

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 4/27/2011

GAIN Report Number: IN1142

India

Grain and Feed Update

May 2011

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Report Highlights:

The Ministry of Agriculture's third advance estimate indicates that India is set to attain a record food grain production of 235.9 million tons in the current crop year. Post's MY 2011/12 wheat production has been revised higher to 84.2 million metric tons on favorable cool weather conditions during the later crop growth stage supporting higher yields. Government warehouses are full, with wheat and rice stocks more than double the desired levels, as of April 1, 2011. Expected record government wheat procurement and steady rice procurement in the coming months will further aggravate the crisis, posing serious storage challenges to the government. A record wheat harvest, abundant government stocks and favorable international prices may put India back into the wheat export market after a hiatus of five years.

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INDIA TO HARVEST RECORD FOOD GRAIN IN 2010/11

The Ministry of Agriculture's [Third Advance Estimates](#) for the Indian crop year 2010/11 places total food grain production, at a record 235.9 million tons. Total food grain production includes rice, coarse grains and pulse crops harvested last fall and this spring, as well as the wheat crop harvested in March/April 2011. This is nearly 18 million tons above the 2009/10 final estimates and about 3.5 million tons above [Second Advance Estimates](#) released in February 2011. The government is attributing the production increase to higher planting and favorable growing conditions for the winter crops, particularly wheat, resulting in higher yields. The government is estimating record wheat (84.27 million tons), corn (20.23 million tons), and pulses (17.29 million tons) production this year. However, these estimates are subject to revision and the final official estimates for the Indian crop year 2010/11 will be released by the end of the year (2011). Post has incorporated the new government estimates in the PS&D tables for various grains.

WHEAT

Table 1: Commodity, Wheat PSD

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

Wheat India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27,750	27,750	28,520	28,360		29,400
Beginning Stocks	13,430	13,430	16,193	16,125		15,360
Production	80,680	80,680	80,800	80,800		84,200
MY Imports	291	165	300	250		0
TY Imports	218	211	300	200		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	94,401	94,275	97,293	97,175		99,560
MY Exports	58	0	200	0		2,000
TY Exports	62	0	200	0		2,000
Feed and Residual	100	100	150	150		200
FSI Consumption	78,050	78,050	82,375	81,665		84,500
Total Consumption	78,150	78,150	82,525	81,815		84,700
Ending Stocks	16,193	16,125	14,568	15,360		12,860
Total Distribution	94,401	94,275	97,293	97,175		99,560
Yield	3.	2.9074	3.	2.8491		2.8639
TS=TD		0		0		0

Production Revised Higher

Post's MY 2011/12 wheat production has been revised higher to 84.2 million tons due to favorable cool weather conditions during the later crop growth stage, resulting in better grain filling and overall crop yields. There have also been no reports of any major pest and disease incidences, and damage caused by sporadic rains in March/April has been minimal. The government's Third Advance Estimate of the 2011 wheat production is 84.27 million tons, nearly 2.8 million tons higher than the Second Advance Estimates. Local field observations in the major producing states of Uttar Pradesh, Punjab and Haryana support the government's higher production estimate but sporadic rains in April during the harvest reportedly caused minor damage in some pockets. Most of the increase in production is reported in the states of Uttar Pradesh, whereas production in states like Punjab, Haryana, Madhya Pradesh and Rajasthan is also slightly higher than last year.

MY 2010/11 and 2011/12 wheat area has been revised marginally based on the latest official estimates.

Government Procurement

The wheat harvest in most growing states has been delayed by 2-3 weeks due to extended cool temperatures and occasional rains in February/March during the grain filling and maturity stages. Consequently, market arrivals and government procurement through April 21, 2011 are lagging behind last year's levels. Total government procurement of wheat through April 21, 2011 is estimated at 6.7 million tons compared to 15.3 million tons last year during the same period. Market arrivals and government procurement is likely to gain pace in next few weeks, and the government has set up a target of 26.3 million tons for the marketing year 2011/12 compared to the actual procurement of 22.5 million tons in 2010/11. Reports from industry sources suggest that the government is likely to announce a bonus of Rs. 500 per ton over and above the minimum support price to Rs. 11,200 per ton. The higher procurement price of Rs. 11,700 (\$260) per ton (vs. Rs. 11,000 (\$245) per ton last year) may push the government procurement higher than the target level to 27 million tons.

Although the government has not imposed any restrictions on wheat purchases by the private trade, (and in fact some state governments are encouraging private trade participation), uncertainty about government market interventions through open market sales of the government stocks discourages large scale private trade purchases at present. In the major surplus states of Punjab and Haryana, effective implementation of price support operations and higher market fees and levies charged by the state governments discourages private trade participation in the open market. Private sector participation is largely confined to Uttar Pradesh, the largest wheat growing state, as prices tend to be slightly lower than the government support prices due to relatively poor procurement operations. The private sector also procures higher quality wheat from Madhya Pradesh and some quantities from Rajasthan and Gujarat.

