

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Report Categories:

Grain and Feed

Agricultural Situation

Agriculture in the News

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Report Highlights:

The Ministry of Agriculture raised the Indian crop year (ICY) 2017/18 (July-June) grain production estimate to a record 284.8 million metric tons (MMT), which is about two percent increase over the third advance estimate (May 2018), and three and a half percent higher than last year's record production (275.1 MT). Post's MY2017/18 PSDs for rice, corn, millet, and sorghum, and MY2018/19 PSDs for wheat and barley have been revised to reflect the latest official estimates.

General Information:

Government Raises 2017/18 Record Grain Production Further

On August 28, 2018, the Ministry of Agriculture (MoA) released the [Fourth Advance Estimate of Food Grains for ICY 2017/18](#), raising the record grain production in India further to 284.8 MMT, up from the earlier [Third Advance Estimate](#) of 279.5 MMT (May 2017). The MoA's latest estimates include record production for rice, wheat, corn, and pulses, owing to a near-normal 2017 monsoon and relatively favorable weather through the Indian crop year in most parts of the country, which resulted in higher yields in most crops. Consequently, overall grain production is estimated to rise by nearly 3.5 percent over last year's record harvest. ICY 2017/18 grain production includes rice, coarse grains, and pulse *kharif* season crops harvested last fall and *rabi* crops harvested this spring (MY 2017/18 in the PSD); and *rabi* wheat and barley harvested in March-June, 2018 (MY 2018/19 in the PSD).

The latest official estimates are based on the feedback from various state governments on acreage and yield estimate surveys for the *kharif* crops and provisional estimates for acreage and yield for *rabi* crops. The MoA will release the final estimates for the ICY 2017/18 by February 2019. Post PSD estimates for the major grains have been revised to reflect the official production and planted area estimates. Consumption and ending stocks have been revised to account for noted changes in the production estimates.

RICE

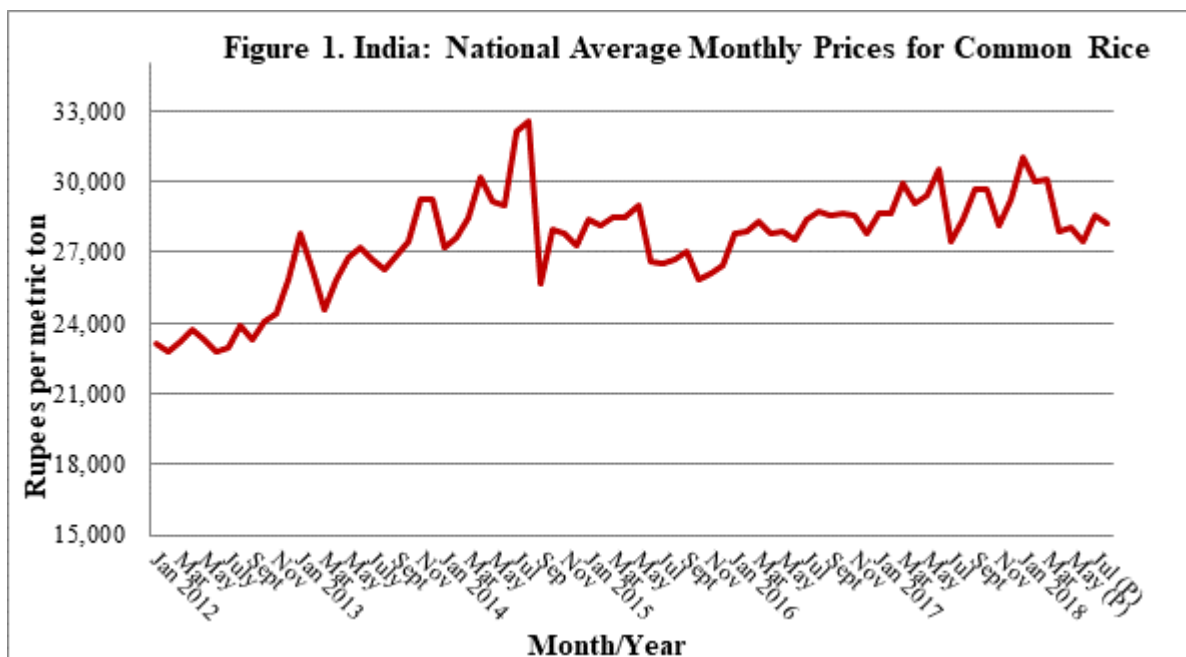
Table 1. India: Commodity, Rice Milled, PSD (Area in thousand hectares, Quantity in thousand metric tons, and Yield in MT/hectare)						
Rice, Milled	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	43993	43993	43916	43789	43500	43500
Beginning Stocks	18400	18400	20550	20550	20400	21800
Milled Production	109698	109698	110000	112910	109000	109000
Rough Production	164563	164563	165017	169382	163516	163516
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666
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	128098	128098	130550	133460	129400	130800
MY Exports	11772	11772	12800	12800	12500	12500
TY Exports	12560	12560	12800	12800	12500	12500
Consumption and Residual	95776	95776	97350	98860	98000	99400
Ending Stocks	20550	20550	20400	21800	18900	18900
Total Distribution	128098	128098	130550	133460	129400	130800
Yield (Rough)	3.7407	3.7407	3.7576	3.8681	3.759	3.759

