

Rice

December 17-22, 2007

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Winter Rice sowing in 2.57 Lakh hectare So Far

As per data compiled by Agriculture Ministry as on December 14, sowing is progressing well in the present rabi season. Winter rice sowing has started in some southern States. So far, 2.52 lakh ha area has come under rice plantation as against 2.58 lakh ha last year. Kharif crop harvesting has been nearing completion in northwestern India and northeast India. The paddy harvesting is completed in Orissa, AP and West Bengal. The first estimate of 2007-08 has pegged rice production at last year's level of 80 million tonnes. The government partially lifted the ban on non-basmati rice export. Rice output may reach 100 million tonnes in next four years with area specific planning, use of improved seeds and technology. But compared to last year's rice procurement, this year's rice procurement was down by 56 lakh tonnes. As of December 1, rice buffer stock stood at 10.05 million tonnes. Country's consumption of rice rose to 88.25 million tonnes in 2006-07 from 87.01 million tonnes last year where as the overall rice production declined to 92.76 million tonnes in 2006-07 from 93.34 million tonnes in 2001-02.

Kerala Traders agreed to reduce rice price by 50 paise per kg

Traders in Kerala agreed to reduce the rice price Rs.0.50 per kg rice which they sell in open market as part of state government's efforts to check prices of essential commodities. Traders gave this assurance to the government during a meeting with State Food and Civil Supplies Minister C Divakaran. Government would take steps to monitor prices of commodities by setting up monitoring cells of traders representatives and officials concerned. As per a senior govt. official, a meeting of Food Ministers of South India would be called soon to discuss matters regarding procurement of food products, its transportation and price. As per the steps taken by the govt., the civil supplies corporation has started selling rice at reduced price.

Govt. Agencies Procured 14.23 Million Tonnes Against Last Year's 15.04 MT

As on December 16, the paddy procurement by the govt. agencies stood around 14.23 million tonnes compared to last year's 15.04 million tonnes during the same period. The

procurement in terms of rice equivalent stood around 10.81 million tonnes against last year's 11.37 million tonnes during the same period. As per the Agriculture Ministry's estimate, the kharif rice output may stand around 80.15 million tonnes against last year's 80.11 million tonnes. India's rice stock as on December 1 stood at 10.05 million tonnes.

Iran Emerged As a Major Buyer Of Indian Pusa Basmati

With the emergence of Iran as a major basmati rice buyer of India, Indian basmati rice industry's dynamics has been boomed. In the 2005-06 marketing year, Iran imported from India around 60,000 tonnes, which soared to 2.25 lakh tonnes last year. In the current marketing year, the quantity of rice (contracted) to be shipped to Iran is 1.25-1.50 lakh tonnes and the total quantity may cross three lakh tonnes. The exports to Iran consist entirely of 'Pusa-1121', an evolved (hybrid) aromatic rice yet to be officially notified as 'basmati'. The new variety has been simply lapped up in Iran, with prices (cost & freight, Dubai) rising from \$850 last November to \$1,200 towards the season-end and now quoting at \$1,150 a tonne.

India may face a supply shortfall of up to 5 million tonnes of rice

According to an independent estimate, India may face a supply shortfall of up to 5 million tonnes of rice, which may compel India to import rice. With population growth, consumption is increasing by 1.15 million tonnes each year. In 2006-07, rice production stood at 92.7 million tonnes compared with a consumption of 91.8 million tonnes. This year rice consumption will be more as there is a tight wheat supply and the kharif rice production is estimated at last year's level of 81.15 million tonnes. This year also sees a lower acreage and lower production in Punjab, Haryana, W Bengal and MP. Usually India produces about 10.5-11 million tonnes rice in rabi season. All total, the rice production is around 92 million tonnes where as average projected consumption is around 94 million tonnes. Keeping in mind the wheat tight supply and more rice consumption, By January 1, the PDS shortfall is projected at at least 3 million tonne, in addition to another 2 million tonnes shortage on the buffer levels. So there is intense pressure on the Centre to announce, perhaps for the first time ever, a second bonus for paddy so soon after

