***Domestic Market Highlights and Week Ahead*:**

- **Rice market ruled steady to weak in south India, U.P., Bihar while steady to slightly firm in Punjab, Haryana and Chhattisgarh during the week under review.**
- **Paddy procurement during current season crosses 120 tonnes in Punjab,41 lakh tonnes in Haryana. Arrivals are increasing in Bihar, U.P., Chhattisgarh and Andhra Pradesh.**
- **Prices of Basmati paddy and rice remained under pressure with rising arrivals in Punjab, Haryana and U.P. Farmers show unwillingness to sell at current prices and it affects the smooth flow of arrivals for both varieties despite ongoing procurement on MSP by procurement agencies.**
- **Basmati rice export have decreased due to higher quotes in India.Buyers are turning to other cheaper source like Pakistan,Thailand and Vietnam for Premium quality.**
- **Non-basmati rice export is increasing fast as India remains the cheapest source of same variety with Pakistan. Almost one million T non basmati rice has been shipped out and deals of almost 5 lakh tonnes rice has been confirmed by private trades so far.**
- **Indian competitiveness is likely to continue even in the month of Dec and Jan .Prices are likely to rule steady to slightly firm in south India as exporters remains active buyers locally.**

Market Fundamentals:

Rice market continued to rule sideways on lower and higher arrivals pressure in various markets during the week under review. Prices of common grade and premium grade paddy improved slightly with decreasing arrivals in Punjab and Haryana. Declining trends were seen in the eastern U.P. and Bihar despite procurement activities on MSP in some areas continue. Traders/exporters are not interested to buy common grade paddy in these areas. Even millers buy export grade non basmati paddy like PR and fine varieties. Prices are stable of fine varieties as export demand is likely to continue. Problems are seen with common grade paddy (mota dhan) and farmers are getting lower prices for it where procurement agencies are not fully active.

Export of non-basmati rice may soon cross 1.5 million tonnes mark as demand for the same is picking up in absence of other major competitors except Pakistan. Export from Tamil Nadu, Andhra Pradesh and Gujarat continues and on an average 4 lakh tonnes non basmati rice is being shipped out per month. Nigeria is the biggest buyer of Indian non-basmati rice. Indonesia, B,desh will remain perspective buyers in months ahead.

Paddy Arrivals Cross 41 Lakh T In Haryana:

Arrivals from new paddy crop in Haryana have been higher this year till date. However, pressure eased now as farmers are waiting for higher realization from private millers. Total arrivals in Haryana mandis registered 41.93 lakh tonnes as on 25.Nov.2011 against 36.81 lakh tonnes during the corresponding period last year. Govt.'s procurement agencies have procured.29.08 lakh tonnes so far out of 41.93 lakh tonnes. Official says that over 1.10 lakh tonnes of custom milled rice has been delivered to FCI.As per latest official release Karnal is leading in paddy arrival where over 7.98 lakh tonnes of paddy had so far arrived in the mandis followed by district Kurukshetra with 7.57 lakh tonnes, Kaithal 5.26 lakh tonnes, Fatehabad 4.70 lakh tonnes and Ambala 4.42 lakh tonnes**.**

Chhattishgarh sets Paddy procurement Target At 55 lakh T:

Chhattishgarh, one of the leading paddy producing states, has set paddy procurement target at 55 lakh T during current season. Arrivals are continuously increasing and it's a good sign for various procurement agencies involved in procurement activities. Officials say that they are encouraged by the amount of paddy the farmers are bringing daily to over 1,850 procurement centres in all the 18 districts. The state government has been paying Rs.1,080 per quintal for common variety and Rs.1,111 per quintal for grade-A quality paddy.

