

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Grain and Feed Voluntary Update - October 2014

Report Categories:

Grain and Feed

Climate Change/Global Warming/Food Security

Agriculture in the Economy

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Report Highlights:

Despite improved planting, Post continues to forecast MY 2014/15 rice production at 100 MMT on expected lower yields due to patchy 2014 monsoon rains. MY 2013/14 ending stocks have been lowered to 23.5 MMT on lower than anticipated government stocks. Post's estimate for MY 2014/15 production has been lowered to 5.0 MMT for sorghum and 9.5 MMT for millet on lower planting and expected yield.

General Information:

2014 Monsoon Rains Patchy and Scattered...

The 2014 rains were patchy in August and September in most parts of India (see Appendix 2). After a prolonged dry spell throughout most of August, the monsoon recovered strongly during last week of August and remained robust through second week of September. Since mid-September, monsoonal rains have been deficient in most parts of the country except for the eastern states and the eastern coast of peninsular India. According to the Indian Meteorological Department (IMD), India's cumulative precipitation from June through September 28 was 12-percent below the seasonal long-term average (see Appendix 1). The rainfall was reported normal in 24 weather subdivisions, and rainfall was deficient in the remaining 12 sub-divisions, to include Himachal, Punjab, Haryana, Uttarakhand, Uttar Pradesh, Telangana, Andhra Pradesh and parts of Maharashtra, and Madhya Pradesh. The withdrawal of southwest monsoon from north western India started during the last week of September. During a more typical year, the monsoon withdraws from central and eastern India by mid-October.

... *Kharif* Planting Affected

The relatively weak 2014 monsoon during most of August delayed planting of the MY 2014/15 *kharif* (fall/early winter harvested) season grains, to include rice, coarse grains (corn, sorghum, millet), and pulses (pigeon pea, mung beans, black matpe).

Table 1. India: Planting of *Kharif* Crops in Indian Crop Year (July/June)
(Area in Million hectares)

Crop	Normal <i>kharif</i> season Area ¹	Indian crop Year 2014/15 progressive Planting till-				Indian crop Year 2013/14 progressive Planting till-			
		19-Sept	29-Aug	25-Jul	27-Jun	19-Sept	29-Aug	25-Jul	27-Jun
Rice	39.11	37.36	35.00	16.57	2.19	37.32	34.98	19.00	3.91
Coarse cereals	20.75	18.21	17.08	8.45	1.95	19.53	19.06	14.91	2.93
Pulses	10.77	10.01	9.54	4.45	0.43	10.77	10.06	7.33	1.05
Total	105.47	100.55	96.63	53.32	13.10	104.09	99.80	72.91	25.10

Notes: ¹ - 5 Year average of historical year planting.

Source: Ministry of Agriculture, GOI.

Planting of coarse grains and pulses was adversely affected by inadequate rains during the critical planting period (July through third week of August). The recovery of monsoonal rains during last week

of August-first week of September supported additional *kharif* rice planting due to the longer planting window for rice. However, abnormally long (3-4 week) delay is likely to affect the productivity of late transplanted rice. Due to the recent dry spell in most of India, excepting for the eastern and south eastern coastal regions, most of the *kharif* crops are facing moisture stress, particularly for crops planted in unirrigated areas (55 percent of net cultivated areas).

Government Forecasts Lower MY 2014 Kharif Harvest

On September 19, 2014, the Ministry of Agriculture released [the first advance estimates of food grain production for the Indian Crop Year \(ICY\) 2014/15 \(July-June\)](#), pegging India's *kharif* grain production at 120.3 million metric tons (MMT), nearly 9 MMT lower than last year, and 11 MMT lower than the record *kharif* grain production in 2011/12. The Government of India (GOI) estimates *kharif* season rice production at 88 MMT (vs. 91.7 MMT last year), Corn at 16 MMT (vs. 17.7 MMT), Sorghum at 1.6 MMT (vs. 2.3 MMT), millet at 9.4 MMT (vs. 11.5 MMT).

