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Report Highlights:

The 2021 monsoon kicked off with some force in June, reaching four-fifths of the Indian subcontinent. Monsoon winds stalled on June 19 in the northern Indian plains, slowing the kharif crops' plantings. As forecasts predicted, the monsoon resumed in the second week of July. Following historical patterns, the progress of monsoon during the second and third week of July is critical for rainfed coarse grains, pulses, and oilseeds, that go largely unirrigated. Back-to-back record harvests and government procurement of rice and wheat resulted in the ballooning of government grain stocks to a record high of 109 million metric tons (MMT) in June 2021. The government is offloading stocks in the domestic market in the form of COVID-19 relief programs and sales at subsidized prices. FAS New Delhi (Post) is raising the market year (MY) 2020/2021 rice export estimate to 19 MMT due to Indian rice's competitive export prices. Post's MY 2020/2021 corn export estimate is raised to 2.8 MMT based on India's official estimates.

GENERAL SITUATION

India's Government Raises Forecast 2020/2021 Grain Production

On May 25, 2021, India's Ministry of Agriculture and Farmers Welfare (MOAFW) released the [third advance estimate food grains for Indian crop year \(ICY\) 2020/2021](#) (July-June). The ministry is raising the grain production estimate to a record 305.4 million metric tons (MMT), an amount over [2 MMT higher than the earlier second advance estimate](#), a whopping, nearly 8 MMT higher than last year's record harvest.

The expected higher production for the Indian crop year 2020/2021 is driven by record production of rice, wheat, corn, and pulses. The third advance estimate for ICY 2020/2021 includes market year (MY) 2020/2021 rice, corn, and other coarse grains (excluding barley) harvested in the fall of 2020 (*kharif*) and MY 2020/2021 spring (*rabi*) wheat and barley crops harvested in April-May.

The third advance estimate marginally raises the rice, corn, and other coarse grains production over the second advance estimate. Wheat production, however, is revised slightly lowered to 108.8 MMT, compared to 109.3 in the earlier second advance estimate. The ministry will revise the ICY 2020/2021 production estimate again in August (fourth advance estimate), finalizing production figures in February 2022. Final data on acreage and yields will be based on crop surveys taken by the various Indian producer states. FAS New Delhi's (Post) is adjusting the grains production-supply-demand (PSD) tables based on the latest MOAFW official third advance estimate's area and production figures.

India's Release of Free Food Grains for 800 million Beneficiaries Extended Until November 2021

On June 7, 2021, the Indian government announced the extension of its free food grains program for 800 million registered beneficiaries. The government will continue the distribution of five kilograms of rice, or wheat, per beneficiary now through November 2021. This past April, the [government announced distribution of free food grains for the months of May and June under the Pradhan Mantri Garib Kalyan Anna Yojana \(PMGKAY\)](#), a measure seeking to assist people during the COVID-19 second wave. Cost-free food grains are being provided to about two-thirds of the national population (1.33 billion - Central Intelligence Agency, July 2021 overall population estimate) under the National Food Security Act. The benefit complements the regular food grains supply of five kilograms per beneficiary monthly at the highly subsidized price of India rupees (INR) 2/kilogram (\$0.027) for wheat and INR 3/kilogram (\$0.040) for rice. Government sources report that the new tranche of free food grains will cost the government an additional INR 700 billion (\$9.6 billion) this year.

Market sources report and it stands to reason that the government's extension of the free food grains quota will further depress domestic rice and wheat prices. India's recent bout with the COVID-19 pandemic second wave, leading to state lockdowns, has adversely impacted hotel-restaurant-institutional (HRI) sector demand for rice and wheat products. Prices are likely to remain depressed for most of the upcoming marketing season.

Minimum Support Prices (MSP) for 2021/2022 Kharif Crops Announced

On June 9, 2021, the Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi, approved the increase in the Minimum Support Prices (MSP) for all mandated *kharif* (fall harvested) crops for

ICY 2021-2022. While the MSP for rice, corn, other coarse grains, various pulses, and oilseed planted in the *kharif* season (June-August) have been raised, prices paid for oilseeds and pulses are more favorable than those paid for cereals (including paddy rice). [The government's MSP press release](#) states that the differential remuneration is geared to encouraging crop diversification. The move is meant to encourage farmers to move away from overreliance on rice and wheat to other crops to help correct demand-supply imbalances.

Field sources report that rice, however, will continue to remain the preferred crop. Rice is a farmer favorite due to relatively higher yields and stable market prices thanks to the government's MSP procurement program. Nonetheless, the higher MSP prices paid for oilseeds and pulses in the 2020/2021 crop season will provide an incentive for farmers to bring in more fallow land under cultivation and divert planting area of minor crops.