a belated bonus was announced just recently. Despite the bonus, rice procurement registered a 22% drop in the first week of the marketing season compared to last year. By last week, however, after a fortnight of the blanket non Basmati export ban in place, arrivals have increased to 5 lakh tonnes/day and procurement difference in the same period last year and this has come down to 9%. Daily arrivals now increased from 2 lakh tonnes to 5 lakh tonnes after govt. announced the bonus price.

Global Rice imports are projected to rise by about 1% to 29.7 million tonnes

In a first assessment of prospects for trade in rice in 2008, still largely dependent on the outcome of 2007-08 crops, global imports are projected to rise by about 1% to 29.7 million tonnes, despite a likely cut in Indonesia's needs. While supplies are expected to remain tight in a number of key exporters, particularly in South Asia, ample state reserves should again allow Thailand to meet increased demand.

AP Has Fixed Rice Levy Target 8.94 lakh tonnes For 2007-08 Kharif Season

Government of Andhra Pradesh has fixed rice levy target for 2007-08 Kharif season as 8.94 lakh tonnes. Out of the levy target fixed, 7.80 lakh tonnes was raw rice, 1.20 lakh tonnes of boiled rice. Govt. official also reported that the Government had announced the minimum support price including the Rs. 50 bonus, for quintal of common variety of paddy Rs.695 and for A grade variety paddy Rs.725. If any miller purchases paddy below the minimum support price from farmers, stern action would be initiated against them under 1984 AP rice procurement order. As per the govt. orders, millers have to give 75 percent of rice towards levy and remaining 25 percent only in the market. Government also ordered the millers to ensure that the rice bags should bear the printed label 'free levy rice' for selling in the open market. In AP, 68 paddy purchase centres were being opened. However, president of the State Rice Millers Association, said the levy targets could be achieved if permission is accorded for export of the existing rice stocks in godowns. On this regard, Kakinada district administration has written to the govt. of India to allow the stocks stored in private godowns for export.

Rice: USDA Weekly Export Sales Highlights

Net sales of 43,400 MT--a marketing-year low--were down 12 percent from the previous week and 56 percent from the prior 4-week average. Increases reported for Japan (13,400 MT), Honduras (10,500 MT), and Mexico (9,200 MT), were partially offset by decreases for El Salvador (2,200 MT) and Nicaragua (1,000 MT). Exports of 70,200 MT were 53 percent above the previous week, but 8 percent below the prior 4-week average. The primary destinations were Nicaragua (14,000 MT), Haiti (11,500 MT), Mexico (8,500 MT), Guatemala (8,400 MT), Saudi Arabia (7,700 MT), Canada (6,600 MT), and Honduras (6,000 MT). From December 07-13. Source: USDA

DOMESTIC MARKET COMMENTARY

During the week, both basmati and non-basmati rice varieties quoted steady to better on growing domestic and overseas demand amidst restricted supply. Although Kharif paddy harvesting is nearing for completion in all over India except few states in south where harvesting will be started