Paddy procurement crosses 120 lakh tonnes in Punjab:

Procurement of paddy crosses 120 lakh tonnes in Punjab. The govt.'s agencies have procure 113.91 lakh tonnes so far. Contribution by private traders in buyings has been registered at 4.50 lakh tonnes till 25.11.11. Ludhiana district with 14.15 lakh tonnes of procurement was leading in procurement operations whereas Sangrur district with 13.78 lakh tonnes was at second slot and Patiala district with 11.76 lakh tonnes ranked at third position. The state government had set up 1745 procurement centres and activated its entire machinery to ensure smooth procurement of paddy.

Bumper Paddy Production Likely In Bihar:

Production of paddy in Bihar is likely to touch 70 lakh tonnes this year. Fafourable weather and various incentives offered by state govt. encouraged farmers to plant more paddy this season. The state food corporation and other state agencies have planned to procure a big chunk of the paddy from the farmers. Previously procurement target had been set 25 lakh tonnes. The state govt. has revised the set target for the benefit of farmers. Of 70 lakh mt production of paddy, the state agencies will procure 30 lakh mt, while Food Corporation of India the rest,available surplus with the farmers.

Comparative FOB Indicative Quotes during the Week:

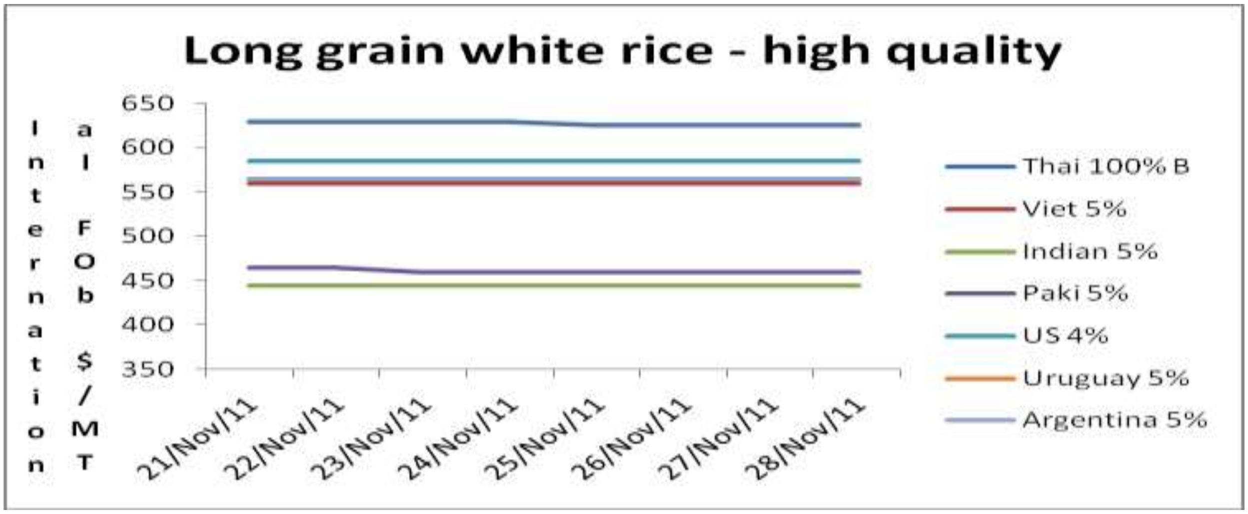
Thai 5% rice is indicated around $605 - $615 per ton, about a $50 per ton premium over Viet 5% rice shown around $555 - $565 per ton. Indian 5% rice is quoted around $440- $450 per ton, about a $15 per ton discount to Pak 5% rice indicated around $455 - $465 per ton, down about $5 per ton.