Earlier on August 14, 2014, the Ministry of Agriculture released [the fourth advance estimates of food grain production for the ICY 2013-14](#) raising the food grain production to a record 264.8 MMT, marginally higher than the third advance estimate (May 2014). The GOI estimates a record food grain harvest, more than two percent higher than the previous record in 2011/12, largely owing to favorable weather conditions due to sufficient and well distributed 2013 monsoon precipitation. The Indian crop year 2013/14 food grain production includes rice, coarse grains and pulse crops harvested last fall and this spring (MY 2013/14), and wheat and barley crops harvested in March-May, 2014 (MY 2014/14). The PSDs for grains have been adjusted to reflect the official production estimates.

RICE

Table 2. India: Commodity, Rice Milled, PSD

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

Rice, Milled India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2014		Market Year Begin: Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	42,410	42,410	43,940	43,940	43,400	43,200
Beginning Stocks	25,100	25,100	25,440	25,440	25,480	25,480
Milled Production	105,240	105,240	106,540	106,540	103,000	100,000
Rough Production	157,876	157,876	159,826	159,826	154,515	150,015
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.	2	0	0	0	0	0
Total Supply	130,340	130,340	131,980	131,980	128,480	125,480
MY Exports	10,869	10,869	10,000	10,000	8,700	8,700

TY Exports	10,480	10,480	10,000	10,000	8,700	8,700
Consumption and Residual	94,031	94,031	96,500	96,500	98,000	98,000
Ending Stocks	25,440	25,440	25,480	25,480	21,780	18,780
Total Distribution	130,340	130,340	131,980	131,980	128,480	125,480
Yield (Rough)	4.	3.7226	4.	3.6374	4.	3.4726

Production Outlook Unchanged

Despite improved planting, Post continues to forecast MY 2014/15 rice production at 100 MMT on expected lower yields due to patchy 2014 monsoonal rains throughout most of the planting and crop growth stages (July-September). While *kharif* rice planting improved due to good rains in late August/early September, overall productivity is likely to be lower than last year due to delayed planting and prolonged moisture stress during critical stages after transplanting (crop setting, tillering, and panicle initiation). Deficient 2014 monsoon rains in the southern states of Andhra Pradesh and Telangana, as well as the eastern states of Bihar, Jharkhand, and West Bengal are also likely to affect planting and production prospects of the *rabi* season (winter planted) rice. Post estimates MY 2014/15 rice production to include 87 MMT *kharif* rice (vs. 91.7 MMT last year) and 13 MMT *rabi* rice (vs. 14.9 MMT last year).

While the GOI's preliminary planting report estimates overall 2014 *kharif* rice to have recovered to last year's level, lower levels of planting have been reported in the major rice producing states of states of Andhra Pradesh, Telangana, Uttar Pradesh, West Bengal, and Haryana. Nearly 42 percent of the rice crop is unirrigated, with the remaining 58 percent under irrigation. Just over half of irrigated areas are under assured (ground water and near irrigation catchment area) irrigation, while the balance is heavily dependent on runoff canal and tank irrigation from the monsoon. Consequently, rice transplanting in most of the rice growing areas was delayed by 3-4 weeks as a result of the periodic and prolonged dry spells in 2014. This delay will negatively affect yield prospects in the current year from last year.

Field reports from the largely rainfed rice growing states of eastern, central, and southern India suggest that the regular dry conditions after transplanting the crop is likely to affect crop setting, tillering, and panicle initiation when compared to last year. However, recent rains in the eastern and eastern coastal regions will support the standing rice crop. There have been no reports of any major incidences of pest and/or disease outbreaks in the rice growing belt. Continued deficient rains in Uttar Pradesh, Bihar and some parts of central India could negatively affect the standing rice crop, which is currently at tillering and panicle initiation stage.

