

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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India

Post: New Delhi

India Impose 10 percent Import Duty on Wheat

Report Categories:

Grain and Feed

Trade Policy Monitoring

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Report Highlights:

On August 7, 2015, the Government of India (GOI) imposed an import duty of 10 percent on wheat imports through March 31, 2016. Consequently, the MY 2015/16 wheat import forecast has been lowered to 0.8 million metric tons.

General Information:

India Impose 10 Percent Import Duty on Wheat

On August 7, 2015, the Ministry of Finance issued a [notification](#) imposing a basic custom duty of 10 percent (*ad valorem* on CIF value) on imports of wheat effective till March 31, 2016, *i.e.*, end of MY 2015/16. The Finance Minister Arun Jaitley made the announcement in the Parliament and estimated that the revenue implications of this measure is likely to be about INR 900 million (\$14 million). The GOI decision to impose the import duty, which was being deliberated since early July, is meant to curb wheat imports on reported 'sufficient' government-held wheat stocks.

Reports suggest that by end-June 2015, private trade had contracted for imports of about 500,000 MT of wheat, mostly from Australia, to augment the requirement for quality wheat due to untimely rains at the time of harvest of the domestic crop. With the reports of likely imposition of an import duty of 10 percent, there has been a lull in new import contracts since 2nd week of July. While imports of wheat at 10 percent import duty is not feasible at current domestic prices, import prospects are likely to improve after October/November on expected tight supplies of quality wheat for blending with domestic 'weather affected' MY 2015/16 wheat.

Market sources report that about 400,000 MT of wheat has already been shipped into India before the imposition of the import duty. The government's expectation on revenue implication suggests an additional 500,000 MT wheat imports, Post estimates an additional 400,000 MT imports during the balance of the marketing year. Consequently, Post MY 2015/16 wheat import is forecast lower at 0.8 MMT. Post continues to estimate MY 2015/16 production at 87 MMT on expected higher losses due to untimely rains and hailstorms during harvest (see [IN5066](#)). Consumption estimates have been adjusted to reflect the lower imports in the PSD.

Table 1. India: Commodity, Wheat PSD

(Area in thousand hectares, quantity in thousand metric tons, and yield in MT/hectares)

<i>Wheat</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	Apr 2013		Apr 2014		Apr 2015	
<i>India</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30,000	30,000	31,530	31,530	30,600	30,600
Beginning Stocks	24,200	24,200	17,830	17,830	17,200	17,200
Production	93,510	93,510	95,850	95,850	90,000	87,000
MY Imports	25	25	52	52	1,000	800
TY Imports	22	22	250	250	1,000	800
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	117,735	117,735	113,732	113,732	108,200	105,000
MY Exports	6,053	6,053	3,402	3,400	300	300
TY Exports	5,354	5,354	1,550	1,200	300	300
Feed and Residual	4,800	4,800	4,500	4,500	4,800	4,800
FSI Consumption	89,052	89,052	88,630	88,632	91,200	88,000
Total Consumption	93,852	93,852	93,130	93,132	96,000	92,800
Ending Stocks	17,830	17,830	17,200	17,200	11,900	11,900
Total Distribution	117,735	117,735	113,732	113,732	108,200	105,000
Yield	3.1170	3.1170	3.0400	3.0400	2.9412	2.8431