

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 7/31/2013

GAIN Report Number: IN3085

India

Grain and Feed Update

August 2013

Approved By:

David Williams

Prepared By:

Santosh Kumar Singh

Report Highlights:

The Ministry of Agriculture's [Fourth Advance Estimates for the Indian crop year 2012/13 \(July/June\)](#), estimates record MY 2012/13 production of corn and pulses, and near record production of MY 2012/13 rice and MY 2013/14 wheat. Above normal monsoon rains have provided favorable planting conditions to most *kharif* (fall and early-winter harvested) crops. MY 2012/13 rice exports are raised to 10.0 MMT on improved export competitiveness due to a weak Indian rupee.

Post:

New Delhi

Author Defined:**GENERAL INFORMATION****Government Estimates a Near Record 2012/13 Grain Harvest**

On July 22, 2013, the [Ministry of Agriculture's released the Fourth Advance Estimates for the Indian crop year 2012/13 \(July/June\)](#), wherein grain production was estimated at a near record 255.4 million metric tons (MMT). While there were minor adjustments to individual crops, the estimate of total grain production was unchanged from the May 3 third advance estimate. The government estimates a near-record grain harvest (only 1.5 percent lower than last year's record 259.3 MMT) despite a delayed and below normal 2012 monsoon and drought-like conditions in some parts of the country. The Government of India increased production estimates for rice, corn, pulses and sorghum, and lowered the wheat production estimate.

The Indian crop year 2012/13 covers grain from July 2012 to June 2013 and includes rice, coarse grains and pulse crops harvested last fall and this spring (MY 2012/13), and wheat and barley crops harvested in March-May of 2013 (MY 2013/14). The government estimates production of corn and pulses for MY 2012/13 at a record 22.2 MMT and 18.5 MMT, respectively, due to higher harvest of the *rabi* (harvested in March/April) season crop. Wheat production for MY 2013/14, which is marginally lower, is still a near record 92.5 MMT, despite field reports of a significant decline in yield caused by lower grain setting due to unfavorable weather during February-March (See IN3076 and IN3055) and market factors that suggest the crop is lower than the government estimate. The [Review of Index Numbers of Wholesale Price in India for the month of June, 2013](#) reports that food price inflation in the last six months has been largely fueled by high prices of cereals (see Annexure II). Typically, the fourth advance estimates are subject to minor revisions when the final estimates for the Indian crop year 2012/13 will be released by the end of 2013.

2013 Kharif Planting Progresses under Strong Monsoon

Almost halfway through the 2013 monsoon season (June-September), rains have been well-distributed and normal or above normal across much of India. [Cumulative rainfall for the week ending July 24, 2013](#) was 16 percent above normal, with 29 of the 36 weather subdivisions receiving normal or above-normal rains. Sufficient monsoon precipitation has augmented the water storage in the 81 major reservoirs, which are currently re-charged at 149 percent of normal storage, more than double than last year's level.

Timely and adequate monsoon rains have provided favorable planting conditions to most *kharif* (fall and early-winter harvested) crops unlike last year when a late monsoon delayed planting of most crops. As of July 26, 2013, *kharif* planting reached 74.8 million hectares, up 18 percent compared to last year,

and more than 71 percent of the normal cropped area. Monsoon rainfall during the ongoing season has been sufficient for transplanting of rice and planting of coarse grains and pulses across the country. The window of opportunity for planting *kharif* crops will be over by end of July for most crops, but transplanting of rice will continue in eastern and northeastern states through the end of August and early September.

Table 1: India: Planting of *Kharif* Crops in Indian Crop Year (ICY) until July 26

Area in million hectares

Crop	ICY 2013/14 Progressive Planting till July 26, 2013	ICY 2013/14 Progressive Planting till July 26, 2012	Average Planting during the <i>Kharif</i> Season
Rice	19.64	18.42	39.11
Pulses	7.36	3.95	10.98
Coarse Cereals	14.88	11.75	21.86
Oilseeds	16.72	13.83	17.89
Sugarcane	4.85	5.01	4.74
Cotton	10.51	9.72	9.87
Total	74.78	63.51	105.23

Source: [Press Information Bureau](#), GOI

Despite favorable early planting conditions, sufficient and well-distributed monsoon rains during August and September will be critical for grain production prospects. Excessive rain and consequent floods may cause crop damage in the flood-prone areas of eastern and northeastern states. Longer dry spells during the critical crop growth stages could temper yield prospects, especially in the non-irrigated areas which account for 56 percent of India's cropped area. As of now, MY 2013/14 estimates for the planting and production of rice, corn, sorghum and millet remain unchanged, assuming normal weather conditions through harvest.