The 2021 Monsoon Starts Strong, but Falters

The 2021 monsoon kicked off with a good start during the first 20 days of the season (June-September) – reaching over four-fifths of the Indian subcontinent. Monsoon winds, however, stalled on June 19 across the northern Indian plains.

The monsoon remains weak over the central, peninsular, and northwest India. Northeast India, Bihar, and eastern Uttar Pradesh have been more fortunate, receiving good rains. The central and northern Indian plains baked under an unrelenting, searing heatwave with temperatures well above 40 degrees Celsius consistently into the second week of July. In keeping with the India Meteorological Department's (IMD) [weather bulletin](#) of July 5, 2021, forecast, the southwest monsoon began reviving, albeit gradually, over the southern portion of the Indian peninsula on/about July 8. In turn, it has advanced over the remaining parts of northern India, that is western Uttar Pradesh, Punjab, Haryana, Rajasthan, and Delhi beginning July 10 [Note: The first significant rain downpour in months, heralding the 2021 monsoon's arrival hit Delhi on July 13]. Overall, the revived monsoon has not brought the quantity of rainfall for certain parts of the country that observers have come to expect.

Interestingly, India's MOAFW has not published its routine *kharif* crop planting reports this season. Post field sources inform us that the faltering 2021 monsoon, along with record high temperatures, delayed the planting of this season's *kharif* crops. With the monsoon's resumption, albeit at reduced rainfall levels, there is some recovery of the planting of the *kharif* crops.

Historically speaking, progress of the monsoon during the second and third week of July is critical for rainfed coarse grains, pulses, and oilseeds, that go largely unirrigated. Certain of these crops are also subject to a short planting window that runs from June to the third week of July. Rice plantings in the north of the country will remain less affected by the, as yet, moderated monsoon, since a significant share of the crop is irrigated and benefits from a long planting window that extends into the second week of August. Rice plantings in southern India continue through September. Overall, *kharif* crops' plantings and productivity this season are dependent on timely, consistently plentiful, and well distributed 2021 monsoon rains. Should the monsoon stray from the more normal sequence, there will be disruption in production, undermining the current U.S. Department of Agriculture (USDA) official MY 2021/2022 grain area and production forecasts.

COMMODITIES:

RICE

Table 1. India: Commodity, Rice Milled PSD

Rice, Milled Market Year Begins India	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	43662	43662	44400	44189	44400	44000
Beginning Stocks (1000 MT)	29500	29500	29900	29900	27900	26900
Milled Production (1000 MT)	118870	118870	122000	122000	121000	121000
Rough Production (1000 MT)	178323	178323	183018	183018	181518	181518
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	148370	148370	151900	151900	148900	147900
MY Exports (1000 MT)	12486	12486	17000	19000	15500	15500
TY Exports (1000 MT)	14560	14560	17000	19000	15500	15500
Consumption and Residual (1000 MT)	105984	105984	107000	106000	108000	107000
Ending Stocks (1000 MT)	29900	29900	27900	26900	25400	25400
Total Distribution (1000 MT)	148370	148370	151900	151900	148900	147900
Yield (Rough) (MT/HA)	4.0842	4.0842	4.122	4.1417	4.0882	4.1254

MY = Marketing Year, begins with the month listed at the top of each column.

TY = Trade Year, which for rice, milled begins in January for all countries. TY 2021/2022 = January-December 2022.

PRODUCTION

Production Remains Unchanged: FAS New Delhi forecasts MY 2021/2022 rice production unchanged at 121 MMT coming from 44 million hectares. The prolonged lull in the 2021 monsoon's rains is raising concerns about the upcoming crop's productivity. With monsoon rains rolling in around the second week of July, there is hope for plantings' recovery and better production prospects.

The optimal rice planting window for most of India's rice production states extends to the end of July, however, late plantings are possible through mid-August with the monsoon rains' arrival. Assuming normal rainfall throughout July-September, as well as good weather conditions through the harvest (October-November) season, Post estimates that MY 2021/2022 rice production to remain unchanged, hitting a near-record high of 121 million metric tons. The production forecast outlook numbers are, however, subject to the resumption of monsoon rains with no prolonged dry spells, and/or floods in eastern India in the August-September period. A cyclonic event in the September-October months will lower the production forecast.

Record MY 2020/2021 Government Procurement: Riding on the back of record production volumes and weak domestic prices, the government's MSP rice procurement in MY 2020/2021 is forging ahead to record highs.