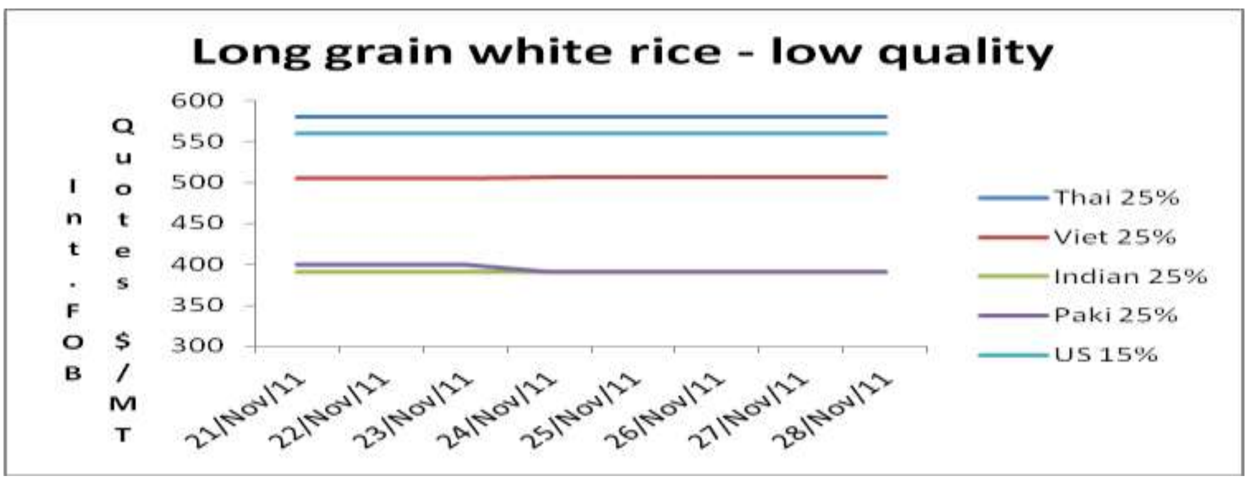
Thai 25% rice is shown around $575 - $585 per ton, about a $70 per ton premium over Viet 25% rice indicated around $505 - $515 per ton. Indian 25% rice is quoted around $385 - $395 per ton, about on par with Pak 25% rice shown around $385 - $395 per ton.

Thai parboiled rice is shown around $595 - $605 per ton. Indian parboiled rice is quoted around $425 - $435 per ton, about a $30 per ton discount to Pak parboiled rice indicated around $455 - $465 per ton, down about $5 per ton from yesterday.

Thai broken rice is indicated around $545 - $555 per ton, about a $100 per ton premium over Viet broken rice quoted around $445 - $455 per ton. Indian broken sortexed rice is shown around $370 - $380 per ton, about on par with Pak broken sortexed rice quoted around $370 - $380 per ton.

Average FOB quotes for high and low quality white rice during the week have been shown in the below given chart:





Prices of rice in the international market remain almost unchanged during the week except $5 per T downward revision by Vietnam and Pakistan. India and Pakistan will remain competitive even weeks ahead as huge difference of prices from other sources is expected to place India in dominating position. Prices are likely to stay at current level despite increased demand as arrivals from newly harvested crop are increasing and will restrict any gains, especially in south India.

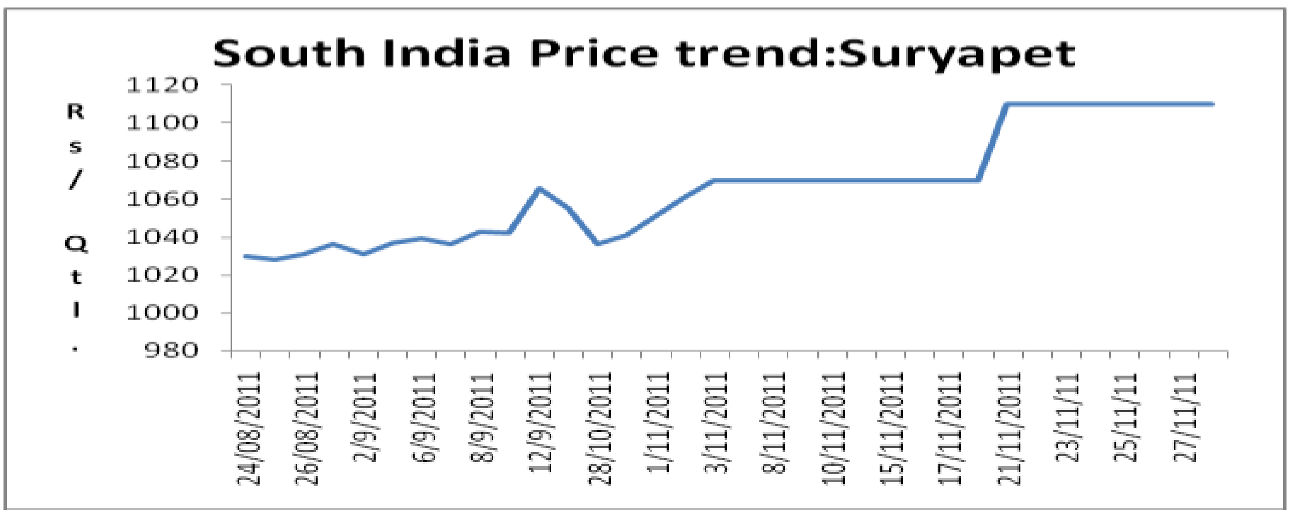
Official Procurement prices:

During the 2011-12 marketing year, FCI procured paddy (common) at R1,080 per quintal and paddy (Grade A) at R1,110 per quintal. If the government achieves the rice procurement target this year, it would help in the implementation of the proposed National Food Security Act. The agriculture ministry expects a record 102 mt rice production in the 2011-12 crop year (July-June) against last year's 95.32 mt.

Basmati area in Punjab higher by 15 %

Increase in area under basmati varieties in Punjab will also cause less crop procurement for the central pool, experts said. Area under basmati crop including PUSA 1121 variety this year increased by 10-15 per cent to 6 lakh hectares in Punjab Even PR varieties area increased by 20-25 % in Punjab and Haryana. That is why arrivals of common grade paddy in Punjab and Haryana remains at lower side and resultantly lower procurement.

Paddy price movement in South India:

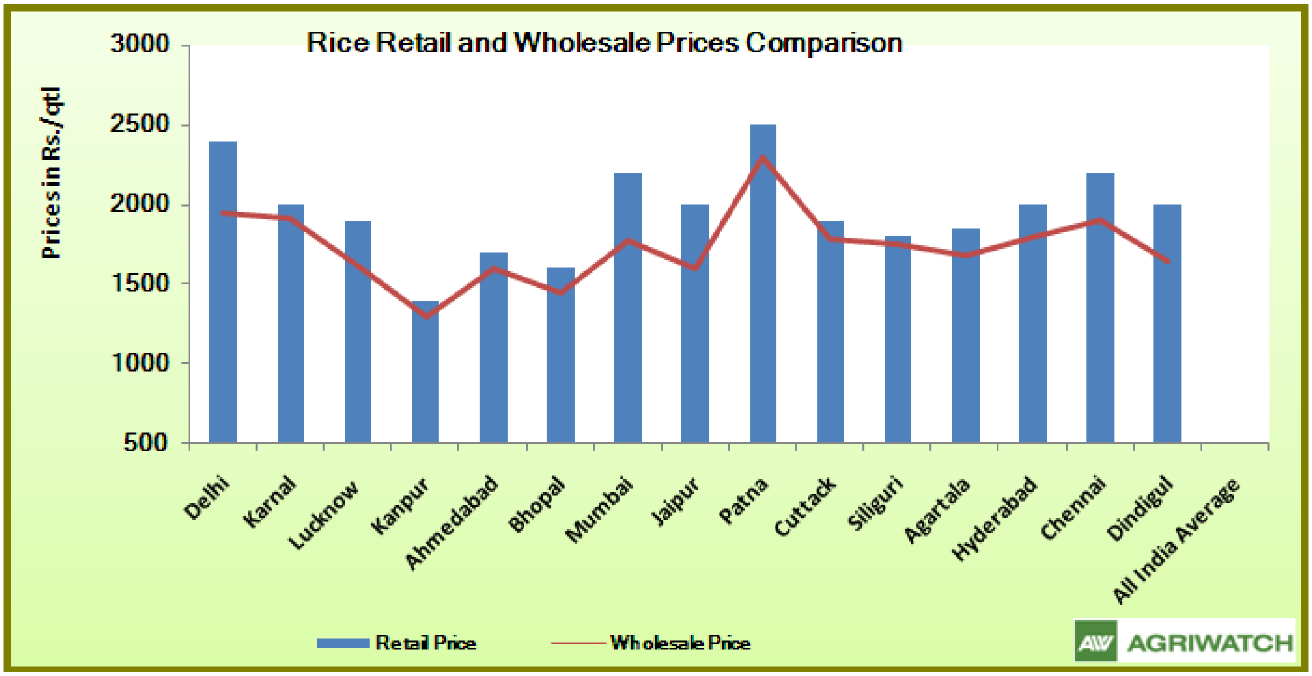


After showing firmness in south Indian market prices of Suryapet paddy have stablized almost at MSP level as indicated in the chart.Some millers are offering farmers Rs 10 to 20 per qtl higher prices in limited area.Prices of paddy are likely to stay steady despite higher arrivals from new crop.Active procurement on MSP by govt. agencies will continue to support market at current level.

Domestic Prices & Outlook :
Domestically, rice prices are likely to remain steady to weak as new crop arrivals, preceded by higher estimates for production in 2011-12 are likely to remain price limiting factors, despite good prospects of Non Basmati exports. Supply side will