RICE

Table 2. India: Commodity, Rice, Milled, PSD, Area in Thousand Hectares, and Quantity in Thousand Metric Tons

Rice, Milled India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	44,100	44,100	43,000	42,410	44,500	44,500
Beginning Stocks	23,500	23,500	25,100	25,100	24,000	24,000
Milled Production	105,310	105,310	104,000	104,400	108,000	108,000
Rough Production	157,981	157,981	156,016	156,616	162,016	162,016
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	128,810	128,810	129,100	129,500	132,000	132,000
MY Exports	10,376	10,376	9,000	10,000	8,500	8,500
TY Exports	10,250	10,250	9,000	10,000	8,500	8,500
Consumption and Residual	93,334	93,334	96,100	95,500	98,500	98,500
Ending Stocks	25,100	25,100	24,000	24,000	25,000	25,000
Total Distribution	128,810	128,810	129,100	129,500	132,000	132,000

Production Raised....

Based on the latest official estimates, the MY 2012/13 estimate of milled rice production has been raised to 104.4 MMT, largely on higher than anticipated yields of *rabi* (winter planted/spring harvested) rice. Despite a delayed and below-normal 2012 monsoon, India harvested a near-record rice crop with a record yield (3.7 metric tons per hectare) in MY 2012/13, more than three percent higher than the previous record yield in MY 2011/12.

.... But Procurement Down

Total government rice procurement for MY 2012/13 through July 25, 2013, is estimated at 33.9 MMT compared to 34.6 MMT during the same period last year. While procurement in the northern states of Punjab and Haryana has been higher than last year, lower procurement in the states of Andhra Pradesh and Uttar Pradesh accounts for most of the decline in procurement. With procurement tapering off in the coming months, MY 2012/13 rice procurement is likely to reach 34.2 MMT, more than two percent lower than last year's record procurement.

Table 3. India: Government Procurement of Rice by State, in million tons

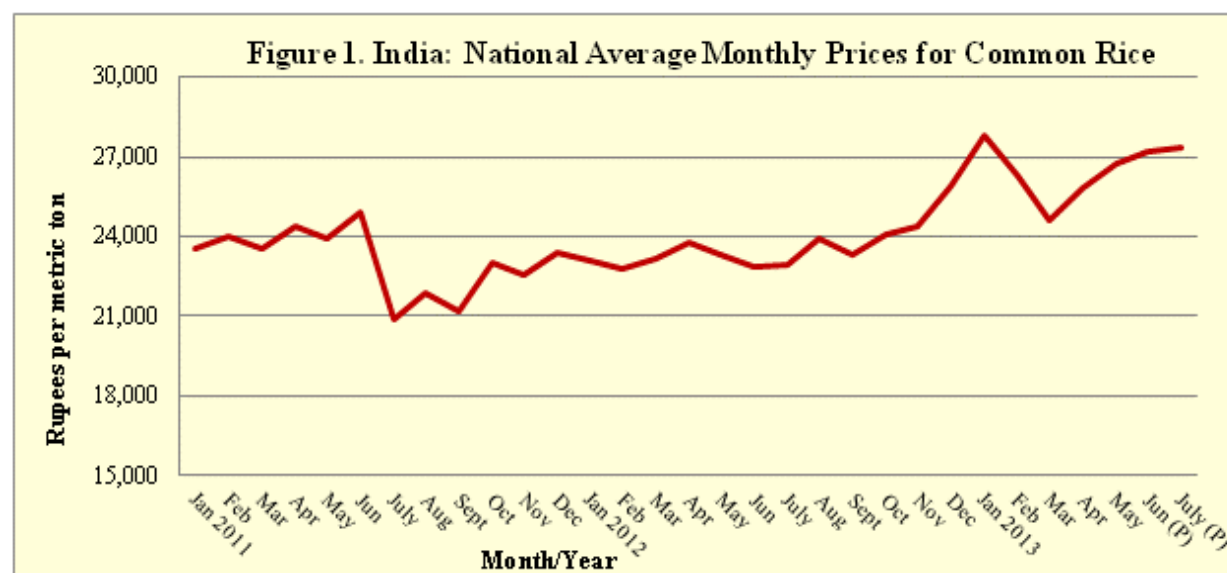
State	October/September			As of July 25	
	MY 2009/10	MY 2010/11	MY 2011/12	MY 2011/12	MY 2012/13
Punjab	9.28	8.64	7.73	7.73	8.56
Andhra Pradesh	7.55	9.61	7.54	7.43	6.38
Chhattisgarh	3.36	3.75	4.12	4.11	4.80
Uttar Pradesh	2.90	2.55	3.36	3.35	2.29
Odisha	2.50	2.47	2.87	2.82	3.59
West Bengal	1.24	1.31	2.04	1.76	1.68
Haryana	1.82	1.69	2.01	2.01	2.61
Tamil Nadu	1.24	1.54	1.60	1.60	0.48
Total	32.03	34.20	35.04	34.59	33.88