Government rice procurement through July 2, 2021, is estimated at 57.9 MMT, up by 7.3 MMT from the same period in 2020. Procurement at this pace is surpassing last year's record-breaking MSP procurement of 52

million metric tons. With procurement set to run through September in the eastern and southern Indian states, total MY 2020/2021 MSP rice procurement will exceed 59 MMT, a whopping 13.5 percent jump from last year's record level. With procurement volumes increasing yearly, government held stocks remain high; rice stocks on June 1, 2021, at 49.2 MMT, are 8 MMT higher than last year's June stock levels.

State	MY 2019/2020 October-September	MY 2019/2020 October 1-July 2	MY 2020/2021 October 1-July 2
Punjab	10.88	10.88	13.59
Andhra Pradesh	5.53	5.32	5.39
Telangana	7.45	7.45	9.22
Chhattisgarh	5.22	5.19	3.98
Odisha	4.80	4.73	5.26
Haryana	4.31	4.31	3.79
Uttar Pradesh	3.79	3.79	4.48
West Bengal	1.84	1.50	1.58
Madhya Pradesh	1.74	1.74	2.50
Tamil Nadu	2.20	1.73	2.47
Others	4.23	3.96	5.56
Total	52.00	50.58	57.82

Source: Food Corporation of India

Government Offloads Excess Rice Stocks on the Domestic Market: The Indian government is committed to providing COVID-19 relief to domestic consumers. It continues to provide five kilograms of cost-free food grains to 800 million registered beneficiaries of National Food Security Act (through November 2021). The volume of grains being provided in the June-November period amounts to 24 million metric tons. Market sources expect, based on the 2020 program's allocations, that rice will account for over two-thirds of the grains distributed to beneficiaries this year.¹

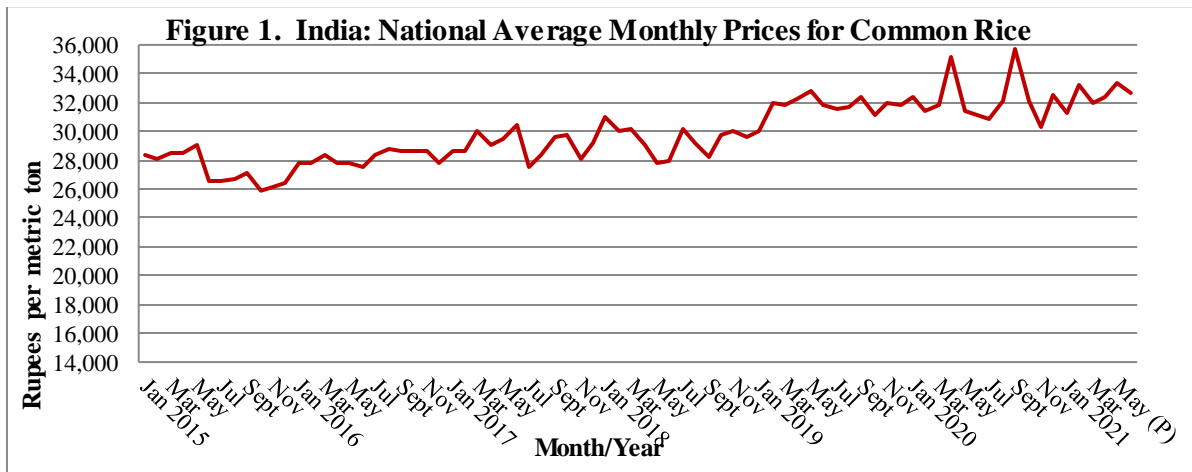
India's Ministry of Consumer Affairs, Food and Public Distribution on April 30, 2011, announced the [policy for open market sale rice and wheat for MY 2021/2022](#), setting uniform reserve prices for the open auction of these commodities throughout the country. Rice's reserve price is ranging INR 20,000 to 22,000/MT (\$274 to \$301) for open market sales to the private trade. In [previous years](#) reserve prices were fixed higher than the MSP, and included procurement expenses and freight charges. Today, besides subsidizing internal freight charges, the rice reserve price is being set lower to incentivize local state governments and the private trade to increase their purchases.² The government aims to whittle down its excess rice stocks to a more manageable level in the last months remaining in MY 2020/2021, essentially through higher offtake of rice under [regular food security programs](#) (3 to 3.2 MMT per month), additional free food grain under the COVID-19 relief programs (2.7 to 3 MMT per month), and higher purchases under open market sales to local state governments and private trade.

