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Report Highlights:

Despite likely higher wheat production this year, forecast at 72.5 million tons, the overall wheat supply situation and wheat availability -- from government stocks in particular-- is likely to remain tight. This is primarily due to low carry over stocks and likely low government procurement, which could necessitate wheat imports in MY 2007/08 forecast by Post at 3 million tons. Assuming normal weather conditions, rice production is expected to remain static at around 91 million tons in MY 2007/08, which should be adequate to meet domestic demand and allow for exports of 3 to 4 million tons. Although the import duty on corn has been temporarily removed, large-scale imports are not likely due to higher world prices vis-à-vis domestic prices. Pulse imports in MY 2007/08 are forecast higher at over 2 million tons. India has emerged as the largest market for U.S. dry peas in CY 2006, accounting for almost one-fourth of total exports.

Includes PSD Changes: Yes Includes Trade Matrix: Yes Annual Report New Delhi [IN1] [IN]

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WHEAT

Table 1: Commodity, Wheat, PSD

PSD Table										
Country	India									
Commodity	Wheat						(1000 H (1000 M (MT/HA)	A) IT)		
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Officia	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		04/2005	04/2005		04/2006	04/2006		04/2007	04/2007	MM/YYYY
Area Harvested	26500	26500	26500	25000	26700	26400	0	0	27600	(1000 HA)
Beginning Stocks	4100	4100	4100	2000	2000	2000	3000	3500	3500	(1000 MT)
Production	68640	68640	68640	68000	69480	69350	0	0	72500	(1000 MT)
MY Imports	32	32	32	6000	6300	6300	0	0	3000	(1000 MT)
TY Imports	118	118	118	6000	6300	6300	0	0	3000	(1000 MT)
TY Imp. from U.S.	0	0	0	C	0	0	0	0	0	(1000 MT)
Total Supply	72772	72772	72772	76000	77780	77650	3000	3500	79000	(1000 MT)
MY Exports	801	801	801	300	200	200	0	0	50	(1000 MT)
TY Exports	369	369	369	300	200	200	0	0	50	(1000 MT)
Feed Consumption	300	300	300	300	300	200	0	0	200	(1000 MT)
FSI Consumption	69671	69671	69671	72400	73780	73750	0	0	75000	(1000 MT)
Total Consumption	69971	69971	69971	72700	74080	73950	0	0	75200	(1000 MT)
Ending Stocks	2000	2000	2000	3000	3500	3500	0	0	3750	(1000 MT)
Total Distribution	72772	72772	72772	76000	77780	77650	0	0	79000	(1000 MT)
Yield	2.590189	2.590189	2.590189	2.72	2.602247	2.626894	0	0	2.626812	(MT/HA)
								TS=TD		
								-3500		

Production

India's MY 2007/08 (April-March) wheat production, to be harvested this spring, is forecast at 72.5 million tons, compared with 69.4 million tons in 2006, mainly due a reported four percent increase in planted area. A likely further potential reduction in production, due to rising temperatures since early February, was averted by wide spread rains and the return of cold weather in major wheat growing areas during the second week of February. Most of the increase in wheat planted area was in Madhya Pradesh, Uttar Pradesh, Rajasthan, and Gujarat (where irrigation facilities are limited), in response to higher wheat prices vis-à-vis the competing crop, rapeseed, and better soil moisture conditions at planting time. The overall soil moisture condition at planting time for this year's crop was considerably better than last year's, due to excellent late monsoon season rains in most wheat growing states, which resulted in timely planting in most areas. Wheat production in Madhya Pradesh is expected to be at least one million tons higher than last year's drought-reduced output, because of favorable weather conditions in the western Malwa belt. Production in Rajasthan and Gujarat are also expected to be higher due to larger planted area. Production in Punjab and Haryana (the major surplus wheat growing states), where the crop is mostly irrigated, is

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likely to be more or less at the same level as last year, despite a marginal increase in planted area, because of diminishing yields due to soil and water related problems. Although 88 percent of India's wheat-planted area has assured irrigation facilities, winter rains and cool temperatures are critical for realizing higher yields. The crop has so far been generally free from pests and diseases.

The quality of this year's crop will largely be influenced by temperatures during the next two months and harvest season weather. Higher temperatures in February and March typically can result in poor grain formation and shriveling, while rains at harvest time result in luster-loss and high moisture content. Indian wheat is largely soft/medium hard, medium protein, bread wheat. An analysis of Indian wheat samples by the government's Directorate of Wheat Research showed that about 80 percent of Indian wheat falls under US Grade III. Exceptions are wheat grown in central and western India, which is typically hard, with high protein and high gluten strength. India also produces around 1.5 million tons of durum wheat, mostly in the state of Madhya Pradesh.



After reaching a record production of 76.4 million tons in 2000, wheat production has been fluctuating between 66 and 73 million tons, below the trend line in most years (See Fig. 1). Production growth has decelerated from 3.67 percent during 1985/86 through 1995/96 to 0.51 percent during 1995/96 through 2005/06, significantly below population growth of around 1.9 percent.

Although potential exists to increase wheat yields in most states other than Punjab and Haryana (where yields have already reached a plateau), realizing that potential is hampered by lack of irrigation, poor seed replacement rate, and low input use. Since a further significant growth in wheat area is unlikely due to increased competition from crops like oilseeds and pulses (which are also in short supply) and the focus on crop diversification in some major wheat growing states, any future growth in wheat production will come mostly from higher yields. Although the Indian government realizes that biotechnology can be a valuable tool in meeting growing agricultural demands, at present there is little focus on applying biotechnology to wheat.