Government Stocks to Rise

Government-held wheat stocks as of April 1, 2011 are estimated at 15.4 million tons, slightly lower than a year ago but more than double the government's [desired stock levels](#) (4.0 million tons buffer and 3.0 million tons strategic reserve). Expected record procurement of the 2011/12 harvest will boost government stocks to 37.2 million tons on July 1, 2011 against 33.6 million tons a year ago and the government desired stocks of 20.1 million tons. The large wheat stocks combined with large rice stocks (projected at 26.0 million tons on July) will pose a serious storage challenge to the government.

Government warehouses in the major wheat surplus states of Punjab and Haryana, already full with large carryover stocks of wheat and rice from previous years, will be under tremendous pressure, thus forcing government agencies to store wheat in temporary open-air storage under polythene cover (CAP storage), where the grain is susceptible to damage from pest and rodent attacks and weather extremities (rains). With the government unlikely to take a decision on allowing exports of wheat in the immediate future, government wheat stocks are likely to be exposed to the 2011 monsoon rains, raising the prospects for damage to the stocks.

Exports May Be Allowed...

Despite brimming government wheat stocks, the government continues to ban wheat exports due to food price inflation

concerns. Prospects for a record wheat harvest has prompted speculation that the government may allow exports, some sections of the government argue that allowing exports of wheat will lessen the government's procurement and storage burden as well as allow a higher price realization to Indian farmers. With Indian market prices for wheat ranging between Rs. 11,000 to 14,000 (\$245 to \$310) per ton, India could emerge as a net wheat exporter in 2011, largely by private trade. Note that the economic costs of existing government held wheat stocks (2010 and prior procurement) is estimated at Rs. 16,140 (\$360) per ton, which is not a competitive price under current global market conditions.

The government is likely to take a conservative approach on allowing wheat exports given continued concerns on high food prices (9.5 percent in March 2011). The government's position on exports is further complicated by the significantly higher food grain requirement for the proposed National Food Security Act (see IN1117 section Wheat Consumption). Media reports suggest that the government may review the proposal for exports of wheat in May, but the government may delay a decision during the government procurement period (April through June). In the event that the government announces an export quota for wheat, it is likely to only do so after ensuring sufficient domestic supplies. While the actual quantity exported will depend on the official export policy and the relative prices of Indian wheat vs. other origins, Post MY 2011/12 wheat exports have been raised to 2.0 million tons.

RICE

Table 2: Commodity, Rice, Milled, PSD

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

Rice, Milled India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	41,880	41,850	44,000	43,500		44,500
Beginning Stocks	19,000	19,000	20,500	20,500		21,600
Milled Production	89,130	89,090	94,500	94,100		98,000
Rough Production	133,708	133,648	141,764	141,164		147,015
Milling Rate (.9999)	6,666	6,666	6,666	6,666		6,666
MY Imports	0	0	0	0		0
TY Imports	0	0	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	108,130	108,090	115,000	114,600		119,600
MY Exports	1,900	1,900	2,400	2,400		2,800
TY Exports	1,950	2,050	2,400	2,400		2,800
Consumption and Residual	85,730	85,690	91,000	90,600		96,000
Ending Stocks	20,500	20,500	21,600	21,600		20,800
Total Distribution	108,130	108,090	115,000	114,600		119,600
Yield (Rough)	3.	3.1935	3.	3.2451		3.3037
TS=TD		0		0		0

MY 2010/11 Production Marginally Lower

Based on the latest official estimates, MY 2010/11 rice production has been revised marginally lower to 94.1 million tons compared to 89.09 million tons in MY 2009/10. MY 2010/11 production consists of 80.4 million tons fall and early winter harvested *kharif* rice and 13.7 million tons spring harvested *rabi* rice.

Procurement Steady and Stocks Swell

Rice procurement in MY 2010/11 through April 8, 2011 was marginally lower at 25.4 million tons compared to 25.6 million

tons last year during the same period. Procurement has been relatively lower in the northern states of Punjab and Haryana and the drought impacted eastern states of Uttar Pradesh, Orissa and West Bengal. However, decline in these states have been offset by higher procurement in Andhra Pradesh and Chhattisgarh. With additional procurement likely to continue in the southern state of Andhra Pradesh, government procurement in MY 2010/11 is likely to reach 31.5 million tons, nearly a third of domestic rice production.

As in the case of wheat, government rice stocks have swelled to a record 28.8 million tons on April 1, 2011 compared to 26.7 million tons a year ago and more than double the government desired stocks of 14.2 million tons.