Prices Depressed: In the wake of a record harvest, and with the government offloading additional cost-free rice along with the subsidized sales of excess rice stocks to the private trade, domestic rice prices are being beaten down and remain depressed through most of MY 2020/2021 (particularly in the last quarter).

¹ In the [Indian fiscal year 2020/2021 \(April/March\)](#), the Indian government had provided free food grain under various Covid19 relief programs amounting to 33.3 MMT, of which rice accounted for 22.1 MMT and wheat the balance of 11.2 million metric tons.

² The [cost of government rice for IFY 2020/2021 is estimated at INR 39,994 \(\\$548\) per MT](#) versus the reserve price of INR 20,000 to 22,000 (\$274 to \$301) per metric ton.

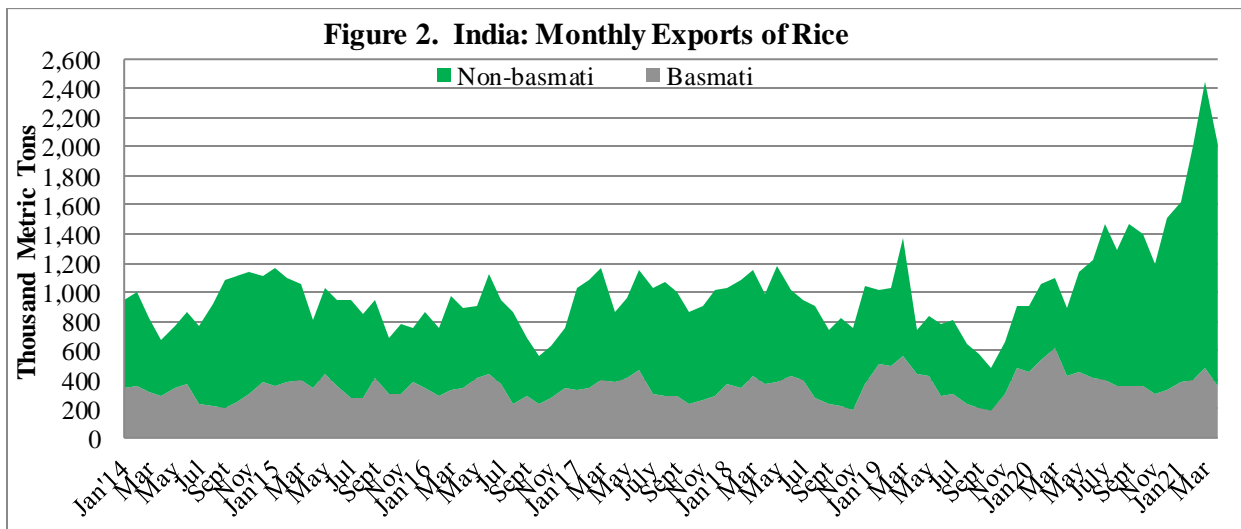
Looking forward, India’s domestic rice prices in MY 2021/2022 will largely depend on harvest prospects of the upcoming crop, as well as on international price movements.



Source: [AgMarketNet](#), Ministry of Agriculture and Farmers Welfare, FAS New Delhi office research.

TRADE

Exports Rising in MY 2020/2021: Based on reports of the unusually strong pace of exports since the beginning of calendar year (CY) 2021, attributable to highly competitive pricing of India-origin rice compared to competing origins, Post’s MY 2020/2021 rice export estimate is raised higher to 19 million metric tons. However, the MY 2021/2022 export estimate remains unchanged at 15.5 MMT, forecasting relatively tight domestic supplies and ‘normal’ price parity for Indian rice in the international market.



Source: Ministry of Commerce, and Industry \ [Directorate General of Commercial Intelligence and Statistics \(DGCIS\)](#), FAS New Delhi office research.

Indian rice prices during 2021 have been highly competitive versus those of competing origins, in particular coarse grain non-Basmati rice. India official preliminary statistics put MY 2020/2021 rice exports through April 2021 at 12.2 million metric tons. Exports are twice the volume reported during the same period in 2020. Official estimates for the May-June period are pending release. Trade sources, however, inform us that exports

are now running about 3.6 to 3.8 MMT during the May-June period. Exports are running hot despite global shipping lines lingering concerns with India shipping facilities' COVID-19 second wave-induced challenges.

Post sources report that Indian coarse rice is very competitive at prices of about \$50 to \$60/MT lower than competing origins, such as Thailand, Vietnam, and Burma. India, like all the major suppliers, is facing logistical challenges including high sea freight rates, along with limited vessel and container availability. Sources believe that India's MY 2020/2021 rice exports could exceed 20 MMT if there are an adequate number of vessels and containers plying the shipping lanes. Domestic rice prices will remain weak through the end of 2021 due to sufficient supplies, helping free additional rice volume for export.

