

MARKET FUNDAMENTALS:

Steady trend:

The domestic rice markets mostly ruled steady during the period. Good stock of paddy with farmers and stockists who retained their harvested crop anticipating higher prices is seen offloading the grain in the market increasing the supplies. This is mounting the pressure on the rice prices in north India. The prices of popular rice varieties shot up last year during the same period. However, lower rabi sown area under rice in southern parts of the country attributed to prolonged rains and water logging is likely to restrict the fall in rice prices.

India has rejected a proposal to allow exports of non-basmati, or common-grade, rice as the government doesn't want local stocks to weaken before it finalizes a food security law.

India's trade ministry sought approval of a panel of ministers, which is empowered to make decisions on behalf of the government, to permit unlimited exports of superior varieties of non-basmati rice with a floor price of more than \$850 per metric ton.

According to the proposal, if the government can't allow unlimited exports, it should at least clear shipments of at least 100,000 metric tons of premium 'Sona Masuri' rice and 25,000 tons each of 'Ponni Samba' and 'Palakkadan Matta.' These three varieties are mainly grown in south India.

The government would move cautiously on any decision on exports as it is in the process of formulating the food security law that envisages widening the supply of subsidized wheat and rice to the poor.

3.5 lakh tonnes of paddy to be procured in Tiruvarur:

A total of 3.50 lakh tonnes of paddy would be procured in the district during the Samba crop season this year.

The procurement would be made through 379 Direct Paddy Purchase Centres (DPCs), District Collector M Chandrasekaransaid inaugurating a DPC in Kunniyur.

He said the moisture content of the paddy for procurement had been fixed as 20 per cent.

The government had proposed to procure five per cent of the coloured and damaged varieties of paddy.

The procurement price had been fixed at Rs.1,100 per quintal for fine variety and Rs.1,050 for the general variety.

He said if a farmer offered more than 300 bags of paddy, the civil supplies corporation would visit the farmers' house and make the procurement.

Last year, a total of 5.13 lakh tonnes of paddy was procured at a cost of Rs.47.12 crores.

Paddy Procurement Status:

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Procurement of rice by government agencies have declined to 14.53 million tonnes in the current marketing season, according to an official. The total procurement of rice by various state agencies including Food Corporation of India (FCI) were around 15.82 million tonnes in the last marketing season, according to the data compiled by FCI. Marketing season for agricultural products begins in October and runs till September. Out of the total rice procurement of 14.53 million tonnes, Punjab has contributed the maximum at 8.63 million tonnes followed by Haryana at 1.65 million tonnes. Besides, the total procurement from Chattisgarh is around 1.4 million tonnes whereas Andhra Pradesh has contributed around 1.1 million tonnes so far.

The government procures rice and wheat through various agency at minimum support prices from farmers across the country for public distribution through ration shops and to maintain buffer stocks. Minimum Support Prices are fixed by the government to protect farmers from distress sales in open market.

Andhra rice acreage to rise 400,000 hectares:

Andhra Pradesh will bring an additional 400,000 hectares under paddy cultivation this rabi season.

Usually, about 3.92 million hectares comes under rabi cultivation for all crops, of which 1.43 million hectares is under paddy. This year, paddy is expected to be cultivated on 1.8 million hectares. So far, 2.41 million hectares is under cultivation for all rabi crops.

As on January 5, rice has been sown on 427,000 hectares, against 555,000 hectares in the corresponding period last year. The low acreage is due to delayed sowing in some areas following late harvesting of the kharif crop. Pulses has so far been sown in 103,000 hectares, out of the total 1.13 million hectares the crop is cultivated on.

Last year, 2.19 million hectares was under cultivation in the state.

“The water table is good due to the recent rains. Farming activity is on full scale for this rabi season. Farmers are looking to offset some losses incurred during the kharif season,” said Sunil Sharma, commissioner of agriculture.

About one million quintal seeds will be needed for the rabi season and its subsidy value stands at Rs 114 crore. Fertiliser requirement will be about 3.4 million tonnes. Banks have extended about Rs 4,800 crore loans to farmers for the rabi season and more is expected to be given in the days to come, he said.

Harvesting of the kharif crop is almost over except for red gram, chilli and sugarcane. Inter-cultural operations have also begun in all early-sown dry/rainfed areas.