remain high with bumper incoming crop in south India, supported by other states like Punjab, Haryana, U.P and Bihar. Arrival pressure from new crop will be felt from Nov. end in south India. Non-basmati prices are expected to rule at current level as support from export demand continues.

Retail and whole sale prices trend during the week:

Retail prices have come down slightly in comparison to whole sale prices as arrivals from new crop rice started hitting the market and current gap is likely to get narrower in weeks ahead.



Paddy Prices in Various Markets

(Arrivals and Price in Rs./Quintal)

Market	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
	(Tonnes)		(Rs./Quintal)	(Rs./Quintal)	(Rs./Quintal)
Chattisgarh					
Arang	NR	Paddy Medium	1080	1080	1080
Gujarat					
Kadi	205	Other	875	2275	1200
Talod	2519	Other	815	1110	965
Vyra	215.6	Other	800	1075	938
Haryana					
Pehowa	763	Other	1461	1921	1900
Rania	929.8	Paddy	1365	1485	1430
Safidon	1350	Other	1450	1970	1700
Jharkhand					
Chakulia	NR	Other	800	900	850
Madhya Pradesh					
Itarsi	823.9	Other	1100	1651	1450
Uttar Pradesh					
Bijnaur	15	Other	NR	NR	1080
Devband	1	Other	1050	1150	1100

Divai	510	Basumathi	1225	1660	1430
Faizabad	225	Other	950	1080	1070
Gonda	580	Other	980	1020	1010
Jasvantnagar	328.7	Other	1050	1115	1085
Kasganj	250	Other	NR	NR	1080
Nagina	6	Other	NR	NR	1080
Panchpedwa	NR	Other	1000	1050	1040
Shahjahanpur	4164.3	Paddy	NR	NR	910
Sikandraraau	150	Other	1030	1082	1080
Sultanpur	850	Other	800	1110	1080
Tanda	256	Other	825	1110	1080
Tulsipur	NR	Other	1060	1080	1070

Rice Prices in Various Markets

(Arrivals and Price in Rs./Quintal)