FAS New Delhi, assuming that there is no significant change in the current price parity of Indian rice versus that of other origins coupled with steady international demand, is raising MY 2020/2021 estimated rice exports to 19 million metric tons. Post, assuming steady export demand, forecasts MY 2021/2022 exports to remain unchanged at 15.5 MMT on relatively tighter domestic supplies and pricing response from other origins.

CONSUMPTION/ ENDING STOCKS

MY 2020/2021 Consumption/Ending Stocks Lowered: Post's MY 2020/2021 consumption and ending stocks have been lowered by a 1 MMT each to account for the higher estimated rice exports. The MY 2021/2022 forecast consumption has also been lowered to reflect estimated supplies.

WHEAT

Wheat Market Year Begins	2019/2020		2020/2021		2021/2022	
	Apr 2019		Apr 2020		Apr 2021	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	29319	29313	31357	31357	31580	31760
Beginning Stocks (1000 MT)	16992	16992	24700	24700	27100	27300
Production (1000 MT)	103600	103600	107860	107860	108000	108000
MY Imports (1000 MT)	20	20	25	25	25	25
TY Imports (1000 MT)	20	20	25	25	25	25
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	120612	120612	132585	132585	135125	135325
MY Exports (1000 MT)	509	509	2400	2400	2500	2500
TY Exports (1000 MT)	595	595	2900	2900	2300	2300
Feed and Residual (1000 MT)	6000	6000	6500	6500	7000	7000
FSI Consumption (1000 MT)	89403	89409	96585	96385	98000	98000
Total Consumption (1000 MT)	95403	95409	103085	102885	105000	105000
Ending Stocks (1000 MT)	24700	24700	27100	27300	27625	27825
Total Distribution (1000 MT)	120612	120618	132585	132585	135125	135325
Yield (MT/HA)	3.5335	3.5343	3.4397	3.4397	3.4199	3.4005

MY = Marketing Year, begins with the month listed at the top of each column.
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021-June 2022.

PRODUCTION/ CONSUMPTION/ ENDING STOCKS

Post's Production-Supply-Demand Changes: India's MY 2021/2022 planted area is raised by FAS New Delhi to reflect the MOAFW third advance estimate numbers. Similarly, the MY 2020/2021 and MY 2021/2022 consumption volumes have been adjusted to reflect the change in stock numbers. Based on the [latest official wheat stock statistics](#), MY 2020/2021 ending stocks are raised marginally higher to 27.3 million metric tons. Post has no other changes to the official PSD to report.

Record Government Procurement: Government MSP wheat procurement in MY 2021/2022 is set to reach 43.5 million metric tons. This will be a 12 percent increase above last year's record procurement volume.

State	MY 2019/2020	MY 2020/2021	MY2020/2021	MY 2021/2022
	April-March	April-March	April-July 2	April 1-July 2
Punjab	12.91	12.71	12.71	13.21
Haryana	9.32	7.40	7.40	8.49
Madhya Pradesh	6.73	12.94	12.94	12.81
Uttar Pradesh	3.70	3.58	3.36	5.64
Rajasthan	1.41	2.23	2.22	2.34
Others	0.06	0.13	0.12	0.83
Total	34.13	38.99	38.75	43.32

Source: Food Corporation of India.

The government's MY 2021/2022 MSP wheat procurement pace through July 2, 2021, is estimated at 43.3 MMT compared to 38.8 MMT at the same time last year. Procurement has now surpassed last year's total procurement (which was already at a record high).

Government procurement is higher in most states, except for in Madhya Pradesh where yields are reportedly affected by the early onset of summer (heat) this season. While the record procurement supports the government forecast record third advance estimate of 108.8 MMT, market sources report that the procurement gains are driven by the absence of the private trade buying due to government policy announcements.

The government's April 30, 2021, announcement of the [policy for open market sale of wheat for MY 2021/2022](#) set the reserve prices for the auction sale of wheat across India. The reserve price is set at INR 18,000 to 21,500/MT (\$246 to 295), subject to the quality and year of harvest.

The government reserve price is fixed at a lower level than the government's official MSP of INR 19,750/MT (\$270) and the accompanying procurement and other incidental costs. The government is providing an additional subsidy by waving the freight costs of moving wheat from the producer states to consuming states, providing, in essence, an additional subsidy. There is no incentive, at present, for the private trade to compete with the government's MSP program in the MY 2021/2022 season, which is leading to abnormally high government grain stocks.