However, the torrential rains till December damaged about 1.71 million hectares across the state. Rain has affected the farm sector adversely as the crop yield as well as the quality of paddy, cotton and maize has been affected. Leaf blight might hit the Bengal gram crop yield in Kurnool and Anantapur districts.

While maize, greengram, red gram and blackgram are at the vegetative stage, Bengal gram is at the flowering and pod-formation stage. Sowing will continue till mid-January. Paddy transplantation is in progress under wells and minor irrigation sources. Pulses are being sowed in rice fallows.

Srikakulam, Nellore, Kurnool, Anantapur, Rangareddy, Visakhapatnam and Mahabubnagar districts lead others in terms of farm activity.

Paddy output may fall 40% in West Bengal:

Paddy production in West Bengal is expected to fall 40 per cent due to last summer’s drought, which lowered seed production in some rice-producing districts by as much as 60 per cent. In the absence of sufficient irrigation, productivity is also likely to

take a hit. Potato and boro paddy (winter rice) are the two main rabi crops of the state.

“This year we expect winter paddy production to decline 40 per cent due to lack of enough irrigation,” said state agriculture minister Naren De.

However, summer paddy production declined 1.2-1.3 million tonnes this year, as against the government projection of 2.5 million tonnes.

Normally, the total area under rice cultivation is about 5.9 million hectares. The state produces about 14.5 million tonnes paddy every year in three seasons — Aus, Aman and Boro. Rice production during the Boro season is about 4.5 million tonnes.

Potato production is likely to dip five per cent due to water shortage, though weather has been favourable so far, according to traders. The state, on an average, produces about eight million tonnes potato every year.

The extent of crop loss in the kharif season can be assessed from the poor loan off-take in the season. The government set a target of lending Rs 20,000 crore for the year. But, it was scaled down to Rs 16,000 crore due to drought. Till September, the credit disbursement was close to Rs 4,000 crore.

“In some rice-producing districts like Bankura, rice seed production declined 60 per cent. In the kharif season itself, paddy shortage was about 20 per cent. This year, the total coverage is less, but if productivity is better, there might not be any shortfall,” said Rajashri kundu, managing director, Mali Agritech, a rice trading company.

Burdwan, Birbhum, Nadia and Hooghly have the highest productivity and account for about 27 per cent rice acreage and 32 per cent production.

In West Bengal, about 62 per cent of the land is irrigated, according to official data. The state is one the largest rice producers in the country.

India 2010-11 Summer-sown Rice Likely 80.41 MT

India's summer-sown rice crop will likely rise 5.9% to 80.41 million metric tonnes in the crop year that started July 1 due to good monsoon rains. In 2009-10, India harvested 75.91 million tons of summer-sown rice, one of its main staples. The country

has received 4% more rains than normal in June-September monsoon season, which accounts for about 70% of the annual rainfall, to the heavily rain dependant farmlands. The country's total summer foodgrain harvest is expected to rise 10.4% to 114.63 million tons in 2010-11.

OUTLOOK:

Short Term (One fortnight):

Steady to slightly weak tone may be witnessed in cash rice market due to expected increase in supplies followed by higher offload in the market by farmers and stockists who held their produce after harvest. The farmers anticipated rice prices to move up which did not happen followed by higher stocks with state procurement agencies, farmers and stockists.

International News:

Japan Seeks 61,000 Tons of Foreign Rice in Tender:

Japan is seeking to import 61,000 metric tons of rice in a tender on Jan. 25, the Ministry of Agriculture.

Of the total, the government plans to buy 12,000 tons from the U.S., 24,000 tons from Thailand, and the rest from any country, according to the ministry's grain-trade division.

Japan, the largest corn importer, is self-sufficient in rice. The nation agreed to give minimum market access to rice-exporting countries at the Uruguay Round of world trade talks in 1993, buying 770,000 tons a year.

Philippines rice output in 2010 declines 3 percent due to El Nino:

Philippine palay (unmilled rice) production for 2010 declined 3 percent on year to 15.77 million metric tons owing to the El Nino-induced dry spell, the Bureau of Agricultural Statistics reported on Monday.

The actual production is also lower than the government's target of 16.4 million tons palay production for 2010.

The Bureau of Agricultural Statistics reported that palay production in the fourth quarter hit 6.5 million tons, up 21

percent on year. But even the double-digit growth in palay production in October to December failed to pull up overall rice output.

