

Rice

14-20 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 till date, the total coverage of kharif rice has gone up to 371.73 lakh ha as compared to 368.89 lakh hectare last year, the weekly Crop Weather Watch Group meeting of the Ministry of Agriculture was informed. 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.

Centres Aims to Procure Above 250 Lakh Tonnes Paddy

The Centre banned non-Basmati rice exports, which hints nervousness over meeting procurement targets for paddy and rice this season. However, FCI on Wednesday maintained that the announcement of a bonus of Rs.50/quintal over and above the earlier announced MSP (Rs.645/quintal for common variety and Rs 675 per quintal for A grade) would hike daily arrivals from only 3 lakh tonnes now to 5 lakh tonnes daily. The government is all set to procure 250 lakh tonnes. The Central Pool purchase estimate of 255 lakh tonnes of paddy in the ongoing marketing season was made quite early on the basis on inputs on production projections from states. Average requirement for the government's PDS and welfare programmes is lower, only around 24 million tonnes. By October 9, FCI has only been able to buy 33 lakh tonnes of paddy against arrivals of 46 lakh tonnes. Compared with this, purchases for the Central Pool stood at 42 lakh tonnes against higher arrivals of 52 lakh tonnes in the same period last year, registering a marked 22% drop.

Punjab and Haryana Rice Exporters Stayed Away From Purchasing Paddy

Reacting to the government of India's ban on export of non-basmati variety, rice exporters in Punjab and Haryana have stayed away from purchase of paddy from the 1,522 procurement centres in Punjab and 179 mandis in Haryana from Wednesday. The exporters said if FCI and other government agencies are unable to procure quality rice, the government should ban the export of only the particular rice varieties required by agencies. They have also suggested the government to fix a minimum export price of \$400-500 FOB per tonne. The exporters have also asked the government to give the grace period to exporters whose shipments were on transit in ports. The government's decision to allow export of only white, milled basmati rice and not the brown and parboiled rice affected more than 95% of the rice stock.

Rice Exporters Questioned Government's Ban On Non-Basmati Rice

Rice exporters questioned the government's ban on export of non-basmati rice and it benefiting the public distribution (PDS) system. A number of premium varieties rice grown in the country are not needed for the PDS. The Director General of Foreign Trade issued the notification on October 15 banning export of non-basmati rice effective from October 9. Indian rice trades in a very wide range between 280 dollar per tonne to 1300 dollar a tonne in global markets. Banning rice varieties that cost well above the PDS quality rice does not help the country, AIREA president said. Export is a small way in which the farmers supplement their marginal income that they get from domestic market, he noted. The non-basmati export from India stood at 37.04 lakh tonnes valued at Rs 4,258 crores in 2006-07 against 29.21 lakh tonnes amounting to Rs 3,178 crores in the previous year.

India may ease recent ban on Exports of Non-Basmati Rice

India's commerce ministry wants to ease a recent ban on exports of non-basmati rice to allow shipments of premium varieties. According to a senior Ministry of Commerce and Industry official, commerce ministry has written to the Food ministry to allow exports of premium non-basmati rice priced above \$400/tonne as it doesn't impact local prices as

government has enough buffer stocks. The country banned exports of non-basmati rice Oct. 9 to ensure adequate domestic availability and to check rising local prices.

Punjab government agencies and private millers procured 7.23 million tonnes of paddy

According to an official, Punjab government agencies and private millers procured more than 7.23 million tonnes of paddy. Out of the total procurement of 7,228,645 tonnes of paddy, govt. procured 56,72,519 tonnes of paddy whereas millers have lifted 15,56,126 tonnes of paddy by 18th October. Govt. spokesman said that govt. has already made payment to the tune of Rs.2,972,17 crore for paddy procured till October 17. Rs.3,591,74 crore payment has been allocated to all agencies to ensure timely payment to the farmers.