The rice crops in the largely irrigated rice growing areas, as well as the long-grain Basmati growing belt of Punjab, Haryana and Western Uttar Pradesh are currently doing well with adequate soil moisture conditions. However, farmers have shifted significant area away from coarse grain non-Basmati varieties to long-grain Basmati varieties due to strong Basmati price in MY 2013/14 and a growing popularity for a new, shorter duration Basmati variety (PUSA Basmati 1509). While the official estimates for planting Basmati and coarse varieties are not available, field sources report a shift of about 20 percent from non-Basmati rice to the new Basmati variety. This shift away from higher yielding non-Basmati varieties to relatively lower yielding Basmati rice is likely to lower the overall rice yield in these states.

The GOI's 1st advance estimate for the upcoming *kharif* rice production is 88 MMT, a decline from last year's production estimate of 91.7 MMT. Recent floods in Assam and adjoining states, as well as drought like conditions in Uttar Pradesh, may further pressure the official *kharif* production estimate, which were released during mid-September. Overall monsoonal precipitation in the major *rabi* rice producing states of Andhra Pradesh, Telangana, and West Bengal has also been below normal, which will affect irrigation water availability and consequent planting prospects for the upcoming *rabi* rice. Consequently, Post continues to estimate MY 2014/15 rice production at 100 MMT, which includes 87 MMT *kharif* rice and 13 MMT *rabi* rice. Continued deficient rains and 'normal' cyclones in eastern coast during October/November could further affect the harvest of *kharif* rice and planting prospects for the upcoming *rabi* rice.

Procurement Likely to Decline

Total government rice procurement under the price support program for MY 2013/14 is likely to reach 31.4 MMT compared to 34 MMT in 2012/13 and the record 35.1 MMT in 2011/12.

Table 3. India: Government Procurement of Rice by State (in million metric tons)

State	MY 2011/12	MY2012/13	MY 2012/13	MY 2013/14
	October-September	October-September	October through Sept 28	
Punjab	7.73	8.56	8.56	8.11
Andhra Pradesh	7.54	6.46	6.45	8.061
Chhattisgarh	4.12	4.80	4.80	5.79
Odisha	2.87	3.61	3.60	2.82
Haryana	2.01	2.61	2.61	2.41
Uttar Pradesh	3.36	2.29	2.29	1.13
West Bengal	2.04	1.77	1.75	1.28
Madhya Pradesh	0.64	0.90	0.90	1.00
Tamil Nadu	1.60	0.48	0.48	0.68
Others	<u>3.17</u>	2.54	2.43	0.11
Total	35.06	34.02	33.88	31.37

¹ Includes 1.5 MMT procured by the state government for own program and not supplied to the central government pool.

Source: Food Corporation of India, GOI.

With lower forecast production, the GOI's procurement of rice is likely to decline further in MY 2014/15 due to expected reduced open market availability of common coarse grain rice. Most of the decline will come from the surplus producing states of Punjab and Haryana (due to varietal shift) and Andhra Pradesh. However, overall procurement is likely to depend on open market prices, which in turn will hinge on the international market.