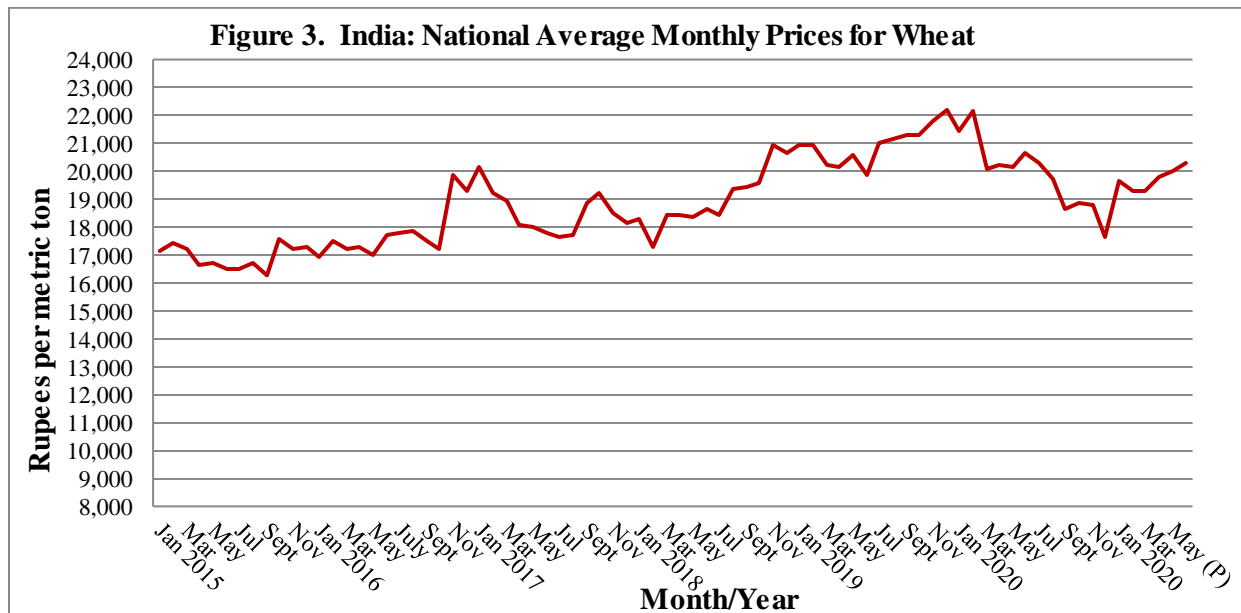
Wheat traders report that the MY 2021/2022 crop should range from 98 to 105 MMT, lower than last year's record harvest of 107.9 million metric tons. The lower production figure is being attributed to heat stress at the time of harvest in the partially irrigated wheat growing states. The Indian government, however, is unlikely to come down too much below last year's production figure. Post estimates MY 2021/2022 production at 108 MMT, from 31.8 million hectares, unchanged from the USDA official estimate.

Up, Up and Away... Stocks Balloon: Back-to-back record harvest and government MSP wheat procurement is resulting in an unprecedented ballooning of government wheat stocks. As of June 1, 2021, government wheat stocks are estimated at a record 60.3 MMT, some 4.5 MMT higher than last year's record stocks of 55.8 million metric tons. Market sources report that 15 to 18 MMT of the wheat stocks are being stored in the open, on wooden pallets minimally covered with plastic sheeting. The government faces tremendous pressure to liquidate excess wheat stocks to minimize losses and create storage space for the MY 2021/2022 rice harvest.

Government Offloads Excess Wheat Stocks on the Domestic Market: The Indian government is releasing 2.2 MMT of wheat monthly under various regular food security programs. The cost-free food grains under a COVID-19 relief program (through November 2021) will draw down the wheat stocks by 8 million metric tons. Sources report that the government plans to offload 7.5 MMT under the open market sale policy to the private millers during this marketing season. It may again announce another cost-free food grain release in the next COVID-19 crisis. This should help bring stocks down to a more manageable level of 27 to 28 MMT by the end of MY 2021/2022.

Government Policy to Drive Wheat Prices: Domestic market MY 2021/2022 wheat prices will be driven by the government MSP wheat procurement and open market sale policy. A bumper harvest, coupled with weak offtake by private trade, has kept domestic prices at or below the MSP in the major Indian producer states since the beginning of the 2021 harvest season (April-July).