MY 2017/18 Production Raised

Based on the MoA's latest estimate, the MY 2017/18 (October-September) rice production estimate has been raised to a record 112.9 MMT from 43.8 million hectares. Based on the yield information from the crop cutting surveys, most of the production increase can be accounted for by higher-than-expected yields in the southern states of Tamil Nadu, Andhra Pradesh, and Karnataka, and in the northern state of Punjab.

Excellent post monsoon rains (October-November 2017) supported a strong recovery in *rabi* rice production in southern India that had been adversely affected by insufficient rains last year. MY 2017/18 *rabi* rice production is estimated at a record 15.4 MMT compared to 13.4 MMT last year, and the previous record of 15.3 MMT in MY 2010/11. *Kharif* production is estimated at a record 97.5 MMT compared to last year's previous record production of 96.3 MMT.

Relatively weak market prices since the beginning of the *rabi* rice harvest in April 2018 also support MoA's estimate for record MY 2017/18 production.



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

Stocks Raised

Post estimates MY 2017/18 total ending stocks higher at 21.8 MMT based on larger-than-expected current government rice stocks. Fueled by strong procurement and relatively weak offtake in the last few months, government rice stocks on August 1, 2018, are officially estimated at 24.9 MMT, compared to 23.7 MMT during the same time last year. Assuming that the current pace of offtake continue through August-September, MY 2017/18 government rice ending stocks are estimated higher at 18.8 MMT compared to 17.5 MMT last year. Trade sources report rice stocks with private trade unchanged from last year's levels. Consequently, Post MY 2017/18 ending stocks have been raised to 21.8 MMT (18.8 MMT government stocks and 3.0 MMT private stocks).

Consumption Revised

Accounting for the higher production and ending stock estimates, MY 2017/18 consumption has been raised to 98.9 MMT, reflecting consumption growth of more than 3 percent over last year due to sufficient domestic supplies. Assuming moderate consumption growth in the upcoming year, the MY 2018/19 consumption forecast is slightly higher at 99.4 MMT.

WHEAT

Table 2. India: Commodity, Wheat, PSD (Area in thousand hectares, Quantity in thousand metric tons, and Yield in MT/hectare)						
Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	Apr 2016		Apr 2017		Apr 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30220	30220	30785	30785	30000	29575
Beginning Stocks	14540	14540	9800	9800	13203	13203
Production	87000	87000	98510	98510	97000	99700
MY Imports	5896	5896	1166	1166	500	500
TY Imports	6147	6147	862	862	500	500
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	107436	107436	109476	109476	110703	113403
MY Exports	516	516	439	439	400	400
TY Exports	409	409	425	425	400	400
Feed and Residual	4700	4700	5000	5000	5000	5000
FSI Consumption	92420	92420	90834	90834	93000	93000
Total Consumption	97120	97120	95834	95834	98000	98000
Ending Stocks	9800	9800	13203	13203	12303	15003
Total Distribution	107436	107436	109476	109476	110703	113403
Yield	2.8789	2.8789	3.1999	3.1999	3.2333	3.3711

Record MY 2018/19 Production

Based on the MoA's latest estimate, the MY 2018/19 (April-March) wheat production estimate has been raised to a record 99.7 MMT from 29.6 million hectares. Information from the crop cutting surveys suggests higher-than-expected yields in Punjab and the non-traditional wheat growing states of Bihar and Gujarat largely account for the increased production.