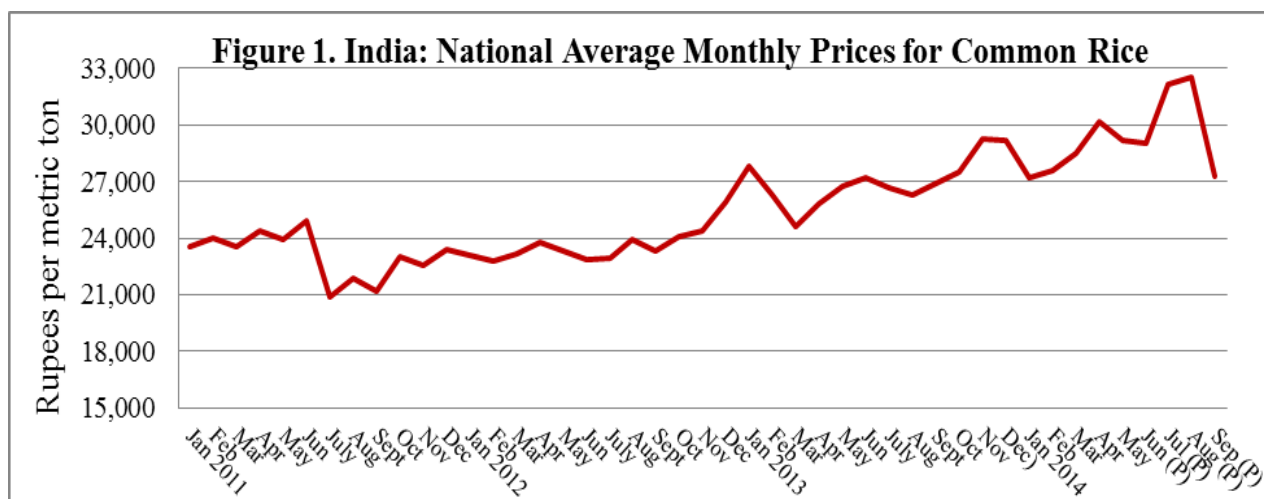
MY 2013/14 Ending Stocks Lowered; Consumption Raised

MY 2013/14 ending stocks are lowered to 23.5 MMT due to lower than anticipated GOI stocks. Relatively weak GOI procurement, coupled with strong disbursement from the public distribution system, drew down GOI rice stocks in MY 2013/14. MY 2013/14 consumption is lowered to reflect the change in the ending stocks.

GOI-held rice stocks as of September 1, 2014, are officially estimated at 21.8 MMT, a decline from the same period in 2013 when GOI rice stocks were 26.8 MMT. Based on reports of normal procurement and disbursement in September, GOI stocks on October 1, 2014 are forecast to decline to 18.5 MMT, nearly 4.6 MMT lower than last year's level. Despite this forecast decline, GOI stocks will still more than 50 percent higher than the GOI's target of 11.8 MMT. Market sources report relatively higher stocks being held by private exporters and local traders (5.0 MMT) compared to last year (2.3 MMT), which is likely to take the MY 2013/14 ending stocks at 23.5 MMT. Nevertheless, the estimated ending stocks are sufficient to meet India's rate of consumption for nearly three months.

Prices Ease on Strong Planting

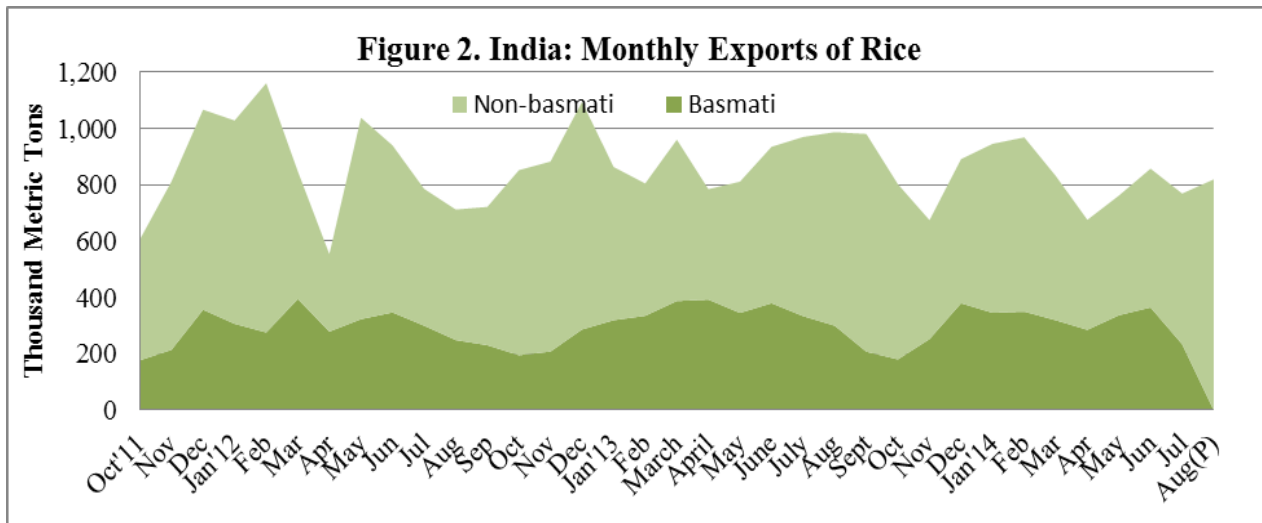
Domestic market prices rose sharply in July and August due to speculation of an 'impending' drought due to the forecast 'below-normal' monsoon. With the improvement in monsoon rainfall from last week of August and strong recovery in rice planting, as well as the GOI's decision to release additional stocks through the Public Distribution System (see IN4066), domestic prices eased in September. Domestic prices are likely to ease further with the arrival of the new crop during the second week of October, but strong export demand and international prices could temper future price movement.