Average spot prices during June 2021 in the major Indian producer states range from INR 17,650 to 19,400/MT (\$242 to \$266), slightly lower than the government MSP of INR 19,750 (\$271) per metric ton. With most of the marketed wheat stocks held by the government, market prices during the balance of MY 2021 are likely to hover around the government's reserve prices for open market sale.



Source: AgMarketNet, Ministry of Agriculture and Farmers Welfare, FAS New Delhi office research.

TRADE

Exports Prospects Unchanged: FAS New Delhi estimates MY 2021/2022 wheat exports to remain unchanged at 2.5 million metric tons. Wheat exports will be limited to Bangladesh and Nepal. Wheat product exports will similarly head to traditional Indian markets in Africa and in the Middle East.

Official Indian estimates for the first quarter of MY 2021/2022 are pending release. Trade sources, however, estimate that this quarter some 0.8 to 0.9 MMT of Indian wheat has been exported, mainly to Bangladesh and Nepal, with some minor amounts shipped to Indonesia, Malaysia, and the Middle East.

Despite the anemic domestic prices, Indian wheat exports prospects are weak in the coming months, due to availability of low-cost Black Sea region wheat. Wheat exports to neighboring Bangladesh, Nepal, and Sri Lanka, however, due to proximity, will continue to benefit from lower freight costs.

The availability of subsidized government wheat to the millers in the non-wheat producing southern Indian states is likely to support higher exports of wheat products to traditional markets in the region. Assuming current price parity and that the value of India rupee to the U.S. dollar remains unchanged, MY 2021/2022 wheat exports are forecast to reach 2.5 million metric tons.

CORN

Corn Market Year Begins India	2019/2020		2020/2021		2021/2022	
	Nov 2019		Nov 2020		Nov 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9569	9569	9700	9455	9500	9500
Beginning Stocks (1000 MT)	1346	1346	1863	1863	1863	1863
Production (1000 MT)	28766	28766	30250	30250	29500	29500
MY Imports (1000 MT)	327	327	50	50	300	300
TY Imports (1000 MT)	341	341	50	50	300	300
TY Imp. from U.S. (1000 MT)	2	0	0	0	0	0
Total Supply (1000 MT)	30439	30439	32163	32163	31663	31663
MY Exports (1000 MT)	1376	1376	1800	2800	1200	1500
TY Exports (1000 MT)	1125	1125	1800	3000	1200	1500
Feed and Residual (1000 MT)	16000	16000	17000	16000	18000	18000
FSI Consumption (1000 MT)	11200	11200	11500	11500	11400	11400
Total Consumption (1000 MT)	27200	27200	28500	27500	29400	29400
Ending Stocks (1000 MT)	1863	1863	1863	1863	1063	763
Total Distribution (1000 MT)	30439	30439	32163	32163	31663	31663
Yield (MT/HA)	3.0062	3.0062	3.1186	3.1994	3.1053	3.1053

MY = Marketing Year, begins with the month listed at the top of each column.
 TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021-September 2022.

PRODUCTION/CONSUMPTION

MY2021/2022 Plantings: Although official Indian planting estimates are pending release, Post’s market sources report corn planting lagging behind last year due to weak monsoon rains commencing the third week of June. With the pickup in monsoon rains in second week of July, planting prospects are improving, which will continue through first week of August. Post suggests no changes to the USDA official forecast MY 2021/2022 corn production figure of 29.5 MMT from 9.5 million hectares.