Apart from the El Nino that damaged farmlands in the country, supertyphoon Megi, which swept northern Luzon late last year, also slashed rice output.

Philippine agricultural officials said the 2010 rice output was one of the major factors they are considering before they decide over the final rice import figure for 2011.

National Food Authority (NFA) Administrator Angelito Banayo said the NFA Council is yet to decide on the final rice import volume for the year. But he said the government may limit the importation to one million tons, including the allocation for the private sector.

The Philippines is the world's biggest rice importer, purchasing over 2 million tons in 2010.

Vietnam rice stocks dip 41% last year:

Vietnam, World's second largest rice exporter after Thailand said country's stockpiles were 41 percent lower at the end of 2010 compared with a year earlier after record overseas shipments.

According to the Vietnam Food Association, at the end of last year, inventories totaled 850,000 metric tons, down from 1.45 million at the end of 2009.

Huynh Minh Hue, general- secretary of the association, wrote in an e-mail in response to questions from Bloomberg News. Lower stockpiles contributed to a forecast for a drop in exports in 2011, Hue said.

The country has targeted shipments of about 6 million tons this year, Deputy Agriculture Minister Diep Kinh Tan told Bloomberg on Jan. 4. That compares with exports of 6.75 million tons in 2010, according to data from the association, which represents food producers, processors and traders.

Vietnam competes against Thailand, the largest shipper, in the global rice market, with the Philippines leading overseas purchases. The Thai benchmark price for 100 percent grade-B rice has risen 19 percent from last year's low to \$544 a ton on Jan. 12. The association's members are responsible for more than 98 percent of the nation's food exports, according to its website.

Paddy production may be 39 million to 40 million tons in 2011, little changed from 2010's output, amid doubts over the climate, Hue said by phone. "Maybe some drought, maybe more rain -- we don't know," Hue said.

Vietnam's rice output was estimated at 40 million tons in 2010, 2.7 percent higher than 2009, due to higher yields and an expansion in the cultivated area, the government's statistics agency said on Dec. 30.

Water use on farms in the Mekong and northern deltas may have to be rationed as a result of possible droughts, the Vietnam News reported last month, citing Prime Minister Nguyen Tan Dung. Water levels on the Hong and Thai Binh rivers in the north were much lower than usual, the newspaper reported.

The 2011 export target will be reviewed after monitoring of the weather during the winter-spring crop, Deputy Agriculture Minister Tan said Jan. 4. Concerns over a possible drought led the ministry to be "cautious" when making the initial estimate.

Output from this year's winter-spring harvest is estimated at 19.2 million tons, up 2.8 percent from the previous year, the General Statistics Office in Hanoi said in last month's report.

Collection of the winter-spring crop has started in some of the southernmost provinces, with the bulk of the harvest expected between March and April, Hue said by phone.

Vietnamese farmers planted 7.51 million hectares of rice in 2010, 1 percent more than 2009, according to the General Statistics Office. Yields rose by 80 kilograms per hectare to 5.32 tons per hectare.

Vietnam plans to ship 61 percent of rice exports this year to Asian countries and 29 percent to Africa, the Vietnam News reported on Jan. 13, citing the food association.

Japan Buys Rice From U.S., Thailand, China at Tender Under Access Accord:

Japan bought 3,950 metric tons of foreign rice today through a tender system introduced to loosen government grain-import controls, the Ministry of Agriculture, Forestry and Fisheries said.

Of the total, 2,610 tons were from the U.S., 1,000 tons were from Thailand, and the remainder from China, the ministry said in a statement today.

The tender was held under the so-called simultaneous buy-and-sell, or SBS, system in which food companies and trading houses jointly bid for grains of any origin and quality.

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RICE OUTLOOK FOR 2010/11: IGC

World rice production in 2010/11 is forecast to increase by 2%, to a record 449m. tons, underpinned by an improved main (kharif) crop in India. A rebound in rice use in that country, along with modest increases elsewhere, will lift global consumption to 446m. tons (437m.). World ending stocks in 2010/11 are expected to rise by 3m. tons, to an eight-year high of 96m., with increases in key suppliers, particularly India and Thailand. Inventories in the five leading exporters, at about 30m. tons, will be up 7% on last year. World trade in 2011 is projected to increase by 3%, to 30.8m. tons, because of larger deliveries to Far East Asia and sub-Saharan Africa.