Source: Food Corporation of India, GOI.

Despite lower procurement, government-held rice stocks on July 1, 2013, were officially estimated at 31.5 MMT compared to 30.7 MMT a year ago, and nearly three-times larger than the government's desired July 1 stock target of 11.8 MMT. With the expectation of relatively weak procurement and stronger off take of government rice during July-September, October 1, 2013 stocks are projected lower at 22.5 MMT compared to 23.4 MMT at the same time last year.

Prices Firm

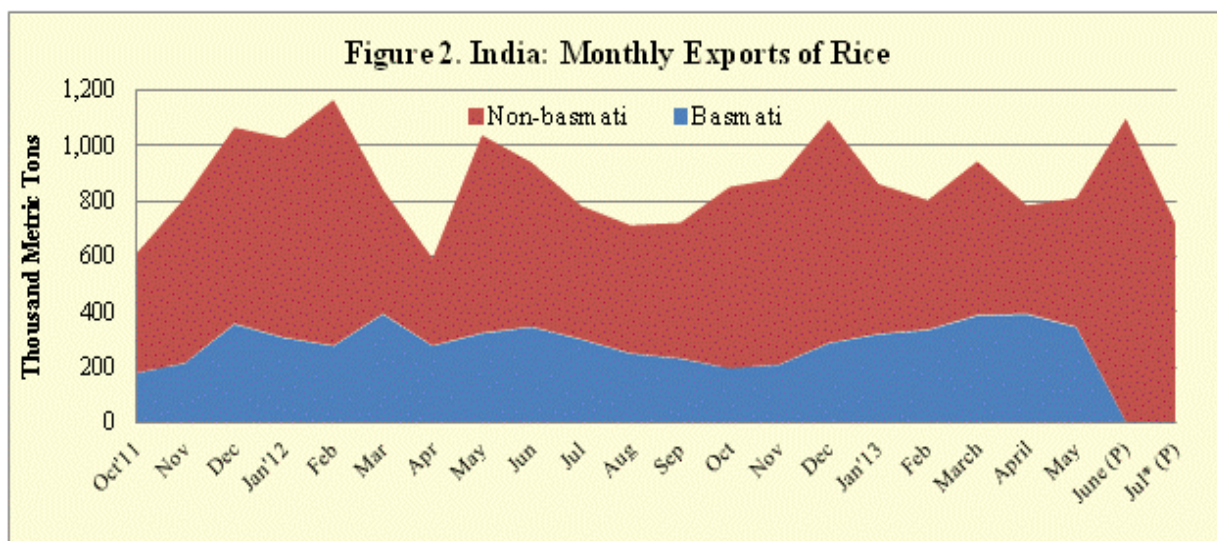
Domestic prices have firmed since April 2013 on strong export demand, with average prices in July more than 19 percent higher than a year ago. With the parliamentary election due in less than a year, the government could intervene in the domestic market through increased release of rice from their stocks to keep the prices under control.