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

Exports Steady

According to preliminary official statistics for January-July 2014 and shipping data for August 2014 compiled by a private source, rice exports in first eight months of CY 2014 are estimated at 6.7 MMT compared to 7.1 MMT during the corresponding period last year.



Source: Monthly exports till July 2013 from DGCIS, GOI, and August 2014 derived from shipping date compiled by private sources, which does not provide breakout of Basmati and non-Basmati.

CORN

Table 4. India: Commodity, Corn, PSD

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

Corn India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Nov 2012		Market Year Begin: Nov 2013		Market Year Begin: Nov 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,910	8,673	9,500	9,300	8,600	8,800
Beginning Stocks	570	570	651	651	1,651	1,611
Production	22,260	22,260	24,190	24,350	21,000	21,000
MY Imports	12	12	10	10	10	10
TY Imports	9	9	10	10	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	22,842	22,842	24,851	25,011	22,661	22,621
MY Exports	4,691	4,691	3,700	3,900	2,500	2,500
TY Exports	4,768	4,768	3,700	3,900	2,500	2,500
Feed and Residual	8,900	8,900	10,500	10,500	10,600	10,600
FSI Consumption	8,600	8,600	9,000	9,000	9,000	9,000
Total Consumption	17,500	17,500	19,500	19,500	19,600	19,600
Ending Stocks	651	651	1,651	1,611	561	521
Total Distribution	22,842	22,842	24,851	25,011	22,661	22,621
Yield	2.	2.5666	3.	2.6183	2.	2.3864

