

Rice

08-13 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.

India Banned Export Of Non-Basmati Rice: Finance Minister

India on Tuesday banned exports of non-basmati rice to control the domestic prices. Government also decided to pay farmers a higher price for wheat and rice paddy to ensure enough supplies of grain in the domestic market. According to Finance Minister, the export of non-basmati rice has been banned with immediate effect. He said the government also decided to raise the purchase price for paddy to Rs.695 per 100 kg from Rs.645 for rice of common variety and Rs.725 from Rs.675 for Grade A variety.

Country Had Rice Stocks Of 5.48 Million Tonnes

According to Alok Sinha, Chairman of Food Corporation of India, the country had rice stocks of 5.48 million tonnes.

FCI Will Open 13,000 Centres In 15 States In 2007-08 Marketing Season For Paddy Procurement

According to government sources, the paddy procurement has reached 29.43 lakh tonnes in the current Kharif

marketing season. The different agencies have procured 23.86 lakh tonnes paddy in Punjab, 5.5 lakh tonnes in Haryana and 5,892 in Kerala. According to the Food Ministry, the total arrival of paddy in various mandis of the country is 33.35 lakh tonnes as of Tuesday. Procurement process started from September 26 in Punjab and Haryana and from October 1 in other states. FCI will open 13,000 centres in 15 states in 2007-08 marketing season. Procurement process in UP will be started towards the end of this month. In this kharif season, government is likely to procure 255 lakh tonnes of paddy.

Uncertainty hangs over the 10 lakh tonnes of rice contracted for exports

Uncertainty hangs over the 10 lakh tonnes of rice contracted for exports after the Cabinet on Tuesday decided to ban exports of non-basmati rice. According to trade sources, at least three lakh tonnes of rice meant for exports are lying in the ports and the shipments is supposed to be done in the course of next three months. If non-basmati varieties are not allowed to export, then these will be bring back to the domestic tariff area, in that case exporters have to pay additional taxes. India has emerged among the top three rice exporters in the last five years and tops in shipments of parboiled rice. It has been able to make headway particularly in West Asia and North Africa. India exports close to 40 lakh tonnes annually fetching over Rs 4,000 crore. The unit value realisation of rice exports has increased by over 50 per cent in terms of dollars. From around \$180 a tonne, they fetch nearly \$300 now, sources said. As on October 1, rice stocks in the Central pool was 54.8 lakh tonnes, well above the buffer stock norm of 52 lakh tonnes.

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.

Rice: USDA Weekly Export Sales Highlights

Net sales of 112,500 MT were 54 percent below the previous week and 6 percent under the prior 4-week average. Increases reported for the Philippines (44,100 MT), Mexico (40,700 MT), Canada (17,000 MT), and Nicaragua (15,000 MT long grain rough, switched from El Salvador long grain milled), were partially offset by decreases for El Salvador (15,000 MT). Exports of 46,300 MT were 17 percent above the previous week and 10 percent over the prior 4-week average. The primary destinations were Mexico (23,800 MT), the United Kingdom (5,800 MT), Haiti (5,000 MT), El Salvador (3,400 MT), and Guatemala (3,100 MT). (This summary is based on reports from exporters for the period September 28-October 4, 2007).

Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

Initially, both basmati and non-basmati rice varieties firmed up on good domestic as well as export demand. But prices in non-basmati varieties traded down in various domestic mandis after government's decision to ban export. Government on Tuesday banned exports of non-basmati rice to control the domestic prices. In order to procure more rice, government raised the purchase price to Rs.695 per 100 kg from Rs.645 for rice of common variety and Rs.725 from Rs.675 for Grade A variety. With the increase of bonus price, the daily arrival across major mandis increased from 3 lakh tonnes to 5 lakh tonnes, which will allow government to procure the estimated 255-lakh tonnes paddy this marketing year. Till October 9, FCI has only been able to buy 33 lakh tonnes paddy against arrivals of 46 lakh tonnes and 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. Till October 1, the country had a rice stock of 5.48 million tonnes. Meanwhile, FCI is likely to open 13,000 centres in 15 states for paddy procurement in 2007-08 marketing season.

However, with the ban of non-basmati variety, uncertainty hangs over the 10-lakh tonnes of rice contracted for exports. According to trade sources, at least three lakh tonnes of rice meant for exports are lying in the ports and the shipments is supposed to be done in the course of next three months. During the week, both basmati and pusa basmati exported steady at \$1200-1207 per MT FOB and \$1150 respectively, remained unchanged from last week. In domestic markets, basmati traded up Rs.4800-5300 from last week's Rs.4500-5000. In West Bengal, non-basmati varieties dipped in the range of Rs.100-200/mtl on the news of rice export ban against sustained supply.