Consumption

Wheat consumption in MY 2007/08 is forecast at 75.2 million tons compared with 74.0 million tons in MY 2006/07. High open market prices and a significant reduction in the allocation of wheat to states by the Central government under the Public Distribution System (PDS) and various welfare programs, has limited wheat consumption in MY 2006/07. Although consumer expenditure surveys by the GOI's National Sample Survey Organization (NSSO) show a declining trend in India's per-capita cereal consumption, including wheat, and an increasing trend in the consumption of high value food products such as vegetables, fruits, and milk, per-capita wheat consumption in urban areas has been rising faster than in rural areas since 1993/94. According to the NSSO survey, per capita monthly consumption of wheat and wheat products in 2004/05 stood at 4.67 kg in urban areas compared to 4.25 kg in rural areas. While wheat accounted for 46.56 percent of total cereal consumption in urban areas, it constituted only 34.21 percent of total cereal consumption in rural areas. Increasing urbanization, combined with a change in diet in favor of wheat and wheat products is likely to result in increased demand for wheat in the coming years. Wheat consumption in the traditionally rice-consuming southern Indian states is also growing rapidly.

	1987/88	1993/94	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Rural	4.48	4.32	4.45	4.59	4.12	4.34	4.22	4.25
Urban	4.37	4.44	4.45	4.57	4.51	4.59	4.59	4.67

India: Per Capita Monthly Consumption of Wheat in Rural and Urban Areas (Kg)

Note: The years are on a July/June basis

Source: Various Consumer Expenditure Surveys by NSSO compiled by the Commission on Agricultural Costs and Prices, Government of India (GOI)

Most domestic wheat consumption is in the form of homemade *chapattis* or *rotis* (unleavened flat bread), using custom milled atta (whole meal flour), although usage of branded and packaged *atta*, marketed by large companies, is increasing in cities. With the organized retail sector set to boom with the entry of several large Indian conglomerates, more special purpose blends and brands are likely to emerge. There are around 1,000 medium-to-large flourmills in India, with a milling capacity of around 24 million tons, which manufacture mostly maida (flour), semolina, and residual flour to cater to institutional demand. Processing 10 to 12 million tons annually, the average capacity utilization by these mills is only around 50 percent. The balance of production, after retention for seed/feed by farmers, is custom milled mostly in the *chakkies* (small flour mills). The government typically distributes wheat and not flour through the PDS. The PDS clientele takes this wheat, after cleaning, to a *chakkie* for custom milling. Although the demand for specialty wheat flour for pizzas, burgers, and bakery products is rising, most manufacturers currently source their requirements domestically, although the quality is not up to the mark. However, The government has announced a support price for wheat of Rs. 7,500 (\$164.80) per ton for MY 2007/08, compared with Rs. 6,500 per ton in MY 2006/07. However, current market prices are about 40 percent above the support price for milling quality wheat at around Rs. 10,700 (\$240) per ton. Although prices are expected to weaken following the harvest of the new wheat crop in April, it is unlikely that prices will fall below the support level in most states, except in the major surplus states of Punjab and Haryana. Further, there is likely to be increased direct purchases by flour millers and traders, whose stocks are mostly depleted. This should adversely affect government wheat procurement in MY 2007/08 as in the previous year, when procurement dropped to 9.2 million tons from 14.8 million tons in MY 2005/06. It is likely that the government, in order to maximize procurement, would impose restrictions on private trade participation in wheat trade. This would result in reduced availability of wheat in the open market resulting in higher prices during the lean supply

period, and force the government to distribute more wheat through the PDS and through open market sale, thus negating the advantage of larger procurement.

Despite the increasing support prices, there have been no revisions to the government sales price of wheat under various PDS programs since July 2002. Government wheat sales prices are Rs. 6,100 (\$137) per to for the Above Poverty Line (APL) clientele, Rs. 4,150 (\$93.2) for the Below Poverty Line (BPL) clientele, and Rs. 2,000 (\$45) per ton for the poorest-of-the-poor. Rising procurement costs, without an increase in the sales prices, are pushing food subsidy spending, budgeted at Rs. 242 billion (\$5.4 billion) in Indian Fiscal Year (IFY) 2006/07 (Apr-Mar). The actual food subsidy in 2006/07, however, is likely to exceed the budged level because of the higher cost of imported wheat. With a view to conserving wheat stocks and to plugging the leakage of the subsidized PDS wheat into the open market, the government is now curtailing allocation of wheat to the PDS and other welfare programs. This has resulted in a significant reduction in wheat distribution from government stocks in MY 2006/07, estimated at around 12.5 million tons, from 17.2 million tons in MY 2005/06.

Trade

Post currently forecasts MY 2007/08 imports at 3 million tons, including some private imports. Despite an improved production outlook vis-à-vis last year, the overall wheat supply situation in general, and wheat availability with the government in particular, is likely to remain tight due to low carry over stocks and likely low procurement. Thus, there is a strong possibility of wheat imports by the government in MY 2007/08 to rebuild stocks, especially if the 2007 summer monsoon (June-September) turns out to be below normal. Although the wheat import duty on private imports may be rolled back to the pre-June 28, 2006, level of 50 percent effective March 1, 2007, from the existing zero duty, it is likely that the government would continue to permit duty-free or lower duty imports of wheat and existing softer phytosanitary conditions beyond that date to bolster domestic supplies and to contain a price rise.

