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GAIN Report

Global Agricultural Information Network

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Report Highlights:

India's MY 2012/13 rice exports are estimated to reach 8 million tons (7.5 million tons in CY 2013) driven by continued strong export demand and by relatively competitive prices. The minimum support price (MSP) for upcoming MY 2013/14 wheat crop has been raised to Rs. 13,500 (\$250) per ton, an increase of Rs. 650 (\$12) per ton compared to last year. The Government of India has approved the export sale of an additional 2.5 million tons of wheat from government held stocks.

General Information:

RICE

Table 1: India: Commodity, Rice PSD

(Area in Thousand Hectares, Others in Thousand Metric Tons)

Rice, Milled India	2010/2011		2011/2012		2012/2013		
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: May 2012		
	USDA Officia l	New Post	USDA Officia l	New Post	USDA Officia l	New Post	
Area Harvested	42,860	42,860	44,100	44,100	43,000	43,000	(1000 HA)
Beginning Stocks	20,500	20,500	23,500	23,500	25,100	25,100	(1000 MT)
Milled Production	95,980	95,980	104,320	104,320	99,000	99,000	(1000 MT)
Rough Production	143,984	143,984	156,496	156,496	148,515	148,515	(1000 MT)
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
TY Imports	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	116,480	116,480	127,820	127,820	124,100	124,100	(1000 MT)
MY Exports	2,774	2,774	10,400	10,376	7,250	8,000	(1000 MT)
TY Exports	4,637	4,637	10,000	10,250	6,500	7,500	(1000 MT)
Consumption and Residual	90,206	90,206	92,320	92,344	95,250	94,600	(1000 MT)
Ending Stocks	23,500	23,500	25,100	25,100	21,600	21,500	(1000 MT)
Total Distribution	116,480	116,480	127,820	127,820	124,100	124,100	(1000 MT)
Yield (Rough)	3.	3.3594	4.	3.5487	3.	3.4538	(MT/HA)
TS=TD		0		0		0	

Government Procurement Ahead

Government domestic rice procurement under the minimum support price (MSP) operation is ahead of last year, reaching 16.4 million tons on January 1, 2013, compared to 15.6 million tons during the corresponding period in MY 2011/12. As a result, government rice stocks held on December 1, 2012, have rose to 30.61 million tons compared to 27.06 million tons a year ago.

Table 2. India: Government Rice Procurement by State
Million Tons

State	MY 2012/13 ¹	MY 2011/12	MY 2010/11
Andhra Pradesh	1.40 (1.46)	7.55	9.61
Punjab	8.54 (7.66)	7.73	8.63
Chhattisgarh	1.74 (1.83)	4.12	3.75
Uttar Pradesh	0.56 (1.40)	3.36	2.55
Haryana	2.58 (1.97)	2.01	1.69
Tamil Nadu	-	1.60	1.54
Bihar	-	1.53	0.88
Orissa	-	2.85	2.47
West Bengal	-	2.04	1.31
Others	-	2.24	1.77
Total	16.38 (15.62)	35.03	34.20

Source: Food Corporation of India, Government of India (GOI)

Note¹ Total rice procurement as of Jan 1, 2013. Figures in parentheses are previous year's procurement for the corresponding period.