Dubai Predict A 25 Per Cent Rise In Rice Price

According to traders and consumers, due to India's ban on export of non-basmati rice, Gulf markets certainly face price rise. Suppliers also predict a price rise in the local market due to the shortage of Indian varieties. Meanwhile, retailers in Dubai predict a 25 per cent rise in rice price due to the shortage of the Indian varieties. Prices of other rice varieties, especially those from Thailand might also go up, given the shortage of Indian varieties. Add to this, Thai rice varieties are more expensive than their Indian counterparts because of higher shipping charges

Rice: USDA Weekly Export Sales Highlights

Net sales of 136,500 MT were up 21 percent from the previous week and 4 percent from the prior 4-week average. Increases were reported for Iraq (35,000 MT), Saudi Arabia (26,200 MT), Canada (23,100 MT), Haiti (22,700 MT), and Mexico (19,100 MT) Exports of 76,100 MT were up 65 percent from the previous week and nearly double the prior 4-week average. The primary destinations were Iraq (29,500 MT), Mexico (11,700 MT), Haiti (11,500 MT), Canada (7,500 MT), and Saudi Arabia (4,300 MT). (This summary is based on reports from exporters for the period, October 5-11, 2007).
Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

During the week, the prices of non-basmati varieties quoted lower after government of India banned export while basmati traded steady to slightly firm in both domestic and international markets on good demand. Markets witnessed lack of buying as traders and suppliers did not turn to the market. Prices further dipped on the arrival of fresh crops in some of the markets. As per the trade sources, exporters in Punjab and Haryana closed the mandis for Thursday, Friday and Saturday asking government to allow the export of some varieties of non-basmati rice. DGFT (Directorate General of Foreign Trade) issued the notification placing non-basmati rice under the not permitted to be exported category with effect from October 9. During 2006-07, India exported 10.41 lakh tonnes of basmati rice and 37.05 lakh tonnes of non-basmati varieties with the corresponding value of Rs.2,778,31 crore and Rs.4,257,88 crore.

According to sources, the ban on non-basmati exports along with the delay in notifying Pusa-1121 and CSR-30 will lead to the further down of the prices. Prior to the ban,

pusa-1121 was fetching \$1300-1400 per MT FOB, higher than the \$1,250-\$1300 for traditional varieties. In domestic markets, for the non-basmati varieties, prices slashed down in the range of Rs.100-200 while basmati traded mostly steady. However, basmati paddy in Amritsar mandi traded up Rs.2300-2400 from last week's price level of Rs.2000/ql. Meanwhile, India's ban of non-basmati variety hit the retail outlets and restaurants hard in UAE where the stocks were exhausting fast. Banning rice varieties that cost well above the PDS quality rice does not help the country," the AIREA president said. He also said that export is a small way in which the farmers supplement their marginal income that they get from domestic market. In the coming days, non-basmati varieties may trade at lower side on fresh crop arrivals along with ban on export.

DELHI MARKET:

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

Delhi	13.10.07	20.10.07
Basmati Common	5000-5300	5000-5400
Sharbati raw	2900	2850
Sharbati sella	2900	2800
Parmal raw	1350	1300
Parmal sella	1325	1300
DB Rice	4300	4100-4200

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	13.10.07	20.10.07
Parmal paddy	800	800
Parmal raw rice	1300	1200
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2700	2600
DB sella	3600-3650	3550

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	13.10.07	20.10.07
Basmati rice raw	4800-5000	5000
Sharbati esteem	2750	2700
Sharbati sella	2500-2600	2400-2500
Parmal raw rice	1270	1250
Parmal sella	1300	1250
DB Rice Sella	3500-3600	3450-3550
IR8	1225	1200

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	13.10.07	20.10.07
IR 36 (super)	1500-1600	1400-1450
Minikit Shankar	1900	1750
Doodh Kalma	2000	1900
Swarna (New)	1600	1550
Pankaj	1450	1450
Swarna parboiled	1800	1700
Govindobhog	2500	2400
Chawl Moni	2200	2175

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	13.10.07	20.10.07
Sharbati sella rice	2600-2700	2600
Sharbati raw rice	2600	2500
Sharbati esteem	2600-2650	2550
Basmati rice raw	5000	5000
Basmati Paddy	2000	2300-2400
Parmal Govt. Quality	1125	1100
Parmal Wand (New)	1250	1200

CONCLUSION

In coming week, prices may rule mostly steady to down for non-basmati variety due to ban while basmati may trade higher on good export demand. If govt. eases ban on higher quality non-basmati varieties, rice prices may be firmed up.

PORT WATCH (As on 22nd September, 2007)

From the Kandla Port, M.V. MERCS MAHARA (MRG-2) by SAI SHG group is handling the export of 13500 tonnes of rice and sailed on 15.10.2007.