Other than imports, options available to the government to meet the wheat shortage could be one or a combination of the following: a) cut the ration quota under the PDS and other welfare programs (unlikely due to concerns about high food prices); b) substitute rice and coarse grains for wheat in the PDS (constrained by inadequate rice and coarse grain stocks, consumer acceptability, and higher prices); c) discourage private trade participation in wheat procurement and re-introduce stocks limits and price controls under the draconian Essential Commodities Act (some states have already done this with limited impact); d) continue to permit private imports at lower or zero import duty (will be constrained by high world prices and unreasonable phytosanitary conditions which precludes wheat imports from the U.S. – world's largest wheat exporting country); e) buy wheat from the domestic market at prevailing commercial rates (impractical as available quantities are limited and would result in higher open market prices).

In MY 2006/07, the government imported 5.5 million tons of wheat through five public tenders issued by the State Trading Corporation of India. The largest quantity (around 1.6 million tons) was shipped by Australia. Other major suppliers were Canada, Russia, Ukraine, European Union, and Argentina. Additionally the private trade reportedly imported 800,000 tons of wheat, mostly from Australia, Ukraine, and Russia, taking total imports to 6.3 million tons. Due to unreasonable phytosanitary requirements (see Policy and Marketing sections) for imported wheat, the United States could not participate in any of the tenders. Five million tons out of the total 5.5 million tons wheat imported by the government arrived through mid-February 2007 and remaining imports are expected to arrive by end-March.

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Following the steep increase in domestic wheat prices, wheat exports from India became uneconomical since the beginning of MY 2006/07. Exports in MY 2006/07 are estimated at around 200,000 tons, mostly to neighboring Bangladesh and Nepal, compared with around 800,000 exported in MY 2005/06. On February 9, 2007, the government banned exports of wheat through December 2007.

Stocks

Government-held wheat stocks, a major determinant of the government's wheat trade decisions, are projected at around 3.5 million tons on April 1, 2007, compared with 2.0 million tons a year ago, but this level is still below the government's desired April 1 buffer stock requirement of 4.0 million tons.

Despite a likely some what higher wheat harvest this year, government wheat procurement is unlikely to increase significantly from last year's low 9.2 million tons, for reasons explained earlier. Therefore, no large build up in government wheat stocks is expected in MY 2007/08. Estimates of private-held wheat stocks are not available, but such stocks this year are expected to be significantly below normal, as reflected by the prevailing high open market prices. The PS&D table does not include private-held stocks.

Marketing

Despite numerous discussions at technical and policy levels, and the temporary modification of some tender specifications, U.S. wheat still cannot be exported to India. The Indian wheat-based food industry is modernizing and the fast food industry is growing rapidly, both of which generate demand for specialty flours (pizzas and burger buns) that require varieties of wheat that India does not grow. There is increasing consumption of wheat in south India due to increased urbanization. However, the government's unreasonable phytosanitary requirement pertaining to the identified (31) quarantine weed seeds (total 100 quarantine seeds per 200 kilogram wheat sample drawn from a single consignment) has effectively banned U.S. wheat shipments to India and forced other exporters to raise bid prices to cover excessive cleaning and the risk of cargo rejection in India. As a result, Indian importers pay a significantly higher price than other importing nations for similar or lower quality wheat.

Policy

Wheat imports by the government attract a zero import duty. The domestic wheat shortage and higher prices forced the government to lower the duty on wheat imports by the private trade to 5 percent from 50 percent effective June 28, 2006, and further to zero percent effective September 9, 2006, until February 28, 2007. The government also temporarily modified some phytosanitary conditions on wheat imports, which include the acceptance of phosphine fumigation in place of the ozone-depleting methyl bromide, and establishing a tolerance level for ergot and quarantine weed seeds, until February 28, 2007. The government permitted states to impose stock limits on the private trade wheat under the Essential Commodities Act to check wheat prices. The government is also considering banning futures trading in wheat.

Table 2: Commodity, Wheat, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Wheat		
Time Period	Apr-Mar	Units:	1000 MT
Exports for:	2005		2006 1/
U.S.		U.S.	
Others		Others	
Bangladesh	578	UAE	20
Philippines	98	Nepal	12
UAE	18	Bangladesh	6
Sudan	17	Sri Lanka	5
Myanmar	12		
Sri Lanka	11		
Total for Others	734		43
Others not Listed	66		2
Grand Total	800		45

1/ April through October 2006.

Table 3: Commodity, Wheat, Import Trade Matrix

Import Trade Matrix			
Country	India		
Commodity	Wheat		
Time Period	Apr-Mar	Units:	1000 MT
Imports for:	2005		2006 1/
U.S.		U.S.	
Others		Others	
Australia	32	Russia	571
		Australia	125
		Ukraine	112
		Canada	57
		Bulgaria	37
Total for Others	32		902
Others not Listed			
Grand Total	32		902

1/ April through October 2006.