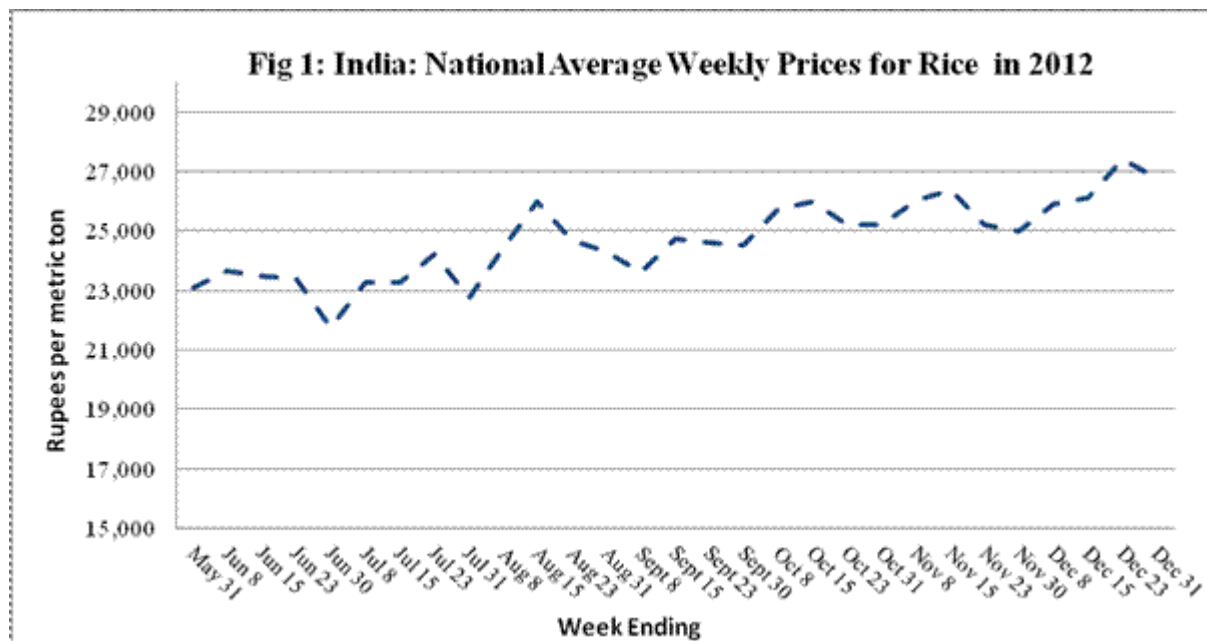
The increase in government procurement is largely driven by purchases by the states of Haryana and Punjab, where the irrigated crop was unaffected by the late 2012 monsoon rains. Government procurement in other states like Andhra Pradesh, Uttar Pradesh, and Chhattisgarh are below last year level dues to the delayed crop and strong export demand. Early procurement trends indicate that the GOI's MY 2012/13 rice procurement will likely surpass last year's record 35.03 million tons, but may still fall significantly below the GOI target of 40.1 million tons.

If procurement does not increase in other rice growing states, there is some concern that the GOI may impose controls on private rice trade. The GOI will likely to present the proposed National Food Security Bill (see GAIN Report [IN1213](#)) in the upcoming session of the Parliament. If passed, the

proposed bill will create a legal entitlement to subsidized food grains for 63.5 percent of India’s population, and raise annual grain allocation for the public distribution system (PDS) to 64 million tons versus the current actual off take of 56.4 million tons food grain in Indian fiscal year 2011/12 (April/March). Most of the states prefer to supply rice rather than wheat through the PDS. Despite abundant government rice stocks (currently three times the desired level), the GOI is nevertheless pressing for strong rice procurement during MY 2012/13 to ensure adequate supplies of rice through 2014 (when the next parliamentary election is scheduled) in case 2013 monsoon falls below normal.

Prices Firm

Despite the strength of the *kharif* (winter harvested) rice crop, domestic rice prices remained firm in December due to continued strong export demand. Currently, spot market prices for common grade coarse rice range from Rs. 16,200 (\$300) to Rs. 25,360 (\$470) per ton.



Exports Raised on Continued Strong Demand

MY 2012/13 rice exports are estimated to reach 8.0 million tons (7.5 million tons in CY 2013), driven by continued strong export demand and by relatively competitive prices. Based on the latest official trade statistics, MY 2011/12 (October 2011 through September 2012) rice exports reached 10.38 million tons (10.25 million tons in CY 2012); this includes 3.48 million tons basmati rice and 6.9 million tons non-basmati rice. During the month of October 2012, rice exports reached 852,500 tons. According to

trade sources, rice exports in November and December 2012 remained steady with continued strong export demand and a relatively stable Indian rupee vis-à-vis the U.S. dollar.

Exports of Indian non-basmati rice remain very price competitive, with the price of common rice varieties currently ranging from \$355 per ton to \$ 445 per ton FOB. Trade sources report that Indian parboiled non-basmati rice is very price competitive compared to rice from other origins. Indian raw rice is currently facing strong competition from Pakistan, Myanmar and Vietnam. However, export prospects for Indian raw rice are likely to improve in the next few months as supplies from other countries become tighter. Export demand for Indian Basmati rice has been steady despite the higher cost of procurement of unmilled rice (paddy) this season (Rs. 26-30,000 per ton compared Rs. 16-20,000 per ton last year). As a result, MY2012/13 rice exports are expected to reach 8 million tons (7.5 million tons in CY 2013), assuming continued export price parity and no changes in the GOI export policy for rice.