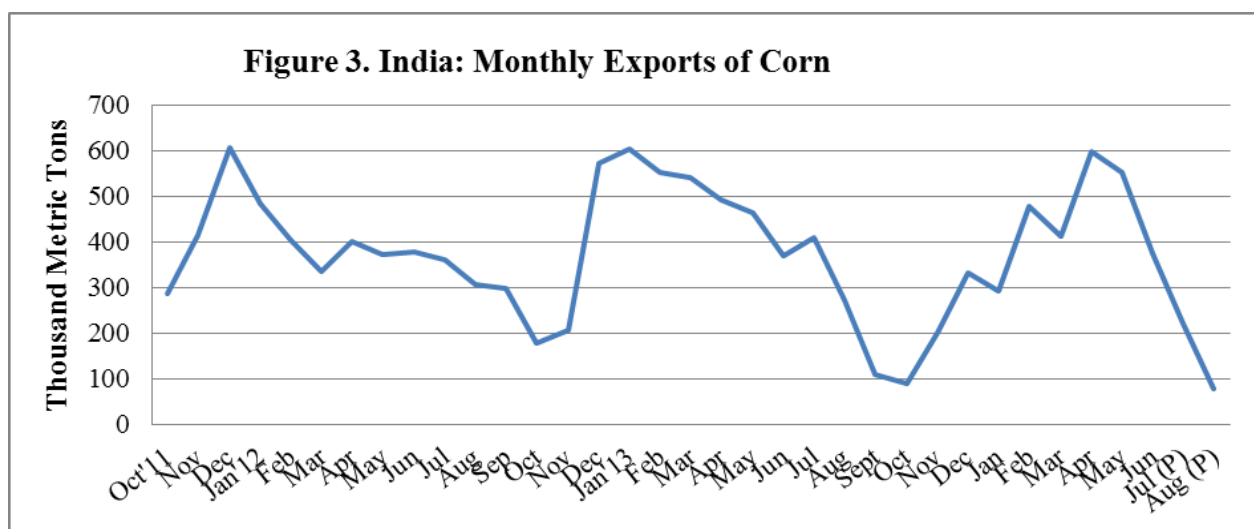
Production Unchanged

Post's estimates corn production at 21.0 MMT in MY 2014/15 despite slightly higher than anticipated

planting of *kharif* corn on expected lower yields due to patchy monsoon. Uneven monsoon rains in August supported additional planting of corn in the traditional rainfed corn growing areas across the country, but the overall planting as of September 19, 2014 was reported to have declined to 7.6 million hectares compared to 8.1 million hectares last year. Assuming normal weather conditions, an additional 1.2 million hectares is likely to be sown in *rabi* (winter planted) season. There have not been any reports of major crop loss due to excess rains or pest and disease outbreaks in the major corn growing areas. Field reports suggest that the corn harvest has begun in most of the growing areas and the yields are likely to be lower than last year due to frequent dry monsoon spells during the growth period. Consequently, Post estimates MY 2014/15 production at 21 MMT (vs. 24.4 MMT last year), which include 15.5 MMT *kharif* corn (vs 17.7 MMT last year) and 5.5 MMT *rabi* corn (vs 6.7 MMT last year).

MY 2013/14 Exports Raised

Post's MY 2013/14 corn exports have been raised marginally to 3.9 MMT based on the latest market reports suggesting higher than anticipated exports in July. According to the preliminary trade figures, MY 2013/14 corn exports through August 2014, are estimated at 3.5 MMT compared to 4.5 MMT for the corresponding period last year.



Market sources report that weak international prices have limited India's corn exports to neighboring markets. However, arrival of the new crop could improve exports during September-October taking MY 2013/14 corn exports to 3.9 MMT.

OTHER COARSE GRAIN

Production Estimate Lowered

The GOI's progressive planting data through September 19, 2014 reflects a significant decline in area planted to sorghum and millet due to deficient monsoon during most of July. Frequent dry spells during August and September have further affected the crop prospects. Consequently, Post's estimate for MY 2014/15 production has been lowered to 5.0 MMT for sorghum and 9.5 MMT for millet on lower planting and expected yield. Consumption and ending stocks have been adjusted to reflect the forecast

changes in production.

Table 5. India: Commodity, Sorghum, PSD

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

Sorghum India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Nov 2012		Market Year Begin: Nov 2013		Market Year Begin: Nov 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6,300	6,215	5,900	5,900	5,500	5,500
Beginning Stocks	223	223	145	145	120	225
Production	5,300	5,300	5,250	5,390	5,300	5,000
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	5,523	5,523	5,395	5,535	5,420	5,225
MY Exports	228	228	75	75	50	50
TY Exports	231	231	75	75	50	50
Feed and Residual	750	750	700	735	700	700
FSI Consumption	4,400	4,400	4,500	4,500	4,500	4,300
Total Consumption	5,150	5,150	5,200	5,235	5,200	5,000
Ending Stocks	145	145	120	225	170	175
Total Distribution	5,523	5,523	5,395	5,535	5,420	5,225
Yield	1.	0.8528	1.	0.9136	1.	0.9091