Table 4: Commodity, Wheat, Prices Table

Prices Table									
Country	India								
Commodity	Wheat								
Prices in	Rupees	per uom		100 kg					
Vear	2005	2006		% Change					
Jan	780	2000	1020	31%					
Feb	775		943	22%					
Mar	760		933	23%					
Apr	685		835	22%					
May	725		850	17%					
Jun	765		860	12%					
Jul	770		865	12%					
Aug	760		980	29%					
Sep	770		1000	30%					
Oct	805		1050	30%					
Nov	865		1140	32%					
Dec	907		1090	20%					
Exchange Rate	Rs. 44.5	Local Currency	/US \$						
Date of Quote	2/14/2007	MM/DD/YYYY							
Delhi wholesale	Delhi wholesale price for common wheat								
Source: Depart	ment of Co	nsumer Affairs,	GOI						

RICE

Table 5: Commodity, Rice Milled, PSD

					1				1	
PSD Table										
Country	India						(1000			
							(1000)	HA) MT)		
Commodity	Rice, Mi	Rice, Milled					(MT/H	4)		
	2005	Revised		2006	Estimate		2007	Forecast	t	UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	10/2005		01/2006	10/2006		01/2007	10/2007	MM/YYYY
Area Harvested	43400	43400	43400	44000	44000	44000	0	0	44000	(1000 HA)
Beginning Stocks	8500	8500	8500	10520	10520	10520	9720	9720	9150	(1000 MT)
Milled Production	91040	91040	91790	91000	90500	90130	0	0	91000	(1000 MT)
Rough Production	136574	136574	137699	136514	135764	135209	0	0	136514	(1000 MT)
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666	0	0	6666	(1000 MT)
MY Imports	0	0	0	C	C	0	0	0	0	(1000 MT)
TY Imports	0	0	0	C	C	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	C) C	0	0	0	0	(1000 MT)
Total Supply	99540	99540	100290	101520	101020	100650	9720	9720	100150	(1000 MT)
MY Exports	3800	4000	4200	4300	4300	4000	0	0	3500	(1000 MT)
TY Exports	3800	4000	4500	4300	4300	3500	0	0	3500	(1000 MT)
Total Consumption	85220	85020	85570	87500	87000	87500	0	0	88650	(1000 MT)
Ending Stocks	10520	10520	10520	9720	9720	9150	0	0	8000	(1000 MT)
Total Distribution	99540	99540	100290	101520	101020	100650	0	0	100150	(1000 MT)
Yield (Rough)	3.146866	3.146866	3.172788	3.102591	3.085545	3.072932	0	0	3.102591	(MT/HA)
								TS=TD		
								-9720		

Production

Assuming normal southwest monsoon rains this summer, Post forecasts MY 2007/08 rice production at 91 million tons from 44.0 million hectares, marginally higher from the revised MY 2006/07 level of 90.1 million tons. However, past experience shows that a poor monsoon could bring this largely non-irrigated crop down by 6 to 7 million tons from the forecast level, while well-distributed precipitation could take production up to 94 million tons. The government's preliminary estimate placed MY 2006/07 *kharif* (fall and early winter harvested) rice production at 77.4 million tons, marginally below MY 2005/06 output. The *rabi* (spring-harvested) rice harvest is estimated by the government at 12.7 million tons, compared with 13.5 million tons in the previous year, taking total MY 2006/07 rice production to 90.1 million tons. MY 2006/07 production of aromatic basmati rice, grown mostly in Haryana and Punjab, is estimated marginally lower at 1.5 million tons due to unfavorable growing conditions.

As rice is predominantly a rain-fed crop (except for the major rice surplus states of Punjab, Haryana, Andhra Pradesh, and Tamil Nadu), production is subject to wide year-to-year fluctuations compared with wheat. Area and yields have plateaued in recent years (**Fig. 2**).



Use of high-yielding seed varieties is largely confined to the states that use irrigation. Fertilizer application at the national level is not high, but is near optimum in these states. Area under hybrid rice cultivation is estimated to have increased from 10,000 hectares in 1995 to around 1 million hectares now, mostly in eastern Uttar Pradesh, Bihar, Jharkand, and Chattisgarh. Several hybrid seed varieties with specific consumer-preferred grain quality characteristics are reportedly under development both by government research institutes and by private companies, which is expected to accelerate hybrid rice adoption by Indian farmers. The "System of Rice Intensification" technology, which requires less irrigation and uses more organic manures, is becoming popular in some rice growing states. Although efforts are underway to develop biotech varieties of rice (Golden rice), approval and commercialization of these are still years away. Some of the surplus rice growing states in the north are attempting to diversify the intensive rice/wheat rotation due to ecological concerns such as low water table and soil health, but a significant shift is not imminent in the absence of a more profitable rotation.

Consumption

Assuming the MY 2007/08 production forecast holds, consumption is forecast to increase to 88.7 million tons, 1.3 percent higher than the estimated MY 2006/07 consumption. Because of recent wheat shortages, the government is now supplying more rice through the PDS in place of wheat, which resulted in a significant increase in rice offtake through the PDS, reaching an estimated 25 million tons in MY 2005/06. Milled rice is supplied under the PDS at Rs. 8,300 (\$186.5) per ton for the APL clientele, at a highly subsidized price of Rs. 5,650 (\$127.0) per ton for the Below Poverty Line clientele, and Rs. 3,000 (\$67.4) per ton to the poorest-of-the-poor clientele.