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI.

MY 2012/13 Exports Raised

Post's MY 2012/13 (CY 2013) rice export estimate is raised to 10 MMT on a strong surge in exports in recent months due to the depreciation in the value of Indian rupee. According to the preliminary official statistics for January-May 2013, and trade estimates for June and July, rice exports are estimated at 6 MMT.



Source: Monthly exports till May 2013 from DGCIS; GOI; June, and July 1-23, 2013, figures are derived from rice shipping data compiled from private sources, which do not break out Basmati and non-Basmati. (P)- indicates provisional figures.

There has been a strong surge in rice exports in the last three months on improved export competitiveness of Indian rice due to the decline in the value of Indian rupee (from INR 53 to per dollar on April 30, 2013 to the low of INR 60.6 per dollar on July 8, and marginally improving to INR 59.2 to per dollar on July 25). Most of the non-Basmati rice is being shipped to African countries while Iran continues to be the major buyer of Basmati rice. With forecast record MY 2013/14 production and large government-held rice stocks, the Indian government is unlikely to impose any export restrictions in the near future. Assuming the current price parity and pace of exports continue, MY 2012/13 exports are expected to reach 10 MMT.

WHEAT

Market Suggests Lower Crop than Government Estimate

Despite the government's fourth advance estimate for MY 2013/14 of 92.5 MMT, market sources continue to estimate the crop much lower in the range of 82-88 MMT on reports of 5-10 percent lower yield realization compared to last year due to lower grain setting (see IN3036 and IN3055). Market fundamentals also suggest a lower crop, the following points highlight some of the recent trends that point to a lower wheat crop.

1. Government Procurement Down

Government wheat procurement ended by the third week of June, more than a month before it did last year. MY 2013/14 procurement is estimated to reach 25.1 MMT, down by 13 MMT over last year, with procurement down in most of states.

Table 4. India: Procurement of Wheat by State, in million tons

State	April-March		As of July 25	
	MY 2011/12	MY 2012/13	MY 2012/13	MY 2013/14
Punjab	10.96	12.83	12.83	10.89
Haryana	6.93	8.67	8.67	5.87
Madhya Pradesh	4.97	8.49	8.51	6.36
Uttar Pradesh	3.46	5.06	5.06	0.68
Rajasthan	1.30	1.96	1.96	1.27
Total	28.34	38.15	38.10	25.08

Note: Government procurement price is INR 13,500 per metric ton, except for Madhya Pradesh and Rajasthan, where the state governments give an additional INR 1,500 per metric ton.

Source: Food Corporation of India, GOI.

2. Traders/Farmers Holding Limited Stocks

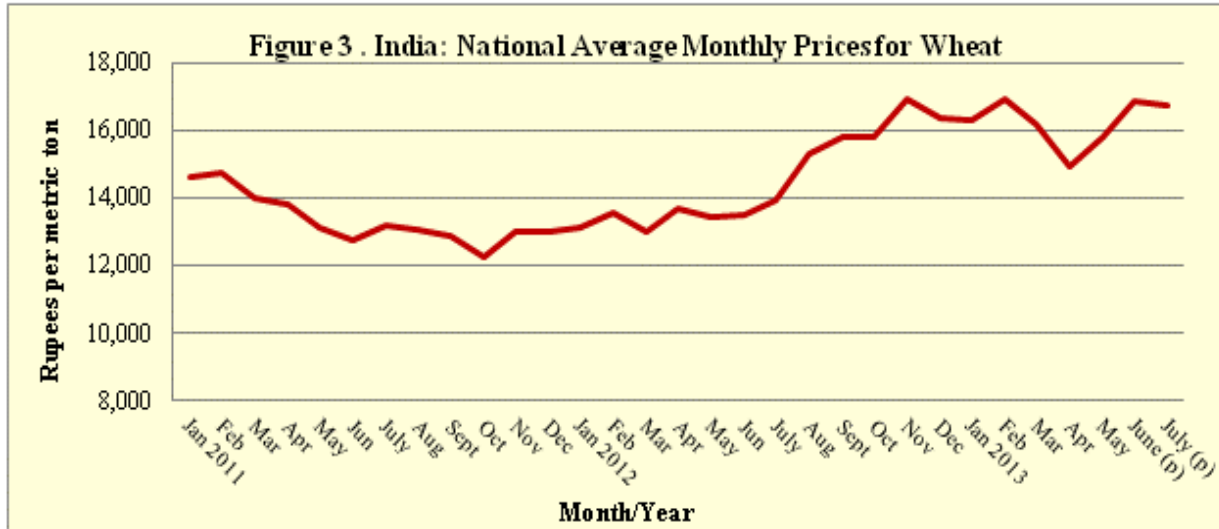
Due to relatively weak international prices, major exporters and traders have not bought and stocked wheat for exports. While local traders and some large farmers may be holding some wheat for late season sales, they have limited capacity to hold additional quantities.

