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India

Grain and Feed

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Report Highlights:

The Indian government estimates that 2001/02 kharif (fall-harvested) rice production will exceed last year's crop by about two million tons, adding to already mammoth stocks.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

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Kharif Rice Production Likely to Approach Record

The government estimates this year's kharif (fall harvested) rice crop at 76.42 million tons, 2 million tons above last year's kharif output, and just 300,000 tons short of the 1999/00 record. Assuming a rabi (winter) crop of at least 12.5 million tons, MY 2001/02 production could reach 89 million tons against the revised 2000/01 estimate of 86.3 million tons (74.41 million tons kharif and 11.89 million tons rabi). Production in the major surplus state of Punjab is estimated to be 8.72 million tons, marginally lower than last year's 9.15 million due a decline in planted area. Haryana production is expected to be 2.75 million tons, slightly higher than last year's 2.68 million despite a small decline in planted area. Estimates for other states are not yet available.

Procurement Progressing Smoothly

Unlike in previous years, procurement of rice is progressing smoothly in the northern surplus states of Punjab and Haryana due to excellent harvest and post-harvest season weather. Grain quality is excellent (low moisture and little discoloration), enabling farmers to realize the full government support price without discounts. Most market arrivals have been procured by designated government agencies at the minimum support price (rs. 5,800 for Grade A). Rice millers have purchased only around 13 percent of Punjab arrivals, compared with 23 percent last year. Although paddy procurement in Punjab is, at 9.13 million tons (6.1 million tons rice), well ahead of last year's pace due to heavy, early-season off take, procurement for the entire marketing year is expected to be somewhat lower than last year's 6.9 million tons (rice) due to lower production. Rice procurement from Haryana is expected to be more or less the same as last year's 1.5 million tons. Procurement from other states has not yet started in earnest. Rice procurement in MY 2000/01 was a record 19.1 million tons, with Andhra Pradesh displacing Punjab as the largest surplus state (7.1 million tons).

2001 Export Pace Increases, May Exceed 1.5 Million Tons

With an upsurge in India's rice exports in recent months (mostly parboiled to Nigeria and other African countries), CY2001 deliveries could exceed post's previous forecast of 1.5 million tons. The government's decision to supply rice to exporters at subsidized prices (rs. 5,650/$117.7/ton for white and rs. 6,000/$125/ton for parboiled), combined with firm global prices, have made Indian parboiled competitive in the world market. According to trade sources, exporters have recently contracted for 600,000 tons of non-basmati, of which 300,000 tons have been shipped. Based on official data, exports during the first half of 2001 were about 750,000 tons, somewhat lower than the 835,000 tons exported during the corresponding period of last year.

But Mammoth Grain Stocks Continue to Build

Combined wheat and rice stocks with the government were 59.4 million tons on September 1 (37.9 million tons wheat and 21.5 million tons rice), compared with 40.6 million tons (27.2 million tons wheat and 13.4 million tons rice) a year ago. With a massive rice procurement in progress, the storage situation remains critical, particularly in the major surplus state of Punjab, where combined wheat and rice stocks are in excess of 30 million tons and still growing. The government’s ambitious project to build and operate bulk handling and storage facilities in the private sector remains a non-starter. Potential investors are still unclear about the details of the project, and the government’s price controls, licensing requirements, multiple taxation, lack of identity preservation and poor implementation of food safety legislation are all sited as factors dissuading private participation. Meanwhile, the GOI is leasing conventional storage facilities from private parties to deal with the problem.

Wheat Exports Remain Sluggish

Despite continuing heavy export subsidies, Indian wheat exports remain sluggish. There were no major wheat sales during October, and although India’s Minister for External Affairs offered one million tons of wheat in addition to tents, blankets, quilts, etc. as humanitarian assistance to Afghanistan via a land route through Pakistan, Islamabad reportedly informed New Delhi that "it does not have adequate storage" for all of India’s relief goods and will be able to accept only the blankets, tents and quilts. According to press reports, the GOI will not explore alternative routes such as Iran and Tadjikitasn.

Although the government had announced that two million tons of wheat would be supplied to millers at subsidized rates to enable them to export wheat products, no sales have taken place in the absence of a price announcement. Speaking at the Annual Meeting of the Roller Flour Millers Federation of India, the Minister for Consumer Affairs and Public Distribution said that the GOI will soon establish a sales price of wheat to flour millers linked to the export of wheat products. He also said that the open market sales price of wheat will remain effective for three months rather than one month, thereby providing price stability. The Minister disclosed that the government is considering an alternative approach to agricultural marketing which would provide income support to farmers instead of price supports, thereby limiting the government’s role in grain procurement and storage.

Higher Corn Production Offset by Reduced Sorghum Crop

The government has estimated the 2001/02 kharif corn crop at 10.1 million tons, somewhat higher than last year’s 9.9 million. With an anticipated 1.9 million tons of rabi corn, total 2001/02 corn production is estimated at 12 million tons, compared with 11.8 million tons in 2000/01. However, kharif sorghum production at 3.9 million tons is 16 percent below last year’s level. Total 2001/02 sorghum output is estimated at 7 million tons compared with 7.4 million tons in 1999/00. Fall harvested millet production is marginally higher at 9.9 million tons is 4 percent higher than a year ago. Millet production is insignificant in the rabi season.