Market	Arrivals (Tonnes)	Variety	Minimum Price (Rs./Quintal)	Maximum Price (Rs./Quintal)	Modal Price (Rs./Quintal)
Jharkhand					
Chakulia	NR	Fine	1800	1900	1850
		Other	1600	1700	1650
Dumka	4	Coarse	1150	1250	1200
		Medium	1500	1580	1570
Kerala					
Alleppey	14	Basumathi	5200	5400	5200
		IR-8	2000	2400	2200
		Jaya	2450	2600	2500
		Other	2200	2400	2300
		Ponni	2000	2250	2200
Parappanangadi	25	Boiled Rice	1700	1800	1750
		Jaya	2100	2250	2200
		Other	2300	2450	2350
Perinthalmanna	0.75	Jaya	1700	1850	1800
Uttar Pradesh					
Allahabad	120	III	NR	NR	1460
Amroha	8	Other	NR	NR	1610
Atarra	100	III	NR	NR	1300

Bachranwa	NR	Other	1510	1520	1515
Ballia	113	III	NR	NR	1420
Bijnaur	3	Other	NR	NR	3540
Devband	30	Other	1250	1800	1600
Faizabad	76.5	Other	1540	1585	1575
Farukhabad	9	III	NR	NR	1450
Fatehabad	5	Other	1675	1860	1740
Fatehpur	220	Coarse	NR	NR	1380
Gadaura	8.2	Other	NR	NR	1400
Gonda	245	Other	1440	1475	1460
Gorakhpur	160	Coarse	NR	NR	1550
Jasvantnagar	193.3	Other	1380	1460	1425
Jhansi	35	III	NR	NR	1560
Kasganj	NR	Other	NR	NR	1750
Mirzapur	32.5	III	NR	NR	1440
Moth	NR	Other	NR	NR	1570
Panchpedwa	NR	Other	1460	1485	1475
Partaval	12.5	Other	NR	NR	1375
Purwa	0.7	III	NR	NR	1500
Salon	NR	Other	1395	1405	1400
Shahjahanpur	1800	Coarse	1610	1640	1625
Sultanpur	300	Other	1200	1800	1450
Tanda	12	Other	1500	1600	1540
Tulsipur	NR	Other	1470	1500	1485
Urai	NR	Other	NR	NR	1560
Yusufpur	3	Other	1100	1200	1100

International Market Highlights:

Not much changed in prices across most origins though Thai dropped some of their quotes by about $5 per ton. The only interesting news came out of the small kingdom of Nepal which says the country's rice production is good enough that the country will not need to import any rice for the first time in 15 years.

India and Brazil have done much to upset the traditional rice flows. In case of Brazil, there was no secret design or plan to take over the world. Brazil just stumbled upon a large rice crop, thanks to plenty of water and an exceptionally good weather. Helped by Brazilian government's export subsidies, Brazil took away some of Thai business and then some of the U.S. markets.

Indonesia may need 400,000 tonnes of rice imports early next year. It has surprised markets with the volume of its rice buying this year, needed 2 million tonnes of imports of the staple grain for 2011-

Total rice use is also forecast to expand by 2%, with a further small increase projected in the global carryover, to 100m. tons (98m.). Within the total, inventories in the five major exporters are forecast to increase by 8%, to an all-time peak of32m. tonnes.IGC.World trade in calendar 2012 is forecast to contract by 0.8m.tons, to 32.5m., on reduced imports by Far East Asia, especially by Bangladesh and Indonesia.

Now only major Asian buyer – the Philippines remains in the market in Asian region. Initially, the Philippines was supposed to import about 500,000 tonnes and now the import estimate has been revised to 500,000 to 800,000 tonnes for 1212.

World trade in current crop year 2012 is forecast to contract by 3%, to 32.3m. tonnes, on reduced imports by Far East Asia, despite expectations of a significant increase in buying by the Philippines and Indonesia-IGC

IGC Balance Sheet:

IGC estimate released on 24.11.11	2007-08	2008-09	2009-10	2010-11 est.	2011-12 forecast 27.10	2011-12 forecast 24.11
Rice						
Production	432	447	440	451	459	459
Trade	29	29	31	33	32	32
Consumption	429	436	437	448	457	458
Carry over St.	80	92	95	98	99	100
Year change	+3	+12	+3	+3		+2
Major exporters	18	27	28	29	31	32

Note: Major exporters are India, Pakistan, Thailand, Vietnam, United States