3. Additional Wheat Released for Open Market Sales

On July 2, 2013, the government announced an additional allocation of 8.5 million tons of wheat to bulk consumers (industrial users) and 1.0 million tons for private traders to be lifted from warehouses in Punjab and Haryana. The quantities will be sold through periodic tenders during MY 2013/14 at a reserve price of INR 15,000 (\$254) per ton and suggest that despite low procurement, open market supplies are relatively low.

4. Domestic Prices Rule Firm

Average wheat prices were stable in the month of July and nearly 20 percent higher a year ago suggesting tight supplies. Despite the government's announcement of a near-record wheat harvest, wheat prices marginally firmed up in the last week of July, with the spot prices in the major states ranging from INR 14,340 (\$243) to INR 16,040 (\$272) per metric tons.



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI.

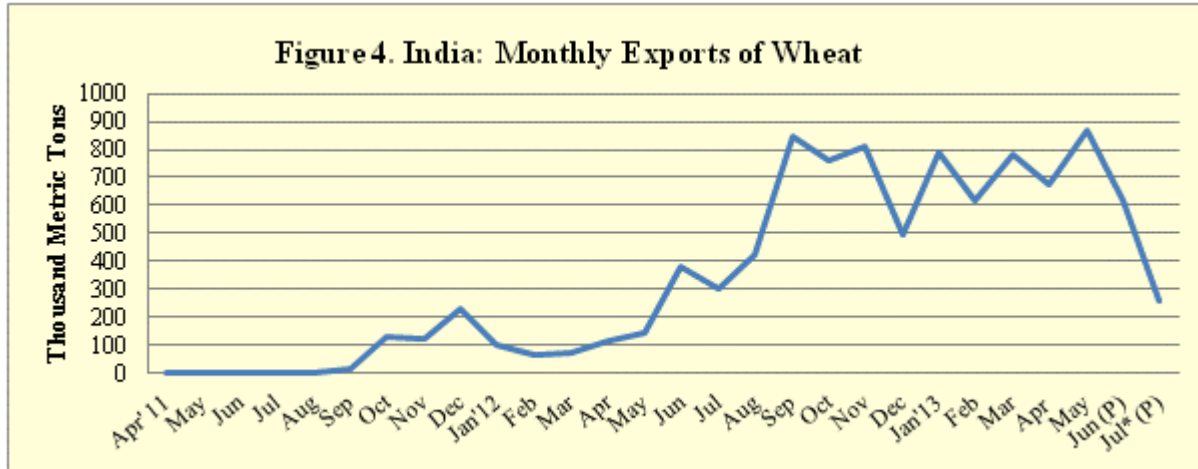
High open-market prices during the peak marketing season (April-July) despite expected higher open-market supplies (lower government procurement and additional allocation of wheat from government stocks) points to lower MY 2013/14 production compared to last year. Consequently, Post continues to estimate MY 2013/14 wheat production at 87.0 MMT.

Government Stocks Ease

Government-held wheat stocks on July 1, 2013 were estimated at 42.4 MMT, nearly 15 percent lower than last year's level. However, the government stocks are still more than double the government's desired July 1 stock level of 20.1 MMT. Government sources report that about 18-20 MMT of new crop (MY 2013/14) and old crop (MY 2011/12 and 2012/13) wheat continues to be stored in the open (on raised plinths with plastic covers).