Table 1: Government Procurement, Stocks and Off take of Wheat (year ago)
(million metric tons)

	Stocks	Procurement Cumulative	Imports	Off take *
Sep 1, 2000	27.3 (21.4)			0.4(0.8)
Oct 1	26.8 (20.5)			0.4(0.8)
Nov 1	26.5 (19.5)			0.5(0.9)
Dec 1	26.0 (18.4)			0.8(1.1)
Jan 1, 2001	25.0 (17.2)			0.9(1.3)
Feb 1	24.1 (15.8)			0.9 (1.4)
Mar 1	23.3 (14.4)	16.4 (14.1) **1/**		1.6(1.4)
Apr 1	21.5 (13.1)			1.0(0.4)
May 1	29.2 (21.5)			0.9(0.5)
Jun 1	37.6 (27.8)			0.8(0.5)
Jul 1	38.9 (27.8)			0.7(0.5)
Aug 1	38.7(27.6)			0.8 (0.4)
Sep 1	37.9 (27.3)	20.6 (16.4) **2/**		

*** Includes exports**

1/ Cumulative procurement : April 1, 2000 - March 31, 2001
2/ Cumulative procurement : April 1, 2001 - October 31, 2001

Table 2: Government Procurement, Stocks and Off take of Rice (year ago)
(million metric tons)

	Stocks	Procurement Cumulative	Imports	Off take *
Sep 1, 2000	13.5 (8.6)			0.9 (1.0)
Oct 1	13.2 (10.6)	17.3 (11.8) **1/**		0.7 (0.9)
Nov 1	18.0 (12.8)			0.8 (1.1)
Dec 1	19.5(13.4)			0.7(1.2)
Jan 1, 2001	20.7(14.7)			0.9(0.9)
Feb 1	22.4(15.4)			0.8(1.0)
Mar 1	23.2(16.0)			1.0(1.0)
Apr 1	23.2(14.9)			0.7 (0.7)
May 1	22.9(15.1)			0.8 (0.9)
Jun 1	22.9 (15.1)			0.8 (1.0)
Jul 1	22.8 (14.5)			0.9(0.9)
Aug 1	22.2(13.7)			1.1(0.9)
Sep 1	21.6(13.5)	19.1 (17.3) **2/**		

* Includes exports

1/ Cumulative procurement: October 1, 1999 - September 30, 2000
2/ Cumulative procurement: October 1, 2000 - September 30, 2001

Table 3: Commodity, Rice, PSD Table

PSD Table							
Country:	India						
Commodity:	Rice, Milled						
		1999		2000		2001	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/1999		10/2000		10/2001	(MONTH/YEAR)
Area Harvested	44,970	44,970	44,600	44,790	44,500	44,700	(1000 Hectares)
Beginning Stocks	12,000	12,000	17,716	17,716	19,466	19,866	(1000 MT)
Milled Production	89,480	89,480	86,300	86,300	88,000	89,000	(1000 MT)
Rough Production	134,233	134,233	129,463	129,463	132,013	133,513	(1000 MT)
Milling Rate(.9999)	6,666	6,666	6,666	6,666	6,666	6,666	(1000 MT)
TOTAL Imports	86	86	0	0	0	0	(1000 MT)
Jan-Dec Imports	86	86	0	0	0	0	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	101,566	101,566	104,016	104,016	107,466	108,866	(1000 MT)
TOTAL Exports	1,400	1,400	1,050	1,600	1,000	1,500	(1000 MT)
Jan-Dec Exports	1,449	1,449	1,000	1,600	1,000	1,500	(1000 MT)
TOTAL Dom. Consumption	82,450	82,450	83,500	82,550	85,000	84,300	(1000 MT)
Ending Stocks	17,716	17,716	19,466	19,866	21,466	23,066	(1000 MT)
TOTAL DISTRIBUTION	101,566	101,566	104,016	104,016	107,466	108,866	(1000 MT)

Table 4: Commodity, Corn, PSD Table

PSD Table							
Country:	India						
Commodity:	Corn						
		1999		2000		2001	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/1999		11/2000		11/2001	(MONTH/YEAR)
Area Harvested	6,427	6,427	6,500	6,550	6,600	6,600	(1000 Hectares)
Beginning Stocks	300	300	670	670	820	550	(1000 MT)
Production	11,470	11,470	11,500	11,840	12,000	12,000	(1000 MT)
TOTAL Mkt. Yr. Imports	250	250	400	50	100	100	(1000 MT)
Oct-Sep Imports	250	250	400	50	100	100	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	50	50	(1000 MT)
TOTAL SUPPLY	12,020	12,020	12,570	12,560	12,920	12,650	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	50	50	200	50	(1000 MT)
Oct-Sep Exports	0	0	50	50	200	50	(1000 MT)
Feed Dom. Consumption	4,550	4,550	4,700	4,700	4,800	4,900	(1000 MT)
TOTAL Dom. Consumption	11,350	11,350	11,700	11,960	11,850	12,100	(1000 MT)
Ending Stocks	670	670	820	550	870	500	(1000 MT)
TOTAL DISTRIBUTION	12,020	12,020	12,570	12,560	12,920	12,650	(1000 MT)

Table 5: Commodity, Sorghum, PSD Table

PSD Table							
Country:	India						
Commodity:	Sorghum						
		1999		2000		2001	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/1999		11/2000		11/2001	(MONTH/YEAR)
Area Harvested	10,400	10,400	10,300	9,980	10,300	9,700	(1000 Hectares)
Beginning Stocks	120	120	130	130	130	120	(1000 MT)
Production	8,860	8,860	9,000	7,410	9,000	7,000	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	8,980	8,980	9,130	7,540	9,130	7,120	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	1,800	1,800	1,900	1,500	2,000	1,400	(1000 MT)
TOTAL Dom. Consumption	8,850	8,850	9,000	7,420	9,000	7,000	(1000 MT)
Ending Stocks	130	130	130	120	130	120	(1000 MT)
TOTAL DISTRIBUTION	8,980	8,980	9,130	7,540	9,130	7,120	(1000 MT)