More than 4,000 varieties of rice are grown in India to meet varied consumer preferences. For government procurement purposes, however, rice is classified into two categories: common (length to breadth ratio less than 2.5) and Grade A (length to breadth ratio more than 2.5). Support prices for paddy (un-milled rice) for MY 2006/07 are Rs. 6,200 (\$139.3)

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for common varieties and Rs. 6,500 (\$146.1) for Grade A, an increase of Rs. 500 per ton over MY 2005/06. Historically, most government-procured rice came from millers who were obliged to sell the government a portion of their milled rice (ranging from 75 percent in Punjab and Haryana to 50 percent in Andhra Pradesh, and even lower in marginal surplus states) at established rates, called the "levy price," which is linked to the support price of paddy and milling costs. But in recent years, most of the procurement by the government is in the form of paddy bought at the support price, which the government then gets custom milled. The Government domestic rice procurement during the MY 2006/07, through January, was marginally lower than the previous year at this time at around 17.1 million tons. MY 2005/06 rice procurement was a record 27.7 million tons, 3 million tons more than the MY 2004/05 procurement, due to larger production and procurement from states such as Chattisgarh and Orissa, which typically procured smaller quantities.

Trade

Indian rice, particularly parboiled rice, continues to remain competitive in the world market, resulting in larger exports. According to preliminary official statistics, rice exports during January through October 2006 were 3.8 million tons. CY 2006 rice exports are now estimated higher at 4.5 million tons, including around 1 million tons of basmati rice. Exports were mostly to Saudi Arabia (mainly basmati), and Bangladesh, Nigeria, South Africa, and other African countries (mostly par-boiled).

CY 2007 exports will largely depend on the world supply/demand situation and international prices as well as domestic prices. Because of rising domestic prices of food grains, there is talk of banning exports of non-basmati rice. The government has already banned exports of wheat and pulses to contain the price rise. Post currently forecasts CY 2007 and CY 2008 rice exports at 3.5 million tons, assuming there is no ban on exports.

Stocks

Government-held rice stocks on October 1, 2006 were around 6 million tons, against the government's desired minimum buffer stock level of 5.2 million tons. December 1, 2006 were 12.1 million tons, compared with 11.1 million tons a year ago, but significantly below the record December 1 stocks of 25.1 million tons in 2001. A record procurement of 27.7 million tons in MY 2005/06, and continuing higher procurement in MY 2006/07 helped to increase stocks somewhat, despite larger distribution of rice through the PDS. With likely higher PDS offtake in the coming months, government-held stocks on October 1, 2007, are likely to drop to around 6.0 million tons. The PS&D table includes both government stocks and estimated privately-held stocks.

Marketing

India is not an attractive market for U.S. rice, as India is a "price-buyer" when imports are required. Although Indian low-quality white rice exports do not pose a direct challenge to U.S. rice exports, Indian high-quality basmati competes against U.S. rice in several markets, particularly in the European Union and in the Middle East. Indian rice exports, mostly basmati rice, to the U.S. are growing, mostly to cater to the needs of the growing Indian-origin population.

Table 6: Commodity, Rice Milled, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Rice, Milled		
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		2006 1/
U.S.	42356	U.S.	42235
Others		Others	
Bangladesh	748483	Saudi Arabia	556017
Saudi Arabia	736103	Nigeria	543254
Nigeria	680583	Bangladesh	428833
South Africa	512457	South Africa	344881
Cote D' Ivorie	456089	Cote D' Ivorie	203826
UAE	316845	UAE	171114
Senegal	274485	Somalia	130776
Kuwait	102024	Guinea	118729
U.K.	78465	Cameroon	113122
Yemen	67461	Kuwait	97054
Total for Others	3972995		2707606
Others not Listed	1270271		1093807
Grand Total	5285622		3843648

1/ January through October 2006.

Table 7: Commodity, Rice Milled, Prices Table

Prices Table									
Country	India								
Commodity	Rice, Milled								
Prices in	Rupees	per uom		100 kg					
Year	2005	2006		% Change					
Jan	1055		1033	-2%					
Feb	1060		1040	-2%					
Mar	1075		1033	-4%					
Apr	1100		1075	-2%					
May	1115		1145	3%					
Jun	1115		1170	5%					
Jul	1120		1160	4%					
Aug	1075		1255	17%					
Sep	1060		1300	23%					
Oct	1042		1300	25%					
Nov	1030		1235	20%					
Dec	1025		1220	19%					
Exchange Rate	Rs. 44.5	Local Currency	y/US \$						
Date of Quote	2/14/2007	MM/DD/YYYY							
Delhi wholesale	Delhi wholesale price for ordinary rice								
Source: Depart	ment of Cor	sumer Affairs,	GOI						

COARSE GRAINS

Production

Assuming a normal monsoon this summer, MY 2007/08 coarse grain production is forecast at 34.4 million tons, compared with 32 million tons in MY 2006/07. Most of the increase is expected in corn, forecast at 15.5 million tons, in response to prevailing high prices and growing demand from the poultry and the starch industry. Production of other coarse grain crops, which includes sorghum, millet, and barley, are expected to be more or less at the same level as last year. Monsoon rains will largely influence production this summer, as only 10 percent of the total coarse grain crop is irrigated.