Exports Slacken

Government wheat exports through parastatals against the 4.5 MMT export quota have come to an end in July, and the government has not announced any additional quota. Even if a quota is established, it is unlikely that there will be international buyers for the government wheat at the existing floor price of \$300 per metric tons FOB due to relatively weak international prices. The government would have to reduce its export floor price below the open market sale price which would likely be opposed by domestic users of wheat. Consequently, the government may not announce any additional export quota in the near future.



Source: Monthly exports till May 2013 from Directorate General of Commercial Intelligence (DGCIS), GOI; June and July 1-23, 2013 figures are derived from trade sources. (P) indicates provisional figures.

The provisional figures for MY 2013/14 wheat exports through July 23, 2013, are estimated at 2.4 MMT (government-wheat 1.4 MMT and private wheat 1.0 MMT). The shipping data compiled by a private source for July 1 to 23, 2013 show a sharp decline in wheat exports, with exports in July likely to drop to 350,000 metric tons, almost half of the exports in the month of June.

Open market wheat is currently available at \$280-290 FOB for exports, at which there are no buyers due to significantly lower priced wheat from competing origins. Some analysts report that Indian wheat can be competitive in the international market if the open-market wheat prices decline by more than 15 percent over current level, i.e., below the government's purchase price (INR 13,500 (\$229) per ton).

Domestic prices are likely to remain firm on forecast tight supplies in the near future, and are unlikely to fall below the government purchase price during the season. Assuming some improvement in the international market during the later part of the season, MY 2013/14 wheat exports are forecast at 5 MMT.

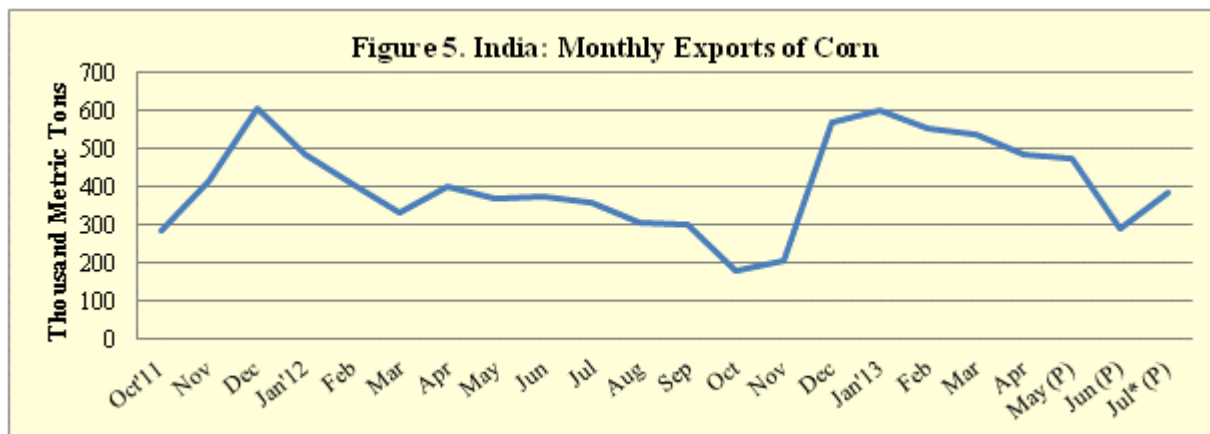
COARSE GRAINS

Production Revised Higher

According to the Ministry of Agriculture's fourth advance estimate, total coarse grain production in the Indian crop year 2012/13 is estimated higher at 40.1 MMT compared to the third advance estimate of 39.5 MMT, with most of the increase accounted by corn. Post's MY 2012/13 corn production has been raised to a record 22.2 MMT on higher than anticipated production of the winter planted (*rabi*) corn. MY 2012/13 millet production is revised marginally to 10.76 MMT and sorghum to 5.33 MMT. The MY 2013/14 barley production is estimated at a record 1.74 MMT. Consumption and stocks have been adjusted to reflect the change in the production estimate.