Ending Stocks Raised

Post estimates MY 2018/19 ending stocks higher at 15.0 MMT based on current government wheat stocks and expected offtake in the remaining marketing season. Fueled by strong procurement (35.5 MMT vs 30.8 MMT last year) and relatively weak offtake during the first four months (April-July) of the marketing season, government wheat stocks on August 1, 2018, are officially estimated at 40.9 MMT, compared to 30.1 MMT same time last year. Assuming greater offtake during the remaining eight months of the marketing year, MY 2018/19 government wheat ending stocks are estimated higher at 15 MMT, compared to 13.2 MMT last year.

CORN

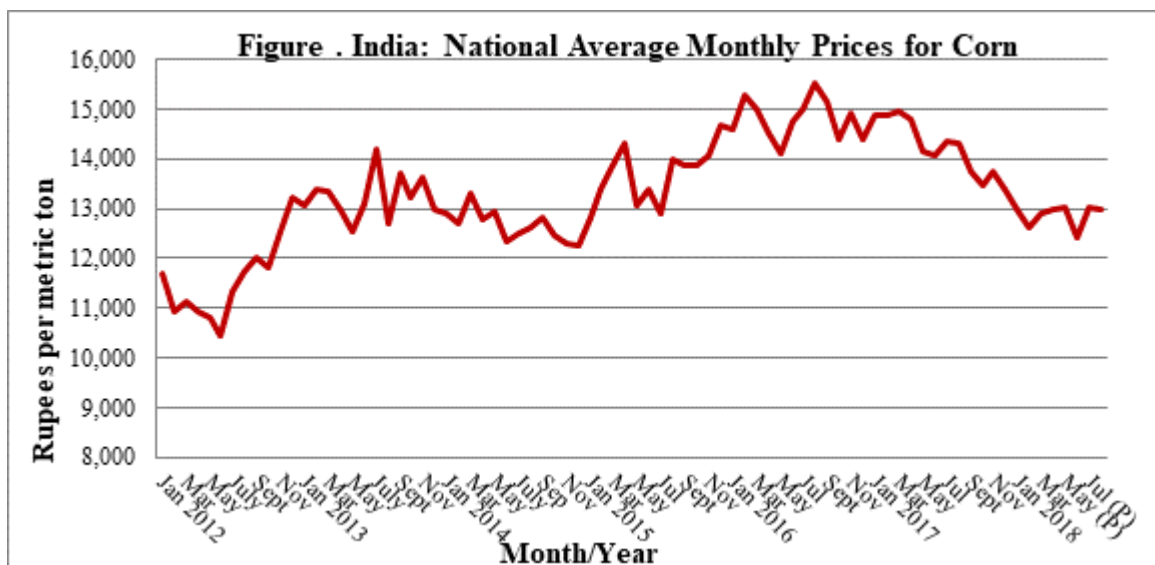
Table 3. India: Commodity, Corn, PSD (Area in thousand hectares, Quantity in thousand metric tons, and Yield in MT/hectare)						
Corn	2016/2017		2017/2018		2018/2019	
Market Begin Year	Nov 2016		Nov 2017		Nov 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9633	9633	9219	9470	9200	9200
Beginning Stocks	850	850	1335	1335	1165	2485
Production	25900	25900	26880	28700	26000	26000
MY Imports	79	79	50	50	500	500
TY Imports	78	78	50	50	500	500
TY Imp. from U.S.	7	7	0	0	0	0
Total Supply	26829	26829	28265	30085	27665	28985
MY Exports	594	594	600	600	500	500
TY Exports	542	542	600	600	500	500
Feed and Residual	14500	14500	16000	16000	16000	16500
FSI Consumption	10400	10400	10500	11000	10500	11000
Total Consumption	24900	24900	26500	27000	26500	27500
Ending Stocks	1335	1335	1165	2485	665	985
Total Distribution	26829	26829	28265	30085	27665	28985
Yield	2.6887	2.6887	2.9157	3.0306	2.8261	2.8261

Record MY 2017/18 Production...

Based on the MoA's latest estimate, the MY 2017/18 (November-October) corn production estimate is raised to a record 28.7 MMT from 29.6 million hectares, a whopping 11 percent increase over last year's record production. Favorable monsoon and post monsoon rains in central and southern India led to higher-than-expected yields in the major producing states of Andhra Pradesh, Karnataka, Maharashtra and Madhya, which resulted in the significant increase in corn production during the current season.