Corn production declined by 1.1 million tons to 13.6 million tons in MY 2006/07 due to unfavorable growing conditions in major growing states such as Andhra Pradesh and Karnataka. Sorghum production has slowed in recent years, due to a shift in area from sorghum to soybeans and other commercial crops. MY 2006/07 production was 7.7 million tons. Millet production fluctuates widely from year-to-year depending on the monsoon, as it is almost entirely rain-fed. Due to poor growing conditions MY 2006/07, millet production declined to 9.5 million tons from the previous year's 10.5 million tons. Barley production, which is a small winter crop in north India, has remained stagnant at around 1.3 million tons over the past several years. A decline in area due to a shift toward wheat was largely offset by increased yields. Production has failed to respond to increasing demand from India's growing malt-based beer and health food sectors, because of lower returns vis-à-vis wheat. Most of the barley production in India is feed type, six-row varieties, unsuitable for malting. However, in recent years good malting type barley varieties have been developed under a public-private breeding program. Some malting and brewing companies have initiated contract farming of malting type barley in Haryana and Punjab.

Consumption

Coarse grain consumption is forecast at 34.3 million tons in MY 2007/08, up 2 million tons from the MY 2006/07 level. Food use accounts for a major share of coarse grain consumption, particularly in the case of sorghum, millet, and barley. In the case of corn, however, 6 to 7 million tons (roughly 50 percent of total consumption) goes for feed use, primarily for poultry feed. Another 1 million tons of corn is used by the starch industry. Corn demand by the feed industry is rising after the poultry sector recovered from the Avian Influenza in early 2006. Corn demand by the starch industry is also growing. India does not produce ethanol from corn. The high tannin content in Indian sorghum restricts its use in poultry rations, while its use in the production of industrial alcohol and starch is reportedly increasing. Barley goes mainly for food and feed, although some better quality varieties are used in malting. The total quantity of barley required for malting purposes is estimated at 250,000 tons annually, growing at 10 percent per year.

Trade

Under the assumption that the government does not ban corn exports, India's corn exports in MY 2007/08 are forecast at 250,000 tons, compared with MY 2006/07 exports (estimated) of 200,000 tons, most of which are shipped to neighboring Bangladesh and Sri Lanka and other southeast Asian countries. India's ability to export corn in relatively small quantities is a selling factor. India also exports small quantities of sorghum and millet to places like Sudan, South Africa, and Southeast Asian countries.

High domestic corn prices prompted the government to abolish the import duty on corn on January 25, 2007, through December 2007, and remove the Tariff Rate Quota (TRQ)

restrictions. Heretofore, corn imports were subject to a TRQ, under which up to 500,000 tons were permitted to be imported at a 15 percent tariff, and quantities above this level attracted a 50 percent duty. Despite the import duty waver, it is unlikely there will be large-scale imports this year, as imported corn is priced much higher than the domestic corn.

Marketing

The rapid growth of the poultry and starch industries, combined with slow growth in corn production, is likely to create continued pressure for access to imported corn. Recent experience shows that the government will abolish the import duty to keep prices under control. Unlike wheat and rice, the government does not typically maintain a buffer stock of coarse grains to keep prices in check.

Policy

In June 2000, the government established a TRQ for corn imports, under which up to 500,000 tons of corn may be imported annually, subject to an in-quota tariff of 15 percent; above-quota imports face a 50 percent duty. However, recently the government allowed duty free imports through December 2007 and also removed the TRQ until then to encourage imports. The government notifications regarding this are available at: www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k7/cs9-2k7.htm and https://dgftcom.nic.in/exim/2000/not/not06/not4306.htm

The Ministry of Commerce and Industry, on April 7, 2006, announced a supplement to the GOI's Foreign Trade Policy (2004-2009), which requires all imports containing products resulting from modern biotechnology to receive prior approval via the Genetic Engineering Approval Committee (GEAC), as well as mandating a positive declaration stating that the product is "genetically modified." (See:

<u>http://164.100.9.245/exim/2000/not/not06/not0206.htm</u>). Importers would be responsible for providing this declaration, and likewise would be liable if the declaration is incorrect. Punitive action in a case where the consignment does not carry the correct declaration could be up to five times the value of the consignment.

PULSES

Production

India's MY 2007/08 (Apr/Mar) pulse production is forecast at 14.5 million tons, 8.4 percent above the MY 2006/07 production of 13.4 million tons. Most of the increase is likely from the *rabi* (winter) season crops, including mostly chickpeas, lentils, and peas, estimated at 9.3 million tons due to a 4 percent increase in planted area. The forecast production includes 6.2 million tons of chickpeas, 1.4 million tons of lentils, 800,000 tons of dried peas, and 6.1 million tons of various other beans mostly grown in the *kharif* season (pigeon peas, *urd* or black matpe, *mung* beans, and other minor pulses).

India is the world's largest producer of pulses, which are an integral part of the Indian diet, as they provide much-needed protein. Pulses are grown both in the *kharif* and *rabi* seasons, with almost two-thirds produced in the latter. Because of high domestic prices for pulses, farmers brought more area under pulses during the *rabi* season, with the additional area coming mostly from rapeseed. Most pulses are grown under non-irrigated conditions, and depend largely on monsoon and winter rains for growth. Limited varietal improvements, low resilience to moisture stress and pest infestation, and a lack of government support programs have contributed to low yields.