DELHI MARKET:

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

Delhi	06.10.07	13.10.07
Basmati Common	5000	5000-5300
Sharbati raw	2900	2900
Sharbati sella	2900	2900
Parmal raw	1350	1350
Parmal sella	1325	1325
DB Rice	4300	4300

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	06.10.07	13.10.07
Parmal paddy	800	800
Parmal raw rice	1250-1300	1300
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2700	2700
DB sella	3600-3650	3600-3650

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	06.10.07	13.10.07
Basmati rice raw	4500-4800	4800-5000
Sharbati esteem	2750	2750
Sharbati sella	2500-2600	2500-2600
Parmal raw rice	1270-1300	1270
Parmal sella	1300	1300
DB Rice Sella	3500-3600	3500-3600
IR8	1225	1225

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	06.10.07	13.10.07
IR 36 (super)	1800-1850	1500-1600
Minikit Shankar	2100	1900
Doodh Kalma	2150	2000
Swarna (New)	1600-1700	1600
Pankaj	1650	1450
Swarna parboiled	1850-1900	1800
Govindobhog	2600	2500
Chawl Moni	2250-2300	2200

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	06.10.07	13.10.07
Sharbati sella rice	2700	2600-2700
Sharbati raw rice	2600	2600
Sharbati esteem	2800	2600-2650
Basmati rice raw	5000	5000
Basmati Paddy	2650	2000
Parmal Govt. Quality	1125	1125
Parmal Wand (New)	1225	1250

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.

PORT WATCH (As on 8th 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 (17.10.07)

- Southwest monsoon further withdrew from remaining parts of West Uttar Pradesh & Gujarat some more parts of East Uttar Pradesh & Madhya Pradesh, northern parts of Maharashtra and entire north Arabian Sea on 8th October. It further withdrew from entire East Uttar Pradesh, some parts of Bihar, Jharkhand, north Chhattisgarh and most parts of Madhya Pradesh on 10th October.
- The withdrawal line passed through Supaul, Hazaribagh, Pendra, Betul, Jalgaon, Dahanu, Lat. 20.0°N/ Long. 70.0°E, Lat. 20.0°N/ Long. 65.0°E and Lat. 20.0°N/ Long. 60.0°E on 10th October.
- Last week's upper air cyclonic circulation extending upto mid-tropospheric level over West-Central Bay of Bengal off Coastal Andhra Pradesh persisted over the same region on 4th October. Under its influence, a low-pressure area formed over West-Central Bay of Bengal off north Coastal Andhra Pradesh on 5th. It persisted over the same area on 6th and became less marked on 7th. However, the associated upper air cyclonic circulation lay over the same region extending upto 3.1 km above mean sea level on 7th and became less marked on 8th.
- Another low pressure area formed over North-East Bay of Bengal and neighbourhood on 7th morning and became well marked in the same evening. The well marked low pressure area lay over Bangladesh and adjoining north Bay of Bengal on 8th. It lay as a low-pressure area over Bangladesh & neighbourhood on 9th and became less marked on 10th. However, the associated upper air cyclonic circulation extending upto 3.1 km above

mean sea level lay over Bangladesh & neighbourhood on 10th.

- Last week's upper air cyclonic circulation over northeastern states persisted over the same area in the lower levels on 4th and moved away eastwards on 5th October.
- An upper air cyclonic circulation lay over north Pakistan and adjoining Jammu & Kashmir in the lower levels on 4th and over Jammu & Kashmir and neighbourhood on 5th & 6th and moved away eastwards on 7th October.
- Another upper air cyclonic circulation extending upto mid-tropospheric levels lay over north Pakistan and neighbourhood on 8th and 9th and moved away eastwards on 10th October.
- An upper air cyclonic circulation lay over southwest Bay of Bengal off Tamil Nadu coast extending upto 3.1 km a.s.l. on 10th October.

Rainfall:

Under influence of the above systems:

- Fairly widespread rainfall occurred over Coastal Andhra Pradesh and Coastal Orissa during first half of the week. Isolated heavy to very heavy rainfall occurred over Coastal Andhra Pradesh during this period. Scattered rainfall occurred over remaining parts of Andhra Pradesh & Orissa and over Chhattisgarh during this period.
- Fairly widespread rainfall occurred over northeastern states and West Bengal & Sikkim during 2nd half of the week. Isolated heavy to very heavy rainfall occurred over northeastern States during this period.
- Isolated rainfall occurred over the remaining parts of peninsula & south Konkan during many days and over south Madhya Maharashtra & Vidarbha during a few days of the week.
- Isolated rain/thundershowers occurred over Bihar, Jharkhand, East Uttar Pradesh, East Madhya Pradesh and Western Himalayan region on one or two days of the week.
- Weather was mainly dry over the remaining parts of the country during the week.

Outlook For The Week Ending On 17th October 2007

- ✓ Scattered rainfall activity is likely over extreme south Peninsula during the week.
- ✓ Scattered rainfall activity is likely over northeastern States during first half of the week and decrease thereafter.
- ✓ Further withdrawal of southwest monsoon is likely from some more parts of Eastern, Central and Western India.

Source: GOI (IMD).

FOREX (As on 15th October, 2007):

Foreign Currency	Rs. per unit
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1 US \$	39.33
1 Euro	55.74
100 Yen	33.54

1 British £	79.74
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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, 12.10.2007)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$340	5% DP	\$320
5%	\$328	5%	-
10%	\$325	10%	\$315
15%	\$320	15%	\$310
25%	\$315	25%	\$300
35%	-		-
Parboiled	\$340		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$305	25%	\$305

Parboiled	-	Parboiled	\$315
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