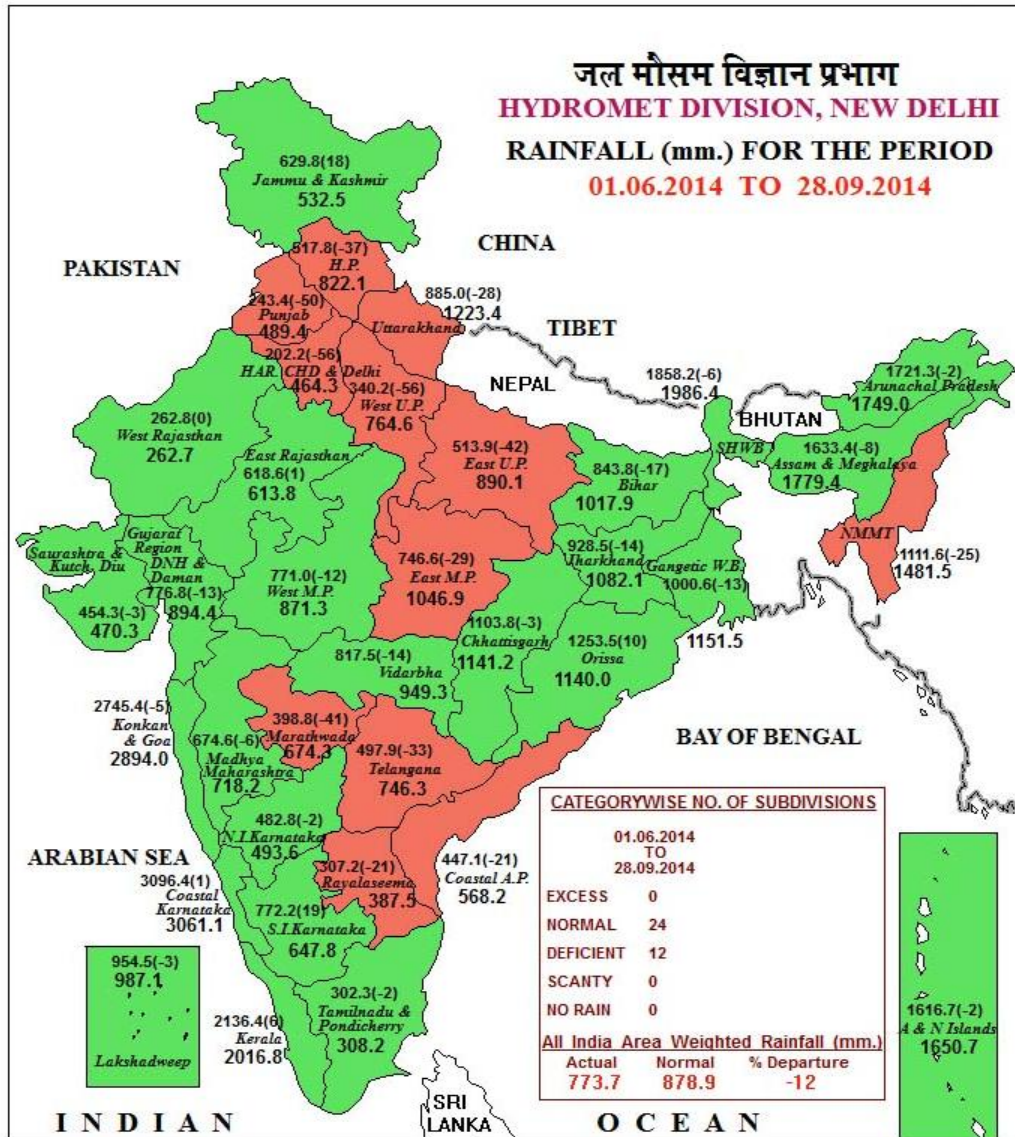
Table 6. India: Commodity, Millet, PSD

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

Millet India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Nov 2012		Market Year Begin: Nov 2013		Market Year Begin: Nov 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,100	9,100	9,200	9,200	8,800	8,800
Beginning Stocks	790	790	450	450	470	460
Production	10,760	10,760	11,520	11,510	10,500	9,500
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	11,550	11,550	11,970	11,960	10,970	9,960
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,400	1,400	1,500	1,500	1,400	1,200
FSI Consumption	9,700	9,700	10,000	10,000	9,200	8,500
Total Consumption	11,100	11,100	11,500	11,500	10,600	9,700