Export Restrictions on Common Rice Continue

Despite sufficient domestic rice supplies and record stocks, the government continues to ban commercial exports of common non-basmati rice on food price inflation concerns. In February this year, the government allowed exports of 150,000 tons of select premium non-basmati rice varieties. Despite pressure from rice exporters and the Ministry of Agriculture on allowing exports of other non-basmati rice varieties, the government is likely to take a cautious approach, at least until the planting of 2011/12 rice is over in August/September. Subsequently, the government may allow additional exports of non-basmati rice likely under government to government agreements based on humanitarian grounds. Consequently, MY 2011/12 rice exports have been raised to 2.8 million tons.

PULSES

Record MY 2010/11 Production

The government estimates MY 2010/11 pulse production at a record 17.29 million tons compared to its earlier estimate of 16.5 million tons. Pulse production this year has jumped nearly 18 percent higher than last year (14.7 million tons) and nearly 16 percent more than the previous record of 14.9 million tons in MY 2003/04. The record production is attributed to higher planted area and generally favorable growing conditions for the *kharif* (7.03 million tons) and *rabi* (10.26 million tons) pulse crops.

Export Ban and Zero Import Duty to Continue

Despite record domestic production, the government continues with their policy of allowing pulse imports at zero duty and banning exports on most pulses due to continuing food price inflation concerns. On March 28, 2011, the Directorate General of Foreign Trade notified that the export ban on pulses will continue till March 31, 2012. However, exports of garbanzo beans (*Kabuli Chana*) and 10,000 metric tons of organic pulses are exempted from the ban. On January 27, 2010, the government extended the zero import duty regime on pulses through March 31, 2012.

COARSE GRAINS

MY 2010/11 Production Revised Marginally

According to the Ministry of Agriculture's third advance estimates, total coarse grain production in 2010/11 is estimated at 40.2 million tons, nearly 6.7 million tons over last year, and marginally lower than the record production of 40.8 million tons in 2007/08. Consequently, MY 2010/11 production estimates for corn, sorghum and millets has been revised marginally based on the official estimates. The consumption and stocks in the PS&D have been revised to reflect the changes in the production estimates.

Table 3: Commodity, Corn, PSD

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

Corn India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,330	8,330	8,550	8,500		8,600
Beginning Stocks	686	686	476	476		506
Production	16,720	16,720	20,500	20,230		21,000
MY Imports	20	20	0	0		0
TY Imports	20	20	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	17,426	17,426	20,976	20,706		21,506
MY Exports	1,850	1,850	2,500	2,500		2,200
TY Exports	1,917	1,917	2,500	2,500		2,200
Feed and Residual	7,300	7,300	8,500	8,500		9,200
FSI Consumption	7,800	7,800	9,500	9,200		9,500
Total Consumption	15,100	15,100	18,000	17,700		18,700
Ending Stocks	476	476	476	506		606
Total Distribution	17,426	17,426	20,976	20,706		21,506
Yield	2.	2.0072	2.	2.38		2.4419
TS=TD		0		0		0

Table 4: Commodity, Sorghum, PSD
(Area in Thousand Hectares, Others in Thousand Metric Tons)

Sorghum	India	2009/2010		2010/2011		2011/2012	
		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
		USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested		7,500	7,500	7,200	7,200		7,200
Beginning Stocks		181	181	156	156		206
Production		6,700	6,700	6,800	6,750		6,800
MY Imports		0	0	0	0		0
TY Imports		0	0	0	0		0
TY Imp. from U.S.		0	0	0	0		0
Total Supply		6,881	6,881	6,956	6,906		7,006
MY Exports		125	125	50	50		50
TY Exports		125	125	50	50		50
Feed and Residual		1,300	1,300	1,300	1,300		1,300
FSI Consumption		5,300	5,300	5,400	5,350		5,500
Total Consumption		6,600	6,600	6,700	6,650		6,800
Ending Stocks		156	156	206	206		156
Total Distribution		6,881	6,881	6,956	6,906		7,006
Yield		1.	0.8933	1.	0.9375		0.9444
TS=TD			0		0		0

Table 5: Commodity, Millets, PSD
(Area in Thousand Hectares, Others in Thousand Metric Tons)

Millet India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10,400	10,400	10,600	10,600		10,000
Beginning Stocks	320	320	300	275		525
Production	8,780	8,780	11,700	11,750		11,000
MY Imports	0	0	0	0		0
TY Imports	0	0	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	9,100	9,100	12,000	12,025		11,525
MY Exports	0	125	0	150		100
TY Exports	0	125	0	150		100
Feed and Residual	700	700	800	800		800
FSI Consumption	8,100	8,000	10,700	10,550		10,300
Total Consumption	8,800	8,700	11,500	11,350		11,100
Ending Stocks	300	275	500	525		325
Total Distribution	9,100	9,100	12,000	12,025		11,525
Yield	1.	0.8442	1.	1.1085		1.1
TS=TD		0		0		0