While many trade sources optimistically estimate that Indian rice exports could reach as much as 10.0 million tons in MY 2012/13, export prospects will likely be dampened by the higher cost of Indian rice due to the significant increase in the MSP and by higher market prices for unmilled Basmati rice. The GOI is likely to continue with the current rice export policy, at least through the first half of the marketing year, but may review its stance on non-basmati rice exports if government procurement falls significantly behind or if domestic prices increase significantly (i.e. due to a poor 2013 monsoon).

WHEAT

Government Raises Support Price

On December 26, 2012, the Cabinet Committee on Economic Affairs (CCEA) approved the minimum support price (MSP) for upcoming MY 2013/14 wheat crop at Rs. 13,500 (\$250) per ton, an increase of Rs. 650 (\$12) per ton compared to last year. The MSP decision for wheat came nearly two months later than last year, due to inter-ministerial differences (see GAIN Report [IN2144](#)). However, the increase in the wheat MSP is unlikely to trigger any significant shifts away from competing *rabi* (winter planted) pulse and oilseed crops, as wheat planting in the major wheat growing states is already nearing completion.

Earlier, the Commission for Agriculture Cost and Prices (CACP) had recommended a freeze on the wheat MSP (at last year's level of Rs. 12,850 per ton). However, the Ministry of Agriculture opposed this recommendation at the CCEA meeting of November 1, 2012. While the CACP suggested offering an additional bonus of Rs. 400 per ton in MY 2013/14, the Ministry of Agriculture pushed for increasing the wheat MSP by Rs. 1000 (\$18.5) per ton in MY 2013/14.

2013 Wheat Planting Marginally Behind

The [Ministry of Agriculture's 2012/13 *rabi* planting progress report](#) shows that wheat crop planting through December 28, 2012 reached 27.3 million hectares, compared to 27.7 million at the same time

last year. Lower planting has been reported in most of the states (Punjab, Haryana, Rajasthan, Gujarat and Maharashtra), except for Uttar Pradesh and Madhya Pradesh where wheat planting is ahead of last year. Wheat planting in the major growing states is almost over, except for some additional late planting in the states of Uttar Pradesh and Bihar through mid-January following the harvest of sugarcane crop. The total wheat planted area in MY 2013/14 is likely to be marginally below last year's record area (29.7 million hectare).

Wheat planting conditions have been generally favorable with adequate soil moisture conditions. In recent weeks, most wheat growing regions have seen a decline in temperatures, providing favorable growing conditions. However, MY 2013/14 wheat production will largely depend on winter rains (December/January) and temperatures during the critical grain filling and ripening stages in February and March.

Government Wheat Export Quota Raised

On December 26, 2012, the CCEA approved the export of an additional 2.5 million tons of wheat from government stocks. In July 2012, GOI had announced an export quota of 2.0 million tons (see IN2095) which was nearly exhausted by December 2012. The new export quota will be tendered through the three assigned government parastatals for shipment through June 30, 2013, subject to a floor price of \$ 300 per ton FOB. The [GOI press release](#) noted that the export of 2.5 million tons wheat from government stocks would help ease the problem of inadequate storage infrastructure, and would also help ensure more efficient management of food grain stocks.

Government Wheat Exports Steady

Government parastatals assigned to export wheat from government-held stocks have floated tenders for about 2.7 million tons, of which about 2.05 million tons has been allocated to various private exporters. The December government wheat tenders have been allocated at prices ranging from \$321.10 to \$324.150 per ton FOB; slightly below the November high of \$328.05 per ton (see Table 3). Market sources report that about 1.3 to 1.4 million tons of government wheat has been shipped through the December 2012, and will reach 2.0 million tons by the end January 2013. With the additional 2.5 million export quota, government parastatals are likely to let more tenders for shipment during February and March to create space for the upcoming 2013/14 wheat crop. Assuming continued firm international wheat prices, the government is likely to ship out an additional 1.2 million tons during February and March 2013.

