACTIVITY HIGHLIGHTS

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## DOMESTIC AND INTERNATIONAL NEWS

### Kharif Rice Sowing Up on Good Monsoon

As per data compiled by Agriculture Ministry as on October 5, the total coverage of kharif rice has gone up to 369.32 lakh ha as compared to 366.62 lakh hectare last year, the weekly Crop Weather Watch Group meeting of the Ministry of Agriculture was informed here today. Transplanting ended in almost all the states except Andhra Pradesh, Karnataka, Kerala, Orissa and Tamil Nadu where it is continuing. However, although the rice has been increased, but due to drought and flood in different parts of the country may reduce the rice output. The first estimate of 2007-08 has pegged rice production at last year's level of 80 million tonnes. The government added that there is no plan to ban rice exports. The government will monitor the size of the autumn rice harvest and its recently started rice procurement programme. Normally, kharif sowing starts from June 1 and continues till July end. But this year it has been extended to September last as climate was 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.

### Government May Give Incentive Rs.40/qtl For Paddy: Government Sources

Government of India is planning to pay an incentive bonus of Rs.40/qtl for the current year's paddy crop. Procurement operations for paddy have started all over the country. Incentive of Rs.40/qtl is over and above the already announced minimum support price (MSP) of Rs.645/qtl for 'common' paddy and Rs.675/qtl for 'Grade A' varieties, according to government sources. The government is acting upon the pressure from various sections after the Centre's recent measures to hike the procurement price for wheat. Till 2004-05, the difference between the procurement price of wheat and that for Grade A paddy was only Rs.50/qtl but for the 2006-07, the difference was Rs.200. According to government sources, given the desperate stocks position with regard to wheat and also spiraling international prices, there is an economic compulsion to declare a high enough MSP. But if this also unduly upsets the relative price parity with paddy, it could end up fomenting political unrest. By 2007-08, wheat procurement by the government has fallen to 111.04 lakh

tonnes whereas rice procurement has risen 250.75 lakh tonnes in 2006-07.

### Philippine 2007 Rice Output To Rise 5%: Philippine Department of Agriculture

According to the Philippine Department of Agriculture, Philippine is likely to reach its rice production target of 16.2 million metric tonnes for the year, up 5% from last year, despite the drought. The planting have achieved the Quick Turnarounds (QTA) programme which will compensate for the losses brought by the drought, said Frsco Malabanan, the department's program director for rice. According to the Malabanan, the department was able to plant around 101,000 hectares of rice farmlands, higher than its initial target of 88,000 hectares under the programme. Rice accounts for around 20% of the country's agricultural output, which in turn contributes a fifth of the country's gross domestic product.

### Paddy Arrivals Have Been Picked Up In Haryana

According to a spokesperson of the Food and Supplies Department, the arrival is picking up in various mandis in Punjab and so far over 4.31 lakh metric tonnes of paddy has been arrived. Out of the total paddy arrival, 2.60 lakh metric tonnes had been procured by government agencies at the Minimum Support Price fixed by the Central Government. The remaining about 1.71 lakh metric tonnes had been purchased by the private millers and traders, which included 1.13 lakh metric tonnes leviabale and 58,603 metric tonnes non-leviabale paddy. Spokesman also said that the Food and Supplies Department had procured 88,494 metric tonnes of paddy, followed by Hafed with 1.11 lakh metric tonnes, Confed 22,351 metric tonnes, Haryana Agro-Industries Corporation 34,371 metric tonnes, Haryana Warehousing Corporation 3481 metric tonnes and FCI 152 metric tonnes. The spokesperson said district Kurukshetra was leading with about 1.59 lakh metric tonnes of paddy followed by Karnal with 1.04 lakh metric tonnes, Kaithal district had procured 53,130 metric tonnes and Fatehabad with 43,801 metric tonnes of paddy. Source: Economic Times .