Consumption

Due to anticipated higher pulse production in MY 2007/08 and larger imports, pulse consumption is also expected to grow to around 16.5 million tons. Despite the fact that India imports significant quantities of pulses, prices continue to remain high due to increasing total demand though per-capita pulse consumption is shrinking, as households substitute between pulses and other food groups based on relative prices and budget constraints.

Trade

Pulse imports are forecast at 2.2 million tons in MY 2007/08, up from an estimated 2.0 million tons in MY 2006/07 and 1.9 million tons in MY 2005/06. MY 2005/06 imports included 810,000 tons of dried peas, 282,000 tons of chickpeas, 75,000 tons of *mung* beans, 42,000 tons of kidney beans, 13,400 tons of red beans, 36,000 tons of lentils, and 610,000 tons of various other pulses and dried legumes. Major suppliers were Myanmar, Canada, Australia, and Pakistan. Typically higher priced U.S. green and yellow peas and lentils are becoming more price competitive in the Indian market due to higher prices in India. In CY 2006, the U.S. exported a record quantity of 96,000 tons pulses valued at \$23.4 million to India, a 104 percent increase in value terms from the prior year, due to increased production and competitive prices. India emerged as the largest market for U.S. dry peas in CY 2006 importing 90,000 tons. Imports of chickpeas from the U.S. also increased in CY 2006 to around 2,400 tons from 350 tons in CY 2005.

Marketing

India's "price buyers" of pulses are unwilling to pay a significant premium for higher U.S. quality, especially when lower-cost pulses are plentiful from other countries. Most U.S. type beans (navy beans, black beans, pintos, and lima beans), with the exception of green and yellow peas and chickpeas, are relatively unknown in India. Keys to improving the U.S. position in the Indian pulse market include expanding the U.S. supply of peas and chickpeas and making it more price competitive vis-à-vis Canada, as India is likely to remain a huge market for pulses in coming years.

Policy

In a move to contain the rising prices of pulses in the domestic market, on June 8, 2006, the Indian government decided to exempt pulses from the applicable 10 percent import duty up to March 31, 2007. The government notification is available at: www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/cs57-2k6.htm

On January 23, 2007, the Indian government de-listed futures trading in *tur* (pigeon pea) and *urad* (mung beans) until further notice under the assumption that future trading was responsible for the high prices of pulses. Several state governments have imposed stocks limits on pulses held by the private trade to control the price rise.

The GOI has extended up to March 31, 2008, the arrangement to import pulses shipped from the United States and Canada subject to fumigation by methyl bromide at the port of arrival in India.

Table 8: Commodity, Corn, PSD

PSD Table										
Country	India									
Commodity	Corn						(1000 (1000 (MT/H/	HA) MT) A)		
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		11/2005	11/2005		11/2006	11/2006		11/2007	11/2007	MM/YYYY
Area Harvested	7800	7800	7600	7800	7700	8300	0	0	8500	(1000 HA)
Beginning Stocks	311	333	311	501	583	501	301	383	301	(1000 MT)
Production	15090	15090	14710	14700	14500	13560	0	0	15500	(1000 MT)
MY Imports	0	0	0	0	C	50	0	0	0	(1000 MT)
TY Imports	0	0	0	0	C	0	0	0	0	(1000 MT)
TY Imp. from U.S.	2	0	0	0	C	0	0	0	0	(1000 MT)
Total Supply	15401	15423	15021	15201	15083	14111	301	383	15801	(1000 MT)
MY Exports	300	250	300	200	200	200	0	0	250	(1000 MT)
TY Exports	300	250	300	200	200	200	0	0	250	(1000 MT)
Feed Consumption	6000	6000	6000	5700	5500	6500	0	0	7000	(1000 MT)
FSI Consumption	8600	8590	8220	9000	9000	7110	0	0	8151	(1000 MT)
Total Consumption	14600	14590	14220	14700	14500	13610	0	0	15151	(1000 MT)
Ending Stocks	501	583	501	301	383	301	0	0	400	(1000 MT)
Total Distribution	15401	15423	15021	15201	15083	14111	0	0	15801	(1000 MT)
Yield	1.934615	1.934615	1.935526	1.884615	1.883117	1.633735	0	0	1.823529	(MT/HA)
								TS=TD		
								-383		

Table 9: Commodity, Sorghum, PSD

PSD Table										
Country	India									
Commodity	Sorghur	n					(1000 (1000 (MT/H/	HA) MT) A)		
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2005	01/2005		01/2005	01/2005	MM/YYYY
Area Harvested	9000	9000	9000	9100	9100	9100	0	0	9000	(1000 HA)
Beginning Stocks	80	116	80	145	200	145	220	200	220	(1000 MT)
Production	7790	7970	7630	7800	7800	7720	0	0	7600	(1000 MT)
MY Imports	0	0	0	0	C	0	0	0	0	(1000 MT)
TY Imports	0	0	0	0	C	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	C	0	0	0	0	(1000 MT)
Total Supply	7870	8086	7710	7945	8000	7865	220	200	7820	(1000 MT)
MY Exports	25	30	25	25	30	25	0	0	25	(1000 MT)
TY Exports	25	30	25	25	30	25	0	0	25	(1000 MT)
Feed Consumption	1100	1100	1100	1200	1200	1200	0	0	1500	(1000 MT)
FSI Consumption	6600	6756	6440	6500	6570	6420	0	0	6095	(1000 MT)
Total Consumption	7700	7856	7540	7700	7770	7620	0	0	7595	(1000 MT)
Ending Stocks	145	200	145	220	200	220	0	0	200	(1000 MT)
Total Distribution	7870	8086	7710	7945	8000	7865	0	0	7820	(1000 MT)
Yield	0.865556	0.885556	0.847778	0.857143	0.857143	0.848352	0	0	0.844444	(MT/HA)
								TS=TD		
								-200		