Ending Stocks	450	450	470	460	370	260
Total Distribution	11,550	11,550	11,970	11,960	10,970	9,960
Yield	1.	1.1824	1.	1.2511	1.	1.0795

Appendix 1. India: Cumulative South West Rainfall Till Sept 28, 2014.

भारत मौसम विज्ञान विभाग
INDIA METEOROLOGICAL DEPARTMENT



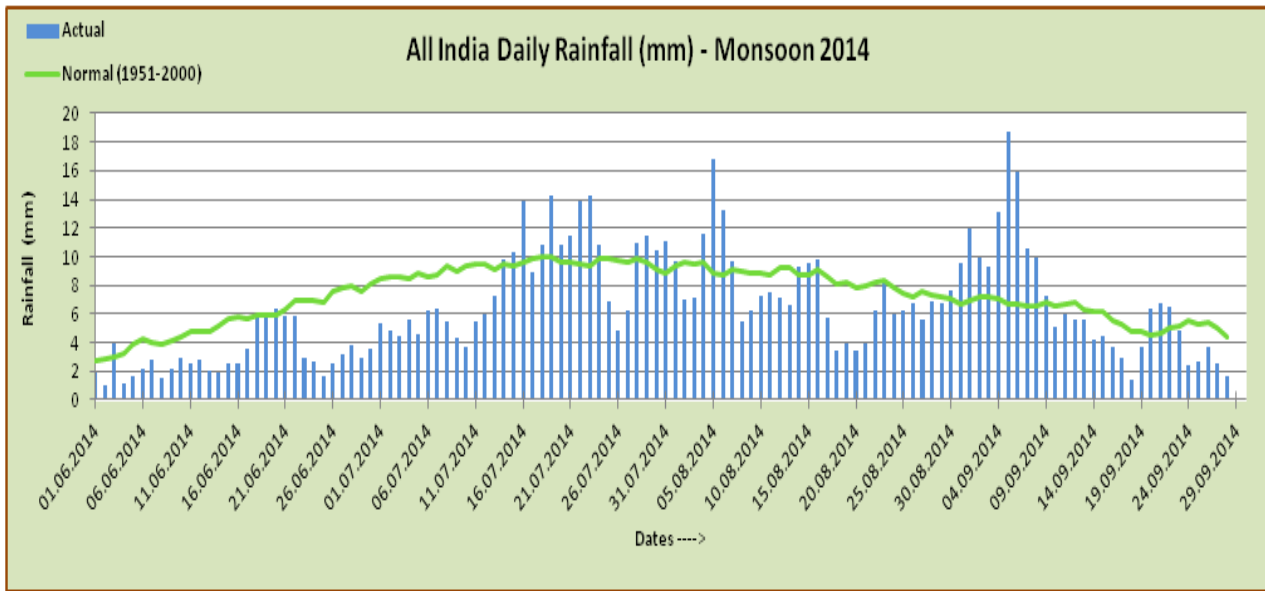
LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT [-20% TO -59%]
■ SCANTY [-60% TO -99%] ■ NO RAIN [-100%] NO DATA

NOTES:

- [a] Rainfall figures are based on operational data.
- [b] Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

Source: [Indian Metrological Department, GOI](http://www.imd.gov.in)

Appendix 2. India: Daily Mean Rainfall over normal rainfall till Sept 28, 2014.



Source: [Indian Metrological Department, GOI.](#)