...Prompts Weak Domestic Prices

Despite relatively strong demand from the poultry and animal feed sectors, corn prices have continued to slide downward during most of MY 2017/18 in response to surplus supplies.



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

Market prices for corn have remained consistently below the government’s minimum support price (MSP -INR 14,250/MT for MY 2017/18) from the beginning of the marketing season, and have slid further on surplus supplies pressure.

Despite the *rabi* corn marketing season getting over in July and the government announcing an ambitious increase in MSP for MY 2018/19 (INR 17000 (\$240) per MT), market prices are currently in the range of INR 11,500 (\$162) to 15,700 (\$221), per MT, in the major producing and consuming states, suggesting sufficient supplies of corn in the market.

Ending Stocks/Consumption Raised

Based on the ruling weak end-season market prices, MY 2017/18 ending stocks are estimated higher at 2.5 MMT. Also, the consumption estimate is raised to 27 MMT on higher food and industrial consumption due to relatively cheaper prices vis-a-vis other grains.

Assuming normal consumption growth in the upcoming season on sufficient domestic supplies, MY 2018/19 consumption is forecast higher at 27.5 MMT and ending stocks at 985,000 MT.

OTHER COARSE GRAINS

Post’s MY 2017/18 millet production has been lowered marginally; MY 2017/18 sorghum production raised; and MY 2018/19 barley production lowered marginally based on the latest MoA fourth advance estimates. Consumption and ending stocks in the PSDs have been adjusted to account for the production changes.

Table 4. India: Commodity, Millet, PSD (Area in thousand hectares, Quantity in thousand metric tons, and Yield in MT/hectare)						
Millet	2016/2017		2017/2018		2018/2019	
Market Begin Year	Nov 2016		Nov 2017		Nov 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9094	9094	8870	9106	9100	9100
Beginning Stocks	287	287	547	547	687	592
Production	11560	11560	11640	11545	11500	11500
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	11847	11847	12187	12092	12187	12092
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1500	1500	1500	1500	1400	1400
FSI Consumption	9800	9800	10000	10000	10300	10300
Total Consumption	11300	11300	11500	11500	11700	11700
Ending Stocks	547	547	687	592	487	392
Total Distribution	11847	11847	12187	12092	12187	12092
Yield	1.2712	1.2712	1.3123	1.2678	1.2637	1.2637

Table 5. India: Commodity, Sorghum, PSD (Area in thousand hectares, Quantity in thousand metric tons, and Yield in MT/hectare)						
Sorghum	2016/2017		2017/2018		2018/2019	
Market Begin Year	Nov 2016		Nov 2017		Nov 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	5862	5624	4829	4965	5200	5200
Beginning Stocks	151	151	198	198	278	298
Production	4570	4570	4730	4950	4600	4600
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	4721	4721	4928	5148	4878	4898
MY Exports	23	23	50	50	50	50
TY Exports	24	24	50	50	50	50
Feed and Residual	500	500	600	600	600	600
FSI Consumption	4000	4000	4000	4200	4000	4000
Total Consumption	4500	4500	4600	4800	4600	4600

Ending Stocks	198	198	278	298	228	248
Total Distribution	4721	4721	4928	5148	4878	4898
Yield	0.7796	0.8126	0.9795	0.997	0.8846	0.8846

Table 6. India: Commodity, Barley, PSD						
(Area in thousand hectares, Quantity in thousand metric tons, and Yield in MT/hectare)						
Barley	2016/2017		2017/2018		2018/2019	
Market Begin Year	Apr 2016		Apr 2017		Apr 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	589	589	656	656	677	662
Beginning Stocks	246	246	173	173	222	222
Production	1440	1440	1750	1750	1790	1770
MY Imports	388	388	300	300	100	100
TY Imports	324	324	100	100	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2074	2074	2223	2223	2112	2092
MY Exports	1	1	1	1	50	50
TY Exports	1	1	1	1	50	50
Feed and Residual	500	500	500	500	500	500
FSI Consumption	1400	1400	1500	1500	1400	1400
Total Consumption	1900	1900	2000	2000	1900	1900
Ending Stocks	173	173	222	222	162	142
Total Distribution	2074	2074	2223	2223	2112	2092
Yield	2.4448	2.4448	2.6677	2.6677	2.644	2.6737