## No Plan TO Ban Rice Export In Near Future: Agriculture Minister

According to Agriculture Minister, India has no plan to ban rice export in near future in order to build up its reserves. Government's rice stocks as of Sept. 1 are estimated at around 6.93 million tonne, down 11.4% from 7.82 million tonnes last year. Reserves have been descending in the last couple of years as the government has been selling increasingly larger volumes in the domestic market under its subsidized food grains sales programme. On the other hand, India's rice output from summer 2007 plantings is estimated by the government at 80.15 million tonnes, only slightly up from 80.11 million tonnes a year ago. India, one of the world's major rice exporters, sells between 300,00-400,000 tonnes rice every month to Africa, Asia and even Europe.

### PM Nodded For An Additional Incentive Of Rs.50/ql Paddy

P.M. Manmohan Singh nodded to the Agriculture Ministry's proposal to pay a bonus of Rs.50/ql to rice farmers to ensure paddy procurement of 270 lakh tonnes for the 2007-08 marketing season. To avoid like wheat import, Agriculture Minister advocated for giving the incentive on grounds rice procurement had to be done from within the country. The bonus – in excess of the minimum support price of Rs.675/ql announced for grade A variety and Rs.645 for common variety would help reduce the yawning difference between MSP of rice and wheat. Market arrivals have been low ever since purchase operations for paddy started on September 26. As of today, the procurement was 18 lakh tonnes compared with 25 lakh on the same date last year. Pawar's argument was that there was no reason to await further trend in supplies since the bonus, when announced later, would be applicable from the retrospective date. PM has also asked Agriculture Minister to bring the proposal before the Cabinet Committee on Economic Affairs next week to ensure that there is no further delay in announcing the bonus.

### Rice: USDA Weekly Export Sales Highlights

Net sales of 246,100 MT--a marketing year high--were three and one-fourth times the previous week and three times the prior 4-week average. The major buyers were Costa Rica (144,900 MT), Iraq (30,000 MT), Mexico (29,200 MT), El Salvador (15,000 MT), and Honduras (13,200 MT). Exports of 39,700 MT were down 2 percent from the previous week and 15 percent from the prior 4-week average. The primary destinations were Mexico (15,800 MT), Honduras (8,100 MT), Ghana (4,300 MT), Jamaica (3,300 MT), and the Dominican Republic (3,000 MT). (This summary is based on reports from exporters for the period 21-27 September 2007).

Source: FAS, USDA.

## DOMESTIC MARKET COMMENTARY

Despite the arrival of new crops, both basmati and non-basmati rice varieties firmed up on good domestic as well as export demand. Traders reported that although new crop has arrived in the market, but these will be available full-fledgedly for the customers in next two months. Basmati top quality exported at \$1200-1207 per MT FOB, unchanged from the last week's and sarbati at \$760-780 per MT FOB, from last week's \$740-760. India is also receiving

continuous export orders from Bangladesh and African countries for non-basmati variety. Government's planning of providing Rs.40/ql paddy to the already announced MSP Rs.645/ql for 'common' paddy and Rs.675/ql for 'Grade A' varieties propped up the rice sentiment. Agriculture Minister said that there is no immediate plan to ban rice export in immediate future to build up reserves. Government's rice stocks as of Sept. 1 are estimated at around 6.93 million tonnes, down 11.4% from 7.82 million tonnes a year ago. On the other hand, India, one of the world's major rice exporters, sells between 300,000-400,000 tonnes rice every month to Africa, Asia and EU countries.

In domestic markets, basmati traded up Rs.4500-5000/ql on tight supply from last week's Rs.4500-4800. Sarbati sella and sarbati steam also quoted higher Rs.2700-2900/ql and Rs.2600-2900 respectively from previous trend of Rs.2650-2700 and Rs.2600-2750. Parboiled and 25% broken exported steady at \$310 and \$300 per MT FOB respectively. Rice varieties in West Bengal traded up on good demand from Bangladesh and Bihar against tight supply. Swarna new and IR36 (super) quoted up Rs.1600-1700 and Rs.1800-1850/ql respectively, rise of Rs.50-100/ql. Govt. plans to procure 's 27 million MT rice in 2007-08 compared to last year's 25.2 million MT. As on Oct. 5, rice acreage stood 369.32 lak ha against last year's 366.62 Lakh ha.