SPOT PRICES:DELHI MARKET:

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

DELHI	06.01.11	20.01.11
Basmati Common	6500	6500
Sharbati raw	2900	2900
Sharbatisella	2800	2900
Parmal raw	2200	2200
Parmalsella	2100	2100

DB Rice (white raw)	4300	4300
1121 Sella	4300	4400

RUDRAPUR MARKET:

Market Price for Different Varieties Of Rice In

Rudrapur (Rs. per Qtl.)

RUDRAPUR	06.01.11	20.01.11
Parmal paddy	1100	1250
Parmal raw rice	1800	1900
1121	-	-
Basmati rice	-	-
SharbatiSteam	2800	2950
DB steam	-	-

KARNAL MARKET:

Market Price For Different Varieties of Rice In

Karnal Market (Rs. per Qtl.)

KARNAL	06.01.11	20.01.11
Basmati rice raw	8000	5500

AMRITSAR MARKET:

Market Price for Different Varieties of Rice (Rs. per Qtl.)

AMRITSAR	06.01.11	20.01.11
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Sharbati steam	2500	3300
Sharbatisella	2800	2800
Parmal raw rice	2100	2050
Parmalsella	2100	2000
DB Rice Sella	3800	3700
IR8	1850	1700
1121 Sella	5200	3900

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal (Rs. per Qtl.)

WEST BENGAL (Burdwan)	06.01.11	20.01.11
IR 36 (super)	3900	3700
Minikit Shankar	4000	3900
DoodhKalma	4100	-
Swarna (New)	2500	2400
Pankaj	2500	2400
Swarna parboiled	3500	3400
Govindobhog	5500	5400
ChawlMoni	4700	4600

SharbatiShella rice	3000	2900
Sharbati raw rice	3000	2800
Sharbati steam	3200	3200
Basmati rice raw	5500	5200
Basmati Paddy	2600	2600
Parmal Govt. Quality	1650	1700
Parmal Wand (New)	1800	1850
1121 Steam	5300	5400

PROGRESSIVE PROCUREMENT OF RICE AS ON 23.12.10, In Lt

State	Total procurement in marketing season 2009-10 (Oct. – Sept.)	Progressive Procurement as on 23.12.2010	
		In Marketing season 2010-2011	In Marketing season 2009-2010
Andhra Pradesh	72.78	8.43	6.92
Chhattisgarh	33.32	10.10	11.19
Haryana	18.19	16.52	18.00
Kerala	2.61	0.64	0.80
Maharashtra	2.20	0.36	0.62
Orissa	24.95	1.84	2.97
Punjab	92.75	86.34	92.67
Tamil Nadu	12.16	0.94	0.23
Uttar Pradesh	27.26	5.10	11.08
Uttaranchal	3.75	1.20	1.34
West Bengal	12.40	0.97	0.94
All-India	314.78	133.40	147.25

International Asian Rice Prices per MT FOB (20.01.2011)			
THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	530	100%B-5% DWP	-
5%	510	5%	475
10%	500	10%	470
15%	495	15%	460
25%	465	25%	435
Parboiled (12 to 15%)	530	-	-
PAKISTAN	\$/Mt	INDIA	\$/Mt
100%B - 5%DWP	-	100%	-
5%	470	5%	-
10%	N/A	10%	-
15%	N/A	25%	-
25%	430	Parboiled	-
Parboiled	520	-	-

Rabi 2010-11

Area sown as on Jan. 06, 2011

(Lakh Ha.)

State	Normal	Target	Area sown	
	Area	Area	(2010-11)	(2009-10)
		(2010-11)	(This year)	(Last year)
Andhra Pradesh	13.31	14.32	4.27	5.55
Assam	3.24	5.00	0.45	0.46
Bihar	1.10	2.00	0.00	0.00
Karnataka	3.48	3.48	0.47	0.97
Kerala	0.38	0.38	0.24	0.22
Odisha	3.16	3.50	0.05	0.10
Tamil Nadu	1.64	1.64	0.00	0.00
West Bengal	14.45	15.00	0.00	0.00
Others*	1.76	2.00	0.02	0.02
Total	42.52	47.32	5.50	7.32

DES-Directorate of Economics & Statistics, SDA-State Department of Agriculture

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