in next month, rice prices is up on shortage in supply. Farmers are also holding their stuffs back in expectation of price rise in future due to increasing global demand. In West Bengal, compared to last week, rice prices surged 25-30% on strong export demand from Bangladesh against tight supply. However, despite govt.'s ban of non-basmati rice export below worth of \$425/tonne and rise in MSP of Rs.150/, govt. agencies procured 11.26 million tonnes as on December 18, 3.35% compared to same period in last year. As of December 1, rice buffer stock stood at 10.05 million tonnes. Country's consumption of rice rose to 88.25 million tonnes in 2006-07 from 87.01 million tonnes last year where as the overall rice production declined to 92.76 million tonnes in 2006-07 from 93.34 million tonnes in 2001-02. Meanwhile, Bangladesh initiated the process to import of half million tonnes of rice from India. Earlier India announced to export half a million tonnes of rice to Bangladesh waiving its ban to help the cyclone affected people. Despite harvesting pressure, on good domestic demand, various non-basmati rice varieties mostly traded firm. In Amritsar, Delhi and Karnal mandis, sarbati sella and sarbati raw traded up Rs.2700-3050 and Rs.2650-2850 from last week's Rs.2650-2950 and Rs.2600-2800/ql and parmal sella and parmal raw quoted steady at Rs.1300-1400 and Rs.1350-1450/ql respectively. However, basmati traded steady on good export demand amidst ample supply. In Delhi and Amritsar, Basmati quoted steady 5600-6250/ql and Basmati top quality exported at \$1600-1650 from last week's \$1650 per MT FOB and Pusa basmati quoted steady at \$1400-1500.

DELHI MARKET:

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

Delhi	15.12.07	22.12.07
Basmati Common	6200	6000-6200
Sharbati raw	2800-2900	3000
Sharbati sella	2700-2850	3000
Parmal raw	1400	1450
Parmal sella	1400	1550
DB Rice	4500-4600	4800-5000

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	15.12.07	22.12.07
Parmal paddy	825	825-850
Parmal raw rice	1350	1300
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2750	2800
DB sella	4200-4400	4500-4800

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	15.12.07	22.12.07
Basmati rice raw	6000	6000
Sharbati steam	2700	2850
Sharbati sella	2700	2800
Parmal raw rice	1450	1500
Parmal sella	1400-1500	1500
DB Rice Sella	4200-4400	4600-4800
IR8	1200	1400

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	15.12.07	22.12.07
IR 36 (super)	1800	1700-1850
Minikit Shankar	1900-2000	2000
Doodh Kalma	2000-2100	2200
Swarna (New)	1300	1600
Pankaj	1300	1600
Swarna parboiled	1600	1800
Govindobhog	3000	3200
Chawl Moni	2200-2300	2500

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	15.12.07	22.12.07
Sharbati sella rice	2800-2850	3050
Sharbati raw rice	2600-2700	2800
Sharbati steam	2800	3000
Basmati rice raw	5600-6000	5700-6000
Basmati Paddy	2800-3000	2900-3000
Parmal Govt. Quality	1300	1300
Parmal Wand (New)	1350-1400	1400

CONCLUSION

In coming week, basmati prices may rule mostly steady to better on growing export demand while non-basmati varieties may trade range bound on healthy supply against growing demand.

CROP- WEATHER ANALYSIS

Nursery sowing of Boro rice has started in West Bengal and Assam. Kharif Crop is end harvesting stage in WB, Bihar, Assam, Maharastra, Uttaranchal, Chhattisgarh, Gujarat, Orissa, Jharkhand, Sikkim, Arunachal Pradesh. Samba Rice in TN is in vegetative stage. Mundakan Rice is at grain formation/maturity stage in Kerala. Attack of blast and blight

disease is reported in Kerala. Incidence of Hispa and stem borer was noticed in Assam in Sali rice in few localities. Scattered to fairly widespread rain/thundershowers is likely over extreme south peninsula during first half of the week, whereas other region will remain dry. The minimum temperatures are likely to remain below normal by 2-4°C over plains of northwest, east India and adjoining central India. Expected rainfall will be helpful in TN, but may affect the crop in Kerala. Irrigation is needed in Boro rice in WB and Assam. Dry weather in other parts of the country will be beneficial for the harvesting of Kharif crop.