Provisional official trade statistics indicate that wheat exports for April to October 2012 reached 3.1 million tons. The major export destinations include Bangladesh, South Korea, U.A.E., Indonesia, Tanzania, Thailand, Yemen, Oman, Djibouti and Ethiopia. Market sources report that April to October 2012 shipments include 2.5 million tons of private wheat and about 0.6 million tons of government

wheat. With the current tight market supplies of wheat, private wheat exports are likely to come down significantly in the coming months. As a result, MY 2012/13 wheat exports continues to be estimated at 6.5 million tons.

Table 3: India: Government Wheat Tenders

Agency	Quantity (Tons)	Tender Close	Shipment Period	Price (US\$ per ton FOB)	Port of Loading
STC	100,000	Aug 3, 2012	Aug/Sept	302.50	Mundra
PEC	90,000	Aug 3, 2012	Aug/Sept	296.70	Kandla
PEC	60,000	Aug 16, 2012	September	308.00	Krishnapatnam
MMTC	35,000	Aug21, 2012	September	301.10	Pipavav
STC	40,000	Aug 24, 2012	Sept/Oct	311.10	Chennai
PEC	125,000	Sept 10, 2012	Oct-Nov 10	313.50	Kandla
PEC	70,000	Sept 13, 2012	October	316.01	Krishnapatnam
PEC	30,000	Sept 27, 2012	Oct 10- Nov 5	307.50	Karaikal
STC	40,000	Oct 9, 2012	Oct 20-Nov 20	305.00	Chennai
MMTC	50,000	Oct 10, 2012	November	308.36	Kakinada
STC	150,000	Oct 19, 2012	Nov-Dec 10	311.75	Mundra
PEC	100,000	Oct 19, 2012	Oct 25-Nov 25	310.00	Krishnapatnam
MMTC	35,000	Oct 25, 2012	Nov 10-Dec 10	310.80	Pipavav
PEC	125,000	Oct 30, 2012	Nov 10-Dec 15	314.12	Kandla
MMTC	100,000	Nov 8, 2012	Nov 25-Dec 31	318.67	Kakinada
STC	30,000	Nov 16, 2012	Nov 20-Dec 15	315.20	New Mangalore
PEC	55,000	Nov 19, 2012	Nov 26-Dec 25	319.50	Karaikal
MMTC	30,000	Nov 20, 2012	Dec, 2012	317.00	Mormugoa
STC	40,000	Nov 20, 2012	Dec, 2012	317.21	Chennai
STC	150,000	Nov 26, 2012	Dec 10-Jan 15, 2013	322.22	Mundra
PEC	100,000	Nov 26, 2012	Dec 10-Jan 10, 2013	324.00	Krishnapatnam
MMTC	50,000	Nov 27, 2012	Dec 10-31, 2012	322.13	Pipavav
PEC	125,000	Nov 29, 2012	Dec 10-Jan 15, 2013	328.05	Kandla
MMTC	100,000	Dec 18, 2012	January 2013	323.11	Kakinada
PEC	90,000 ¹	Dec 20, 2012	Jan10-Feb 10, 2013	324.15	Kandla

PEC	35,000	Dec 21, 2012	January 2013	321.10	Vizag
STC	40,000	Dec 21, 2012	January 2013	321.89	Chennai
MMTC	50,000	Dec 21, 2012	Jan, 2013	322.48	Pipavav
PEC	35,000	Jan 3, 2012 ²	Jan 10-Feb 10, 2013	NA	Karaikal
PEC	100,000	Jan 7, 2013	Jan 10-Feb 15, 2013	NA	Krishnapatnam
STC	50,000	Jan 10, 2013	Jan 21-Mar 5, 2013	NA	Mundra
STC	100,000	Jan 10, 2013	Jan 21-Mar 5, 2013	NA	Mundra
MMTC	150,000	Jan 11, 2013	Feb 1-Mar 5, 2013	NA	Kakinada
MMTC	50,000	Jan 16, 2013	Feb 2013	NA	Pipavav
PEC	125,000	Jan 17, 2013	Feb 1-Mar 10, 2013	NA	Kandla
STC	40,000	Jan 23, 2013	Feb 2013	NA	Chennai
TOTAL	2,695,000				

Note: STC- [State Trading Corporation](#); PEC - [Project Export Corporation](#); and MMTC - [Minerals and Metal Trading Corporation](#)

¹ - 125,000 metric tons tender, but actual allocation 90,000 metric tons only.

²- [Addendum 1](#), and [Addendum 2](#)