MY 2012/13 Corn Exports Raised

Post's MY 2012/13 corn exports have been raised marginally to 4.9 MMT based on the latest market reports. According to the preliminary trade figures, MY 2012/13 corn exports through July 2013, are estimated at 4.2 MMT compared to 3.8 MMT for the corresponding period last year.



Source: Monthly exports till April 2013 from Global Trade Atlas; May, June and July 1-23, 2013 figures are derived from trade sources.

(P) indicates provisional figures.

Provisional shipping data show exports during July 1-23, 2013, at 386,000 metric tons, and may reach 450,000 for the month, a strong recovery after the decline in June 2013 exports (292,000 metric tons).

Market sources report that improved export demand from traditional markets and the decline in the value of Indian rupee has improved export prospects. However, exports during August-October 2013 are likely to come down on tight supplies. Consequently, MY 2012/13 exports are raised to 4.9 MMT.

Table 5. India: Commodity, Corn, PSD, Area in Thousand Hectares, and Quantity in Thousand

Metric Tons

Corn India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,800	8,780	8,930	8,710	8,900	8,900
Beginning Stocks	576	576	570	570	580	610
Production	21,760	21,760	21,500	22,230	21,500	21,500
MY Imports	3	3	10	10	10	10
TY Imports	3	3	10	10	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	22,339	22,339	22,080	22,810	22,090	22,120
MY Exports	4,569	4,569	4,800	4,900	3,500	3,500
TY Exports	4,674	4,674	4,800	4,900	3,500	3,500
Feed and Residual	8,800	8,800	8,500	8,900	9,400	9,400
FSI Consumption	8,400	8,400	8,200	8,400	8,500	8,500
Total Consumption	17,200	17,200	16,700	17,300	17,900	17,900
Ending Stocks	570	570	580	610	690	720
Total Distribution	22,339	22,339	22,080	22,810	22,090	22,120

Table 6. India: Commodity, Millet, PSD, Area in Thousand Hectares, and Quantity in Thousand Metric Tons

Millet India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10,800	10,800	9,100	9,100	10,000	10,000
Beginning Stocks	990	990	790	650	390	410
Production	12,800	12,660	10,500	10,760	11,500	11,500
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	13,790	13,650	11,290	11,410	11,890	11,910
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,500	1,500	1,400	1,400	1,500	1,500
FSI Consumption	11,500	11,500	9,500	9,600	10,000	10,000
Total Consumption	13,000	13,000	10,900	11,000	11,500	11,500
Ending Stocks	790	650	390	410	390	410
Total Distribution	13,790	13,650	11,290	11,410	11,890	11,910

Table 7. India: Commodity, Sorghum, PSD, Area in Thousand Hectares, and Quantity in Thousand

Metric Tons

Sorghum India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6,330	6,330	6,300	6,300	6,300	6,300
Beginning Stocks	327	327	123	173	123	153
Production	6,030	5,980	5,300	5,330	5,800	5,800
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	6,357	6,307	5,423	5,503	5,923	5,953
MY Exports	134	134	200	200	25	100
TY Exports	132	132	200	200	25	100
Feed and Residual	1,100	1,100	700	750	900	900
FSI Consumption	5,000	4,900	4,400	4,400	4,800	4,800
Total Consumption	6,100	6,000	5,100	5,150	5,700	5,700
Ending Stocks	123	173	123	153	198	153
Total Distribution	6,357	6,307	5,423	5,503	5,923	5,953

Table 8. India: Commodity, Barley, PSD, Area in Thousand Hectares, and Quantity in Thousand Metric Tons

Barley India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	780	780	770	770	780	780
Beginning Stocks	178	178	242	242	102	102
Production	1,660	1,660	1,620	1,620	1,700	1,740
MY Imports	0	0	40	40	50	50
TY Imports	34	34	50	50	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1,838	1,838	1,902	1,902	1,852	1,892
MY Exports	46	46	275	275	50	100
TY Exports	52	52	275	275	50	100
Feed and Residual	250	250	200	200	200	200
FSI Consumption	1,300	1,300	1,325	1,325	1,450	1,450
Total Consumption	1,550	1,550	1,525	1,525	1,650	1,650
Ending Stocks	242	242	102	102	152	142
Total Distribution	1,838	1,838	1,902	1,902	1,852	1,892