Monsoon Outlook (19.12.07)

- Last week's low pressure area over southwest Bay of Bengal off southeast coast of Sri Lanka became well marked over the same area on 13 December morning. The well marked low pressure area lay over southwest Bay of Bengal and adjoining coastal areas of south Tamil Nadu & north Sri Lanka, on 14th and became less marked on 15th. However, an associated cyclonic circulation extending upto mid tropospheric levels lay over Comorin area and adjoining south Tamil Nadu and Kerala and became less marked on 16th.
- Last week's upper air cyclonic circulation in lower tropospheric levels over West Madhya Pradesh and neighbourhood lay over West Uttar Pradesh and neighbourhood on 13th and became less marked on 14th.
- Easterly waves sometimes with embedded upper air cyclonic circulations at lower tropospheric levels passed through Andaman & Nicobar Islands, South Bay of Bengal, extreme south peninsula and southeast Arabian Sea.
- Cold wave conditions prevailed over some parts of Rajasthan, Haryana, Punjab, Jammu & Kashmir, East Uttar Pradesh, Bihar and Jharkhand during second half of the week.
- A western disturbance as an upper air system lay over Jammu & Kashmir and neighbourhood on 13th, over Himachal Pradesh and neighbourhood on 14th and moved away eastward thereafter.
- An another western disturbance as an upper air system lay over north Pakistan & adjoining Jammu & Kashmir on 18th, over Jammu & Kashmir and neighbourhood on 19th.

Rainfall:

Under influence of the above systems:

- Fairly widespread to widespread rain/thundershowers with isolated to scattered heavy to very heavy falls occurred over extreme south peninsula on 14th, 15th, 18th & 19th. Isolated rain/thundershowers occurred on remaining days of the week.
- Isolated to scattered rain/snow occurred over Jammu & Kashmir and Uttarakhand on 13th and over Himachal Pradesh on 13th & 14th December.
- Isolated to scattered rain/thundershowers occurred over West Uttar Pradesh and West Madhya Pradesh on 13th & 14th.

- Isolated to scattered rain/thundershowers occurred over coastal Orissa and Coastal Andhra Pradesh on a few days of the week.
- Fairly widespread to widespread rain/thundershowers with isolated heavy to very heavy falls occurred over Andaman & Nicobar Islands on 16th. Isolated to scattered rain/thundershowers occurred on remaining days of the week.
- Mainly dry weather prevailed over remaining parts of the country during the week.

- Isolated to scattered rain/snow is likely over some parts of Western Himalayan Region during second half of the week.

Source: GOI (IMD).

FOREX (As on 24th December, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.57
1 Euro	56.85
100 Yen	34.96
1 British £	78.93

Outlook For The Week Ending On 26th December 2007

- Scattered to fairly widespread rain/thundershowers with isolated heavy falls is likely over extreme south peninsula during first half of the week.
- The minimum temperatures are likely to remain below normal by 2-4°C over plains of northwest & East India and adjoining central India.

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage under Rabi (As reported on 14.12.07)		
	This Year	Last Year	Difference
37.32	2.52	2.58	-2.3

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 14.12.07

(Lakh Tonnes)

State	Total procurement in marketing season 2006-07 (Oct.- Sept.)	Progressive Procurement as on 14.12.07	
		In Marketing season 2007-08	In Marketing season 2006-07
Andhra Pradesh	53.27	4.09	5.62
Chattisgarh	28.58	6.33	8.40
Haryana	17.73	14.73	16.37
Kerala	1.51	0.52	0.47
Maharashtra	0.96	0.32	0.32
Orissa	19.93	3.09	1.66
Punjab	78.28	70.61	71.50
Tamil Nadu	10.78	0.00	2.08
Uttar Pradesh	25.49	4.95	4.44
Uttaranchal	1.76	0.43	0.14
West Bengal	6.44	0.05	-
All-India	250.75	105.42	111.29

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current, 20.12.2007)

THAILAND	\$/Mt	VIETNAM	\$/Mt
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100%B	\$380	5% DP	-
5%	\$370	5%	-
10%	\$365	10%	-
15%	\$360	15%	-
25%	\$355	25%	-
35%	-		-
Parboiled	\$390		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$350	25%	-
Parboiled	-	Parboiled	-

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