### DELHI MARKET:

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

Delhi	29.09.07	06.10.07
Basmati Common	4800	5000
Sharbati raw	2600	2900
Sharbati sella	2650	2900
Parmal raw	1300	1350
Parmal sella	1300	1325
DB Rice	4200	4300

### RUDRAPUR MARKET:

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

RUDRAPUR	29.09.07	06.10.07
Parmal paddy	750-800	800
Parmal raw rice	1200-1300	1250-1300
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2600	2700
DB sella	3500-3600	3600-3650

### KARNAL MARKET:

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

KARNAL	29.09.07	06.10.07
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Basmati rice raw	4700-4800	4500-4800
Sharbati esteem	2750	2750
Sharbati sella	2500-2600	2500-2600
Parmal raw rice	1300-1350	1270-1300
Parmal sella	1350-1400	1300
DB Rice Sella	3600-3700	3500-3600
IR8	1200	1225

## WEST BENGAL MARKET:

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

WEST BENGAL (Burdwan)	29.09.07	06.10.07
IR 36 (super)	1700-1800	1800-1850
Minikit Shankar	1900-2000	2100
Doodh Kalma	2000-2100	2150
Swarna (New)	1600	1600-1700
Pankaj	1600	1650
Swarna parboiled	1800	1850-1900
Govindobhog	2600	2600
Chawl Moni	2200-2300	2250-2300

## AMRITSAR MARKET:

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

AMRITSAR	29.09.07	06.10.07
Sharbati sella rice	2600	2700
Sharbati raw rice	2500	2600
Sharbati esteem	2650	2800
Basmati rice raw	5000	5000
Basmati Paddy	2650	2650
Parmal Govt. Quality	1100	1125
Parmal Wand (New)	1200	1225

## CONCLUSION

In coming week, prices may rule mostly steady to slightly up on growing domestic and export demand for both basmati and non-basmati varieties against unchanged production estimate.

### PORT WATCH (As on 8<sup>th</sup> September, 2007)

From the Kandla Port, AL MANSOOR 1 by ADITYA group is handling the export of 3866 tonnes of rice and sailed on 01.10.2007. Another vessel MAZINA ARAB by SAI SHG is handling 17363 tonnes of rice and MERCS MIRISSA by SAI handling 1570 tonnes.

### Monsoon Outlook (08.10.07)

- Southwest monsoon withdrew from most parts of West Rajasthan and some parts of Punjab, Haryana, East Rajasthan and north Arabian Sea

on 30th September 2007. It further withdrew from entire Jammu & Kashmir, Himachal Pradesh, Uttarakhand, remaining parts of Punjab, Haryana, Rajasthan, most parts of West Uttar Pradesh & Gujarat, some parts of East Uttar Pradesh & West Madhya Pradesh on 2nd October.