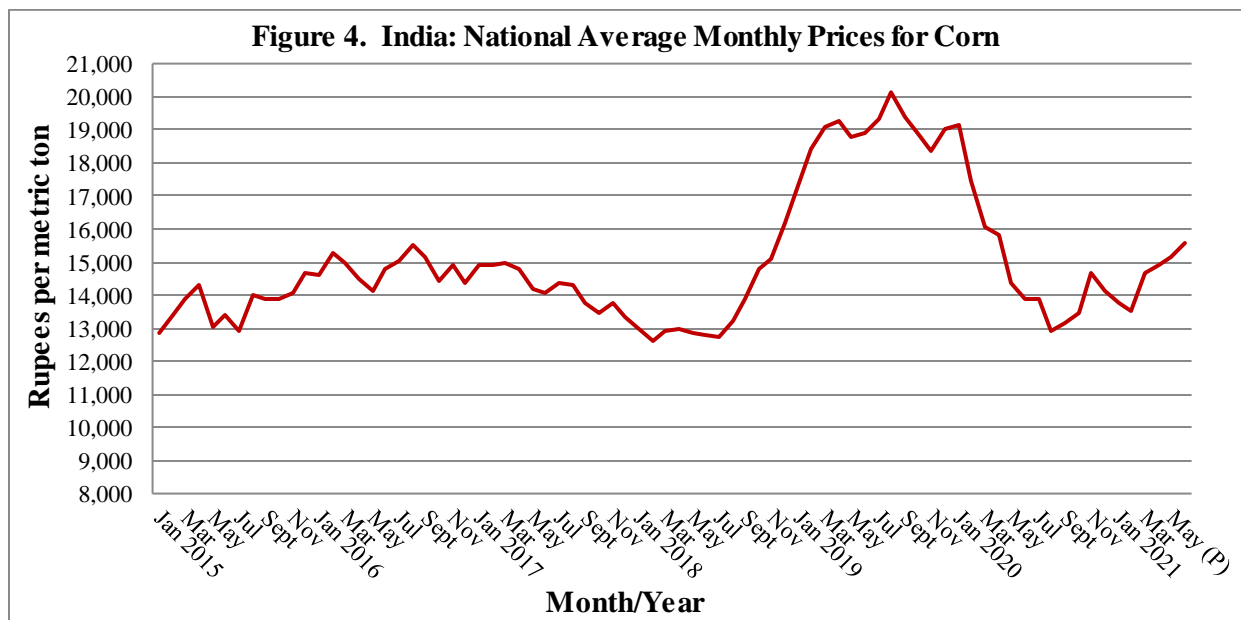
MY 2020/2021 Consumption Lowered: Post’s MY 2020/2021 consumption for feed and residual is lowered to 16 MMT to account for the higher export volumes. Market sources report that the Indian poultry industry continues facing pressure due to weak poultry meat demand following the COVID-19 second wave of March 2021. With most poultry producers cutting back on production, corn consumption is dropping.

If a COVID-19 third wave does not strike in late summer and fall, India’s domestic poultry industry should recover from its two years of downsizing by 2022. Post’s MY 2021/2022 feed and residual consumption forecast remains unchanged from the earlier figure of 18 MMT, premised on recovery in feed use.

Prices Recovering: The COVID-19 outbreak adversely affected India’s poultry sector, hitting the poultry feed sector’s demand for corn hard and depressing prices from 2020’s second quarter onwards. Corn prices have firmed since March 2021 on reported recovery in demand, both from the poultry industry and for exports.

Average spot market prices in the major corn producing states in the month of June 2021 have firmed in the range of INR 14,200 (\$195) to INR 17,900 (\$245) per MT, which are still below the government MSP of INR 18,500 (\$253) per MT for MY 2020/2021. Despite estimated record harvest, market sources report that the

recent surge in prices can be attributed to the speculation about the size and quality of the recently harvested (March/April) *rabi* corn. Prices are expected to remain firm as market arrival of the *rabi* corn tapers off in July and demand remains steady through the last quarter of MY 2020/2021. Future prices in MY 2021/2022 will largely depend on upcoming crop production prospects and global price movement.



Source: AgMarketNet, Ministry of Agriculture and Farmers Welfare, FAS New Delhi office research.

TRADE

Exports Raised: Post's MY 2020/2021 corn export estimate, based on official estimates, is raised to 2.8 MMT on greater export volume in the second half of 2020. Lower cost Indian corn exports are up due to higher international prices. Weak domestic prices, and strong global corn prices make Indian corn competitive in Bangladesh and Nepal. India's MY 2021/2022 exports are forecast at 1.5 MMT premised on expanding exports to Bangladesh and Nepal, thanks to relatively low freight costs and smaller dispatch shipments.

Indian corn exports in the first five months of MY 2020/2021 (November-February) totaled 1.68 MMT, up dramatically compared to 200,000 MT last year. Besides Bangladesh and Nepal, Vietnam is picking up Indian corn. Market sources report exports of 650,000 MT in April-June. With the recent rise in domestic prices and reports of tight supplies, exports may slow in July-October 2021. Bangladeshi and Nepali buyers will still favor Indian corn's lower freight costs. Post is raising the MY 2020/2021 corn exports estimate to 2.8 MMT, and to 3 MMT in trade year (TY) 2020/2021 (October-September). Exports of 1.5 MMT are forecast in MY 2021/2022.

OTHER COARSE GRAINS (MILLET, SORGHUM, AND BARLEY)

Area Estimates Up: FAS New Delhi is raising India's MY 2021/2022 planted area to align with the MOAFW third advance estimate, updating the earlier PSD number. No other changes were made to the PSD table.

Attachments:

No Attachments