Monsoon Outlook (17.10.07)

- Southwest monsoon further withdrew from more parts of Bihar, Jharkhand, Chhattisgarh, Maharashtra and some parts of Gangetic West Bengal and Orissa on 12th October. It further withdrew from some more parts of Chhattisgarh, most parts of Maharashtra and some parts of Telangana and north Interior Karnataka on 15th October.
- The withdrawal line passed through Forbesganj, Bankura, Angul, Jagdalpur, Ramagundam, Nizamabad, Gulbarga, Bijapur, Vengurla, Lat. 16.0°N/ Long. 70.0°E, Lat. 16.0°N/ Long. 65.0°E and Lat. 16.0°N/Long. 60.0°E on 15th October.
- Last week's upper air cyclonic circulation extending upto 3.1 km above mean sea level over

Bangladesh & neighbourhood lay over Gangetic West Bengal & neighbourhood on 11th, over Gangetic West Bengal and adjoining Jharkhand extending upto 4.5 km a.s.l. on 12th, over Jharkhand and neighbourhood between 2.1 and 4.5 km a.s.l. on 13th and became less marked on 14th October.

- Last week's upper air cyclonic circulation extending upto 3.1 km a.s.l. over South-West Bay of Bengal off Tamil Nadu coast lay over Tamil Nadu & neighbourhood extending upto 0.9 km above mean sea level on 11th and became less marked on 12th.
- An upper air cyclonic circulation extending upto 1.5 km a.s.l. lay over North-West Bay of Bengal off north Orissa and West Bengal coasts on 13th & 14th. Under its influence, a low pressure area formed over north Bay of Bengal off Bangladesh-West Bengal coast on 15th. It lay over north Bay of Bengal & neighbourhood on 16th morning and became less marked on the same day evening. However, the associated upper air cyclonic circulation extending upto 3.6 km a.s.l. lay over the same area on 16th and became less marked on 17th October.
- An upper air cyclonic circulation extending upto 2.1 km a.s.l. lay over north-eastern states on 11th and moved away eastwards on 12th October.
- An upper air cyclonic circulation extending upto 4.5 km a.s.l. lay over west central Bay of Bengal on 14th, over southwest Bay of Bengal off Tamil Nadu coast on 15th and became less marked on 16th October.

Rainfall:

Under influence of the above systems:

- Fairly widespread rainfall occurred on many days of the week over northeastern States and on a few days of the week over Andaman & Nicobar Islands.
- Scattered to fairly widespread rainfall occurred over Kerala and Tamil Nadu on many days of the week. Isolated rain/thundershowers occurred over remaining parts of peninsula on few days of the week.
- Scattered rainfall occurred over West Bengal & Sikkim on many days of the week. Isolated rainfall occurred over Orissa, Jharkhand, Bihar, East Uttar Pradesh on a few days of the week and over Western Himalayan region during second half of the week.
- Weather was mainly dry over the remaining parts of the country during the week

Outlook For The Week Ending On 24th October 2007

- ✓ Southwest monsoon is likely to withdraw from northeastern States and the remaining parts of East & Central India and Maharashtra during middle of the week.
- ✓ Northeast Monsoon rain is likely to commence over Tamil Nadu and adjoining states during second half of the week.

Source: GOI (IMD).

FOREX (As on 22nd October, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.79

1 Euro	56.87
100 Yen	64.60
1 British £	81.41

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 12.10.07)		
	This Year	Last Year	Difference
381.89	371373	368.89	+2.80

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 12.10.07

(Lakh Tonnes)

State	Total procurement in marketing season 2006-07 (Oct.- Sept.)	Progressive Procurement as on 28.09.07	
		In Marketing season 2007-08	In Marketing season 2006-07
Andhra Pradesh	53.27		
Chattisgarh	28.58		
Haryana	17.73	5.00	6.98
Kerala	1.51	0.06	0.07
Maharashtra	0.96		
Orissa	19.93		
Punjab	78.28	22.05	26.31
Tamil Nadu	10.78		
Uttar Pradesh	25.49		
Uttaranchal	1.76		
West Bengal	6.44		
All-India	250.75	27.13	33.38

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current, 19.10.2007)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$345	5% DP	\$320
5%	\$335	5%	-
10%	\$322	10%	\$315
15%	\$330	15%	\$310
25%	\$323	25%	\$300
35%	-		-
Parboiled	\$348		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-

25%	\$320	25%	
Parboiled	-	Parboiled	

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