- Withdrawal line passed through Kheri, Kanpur, Lalitpur, Ujjain, Baroda, Porbander, Lat. 22.0°N/ Long. 65.0°E and Lat. 22.0°N/ Long. 60.0°E on 2nd October.
- An upper air cyclonic circulation extending upto mid-tropospheric levels lay over Gangetic West Bengal and neighbourhood on 27th, over Jharkhand and neighbourhood on 28th, over Bihar and neighbourhood on 29th & 30th, over Bihar and adjoining Sub-Himalayan West Bengal on 1st & 2nd October and over northeastern states on 3rd October.
- An upper air cyclonic circulation extending upto mid-tropospheric levels lay over coastal Andhra Pradesh & neighbourhood on 30th September, over West-Central Bay of Bengal off Coastal Andhra Pradesh during 1st -3rd October.
- An upper air cyclonic circulation in the lower levels lay over North-East Arabian Sea and adjoining Coastal areas of Gujarat and Maharashtra coasts on 27th, over Madhya Maharashtra & neighbourhood on 28th, over Marthawada & neighbourhood on 29th and became less marked on 30th.
- An offshore trough at mean sea level extended from South Gujarat coast to Karnataka coast on 27th and from Konkan coast to Karnataka coast on 28th & 29th September.
- Last week's upper air cyclonic circulation over West Uttar Pradesh and neighbourhood extending upto mid-tropospheric level persisted over the same region in the lower levels during 27th - 29th and became less marked on 30th.
- Last week's low-pressure area over north Gujarat and adjoining southwest Madhya Pradesh became less marked on 27th. However, the associated upper air cyclonic circulation in the lower levels lay over the same region on 27th and became less marked on 28th.

## Rainfall:

### Under influence of the above systems:

- Fairly widespread/ scattered rainfall occurred over Andaman & Nicobar Islands, Konkan & Goa, Coastal Karnataka and Kerala during many days of the week. Isolated/ scattered rainfall occurred over remaining parts of peninsula & Maharashtra and over Gujarat region during many days of the week.
- Fairly widespread/scattered rainfall occurred over Bihar & Jharkhand during many days of the week.
- Fairly widespread/scattered rainfall occurred over Madhya Pradesh, East Uttar Pradesh and Uttarakhand during first half of the week.

- Fairly widespread/ scattered rainfall occurred over Chhattisgarh, Orissa, West Bengal & Sikkim during first half of the week and isolated /scattered during 2nd half of the week.
- Isolated/ scattered rainfall occurred over northeastern states during many days of the week.
- Isolated rainfall occurred over different subdivisions of Northwest India, Rajasthan, Saurashtra & Kutch during first half of the week and weather was mainly dry thereafter.

#### Outlook For The Week Ending On 10<sup>th</sup> October 2007

- ✓ Southwest monsoon is likely to further withdraw from remaining parts of West Uttar Pradesh & Gujarat, some more parts of Madhya Pradesh and some parts of Maharashtra.

- ✓ Increase in rainfall activity is likely over Coastal Andhra Pradesh, Orissa, West Bengal & Sikkim and northeastern states.

Source: GOI (IMD).

#### FOREX (As on 8<sup>th</sup> October, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.43
1 Euro	55.66
100 Yen	33.66
1 British £	80.44

### SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 05.10.07)		
	This Year	Last Year	Difference
381.89	369.32	366.62	+2.70

Source: Ministry of Agriculture, GOI

### PROGRESSIVE PROCUREMENT OF RICE AS ON 28.09.07

(Lakh Tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 28.09.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	53.27	49.03
Chattisgarh	32.65	28.58	32.36
Haryana	20.54	17.73	20.45
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.96	1.94
Orissa	17.85	19.93	17.71
Punjab	88.55	78.28	88.52
Tamil Nadu	9.26	10.78	9.23
Uttar Pradesh	31.51	25.49	31.20
Uttaranchal	3.36	1.76	3.36
West Bengal	12.75	6.44	12.68
All-India	276.56	250.75	275.15

Source: Ministry of Agriculture, GOI

#### International Asian Rice Prices Per MT FOB (Current, 05.10.2007)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$332	5% DP	\$320
5%	\$323	5%	-

10%	\$320	10%	\$315
15%	\$315	15%	\$310
25%	\$305	25%	\$300
35%	-		-
Parboiled	\$332		-
<b>PAKISTAN</b>	<b>\$/Mt</b>	<b>INDIA</b>	<b>\$/Mt</b>
15%	-	15%	-
25%	\$300	25%	\$305
Parboiled	-	Parboiled	\$315

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