Table 10: Commodity, Millet, PSD

PSD Table										
Country	India									
Commodity	Millet						(1000 H (1000 M (MT/HA)	A) IT)		
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		11/2005	11/2005		11/2006	11/2006		11/2007	11/2007	MM/YYYY
Area Harvested	10500	10500	10500	11000	11000	9500	0	0	10000	(1000 HA)
Beginning Stocks	600	600	600	200	200	200	200	200	200	(1000 MT)
Production	10430	10430	10500	10000	10000	9500	0	0	10000	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	11030	11030	11100	10200	10200	9700	200	200	10200	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	900	900	900	800	800	800	0	0	800	(1000 MT)
FSI Consumption	9930	9930	10000	9200	9200	8700	0	0	9400	(1000 MT)
Total Consumption	10830	10830	10900	10000	10000	9500	0	0	10200	(1000 MT)
Ending Stocks	200	200	200	200	200	200	0	0	0	(1000 MT)
Total Distribution	11030	11030	11100	10200	10200	9700	0	0	10200	(1000 MT)
Yield	0.993333	0.993333	1	0.909091	0.909091	1	0	0	1	(MT/HA)
								TS=TD		
								-200		

Table 11: Commodity, Barley, PSD

PSD Table										
Country	India									
Commodity	Barley	L					(1000 (1000 (MT/H)	HA) MT) A)		
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		04/2005	04/2005		04/2006	04/2006		04/2007	04/2007	MM/YYYY
Area Harvested	755	755	755	750	755	700	0	0	770	(1000 HA)
Beginning Stocks	44	30	44	24	30	24	24	30	24	(1000 MT)
Production	1080	1200	1200	1400	1180	1220	0	0	1290	(1000 MT)
MY Imports	0	0	0	0	C	0	0	0	C	(1000 MT)
TY Imports	0	0	0	0	C	0	0	0	C	(1000 MT)
TY Imp. from U.S.	0	0	0	0	C	0	0	0	C	(1000 MT)
Total Supply	1124	1230	1244	1424	1210	1244	24	30	1314	(1000 MT)
MY Exports	0	0	0	0	C	0	0	0	C	(1000 MT)
TY Exports	0	0	0	0	C	0	0	0	C	(1000 MT)
Feed Consumption	100	100	200	100	100	200	0	0	200	(1000 MT)
FSI Consumption	1000	1100	1020	1300	1080	1020	0	0	1080	(1000 MT)
Total Consumption	1100	1200	1220	1400	1180	1220	0	0	1280	(1000 MT)
Ending Stocks	24	30	24	24	30	24	0	0	34	(1000 MT)
Total Distribution	1124	1230	1244	1424	1210	1244	0	0	1314	(1000 MT)
Yield	1.430464	1.589404	1.589404	1.866667	1.562914	1.742857	0	0	1.675325	(MT/HA)
								TS=TD		
								-30		

Table 12: Commodity, Peas, PSD

PSD Table										
Country	India									
Commodity	Peas						(1000 HA) (1000 MT) (MT/HA)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	04/2005		01/2005	04/2006		01/2005	04/2007	MM/YYYY
Area Harvested	0	550	550	0	590	590	0	0	590	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	0	0	C	(1000 MT)
Production	0	780	780	0	800	800	0	0	800	(1000 MT)
MY Imports	0	750	810	0	800	900	0	0	900	(1000 MT)
TY Imports	0	750	810	0	800	900	0	0	900	(1000 MT)
TY Imp. from U.S.	0	40	40	0	60	90	0	0	100	(1000 MT)
Total Supply	0	1530	1590	0	1600	1700	0	0	1700	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	C	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	C	(1000 MT)
Feed Consumption	0	0	0	0	0	0	0	0	C	(1000 MT)
FSI Consumption	0	1530	1590	0	1600	1700	0	0	1700	(1000 MT)
Total Consumption	0	1530	1590	0	1600	1700	0	0	1700	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	C	(1000 MT)
Total Distribution	0	1530	1590	0	1600	1700	0	0	1700	(1000 MT)
Yield	0	1.418182	1.418182	0	1.355932	1.355932	0	0	1.355932	(MT/HA)

Table 13: Commodity, Lentils, PSD

PSD Table										
Country	India									
Commodity	Lentil	s					(1000 HA) (1000 MT) (MT/HA))		
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	04/2005		01/2005	04/2006		01/2005	04/2007	MM/YYYY
Area Harvested	0	1400	1400	0	1450	1450	0	0	1475	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	0	0	c c	(1000 MT)
Production	0	1000	1000	0	1200	1200	0	0	1400	(1000 MT)
MY Imports	0	30	36	0	30	40	0	0	40	(1000 MT)
TY Imports	0	30	36	0	30	40	0	0	40	(1000 MT)
TY Imp. from U.S.	0	0	1	0	1	1	0	0	1	(1000 MT)
Total Supply	0	1030	1036	0	1230	1240	0	0	1440	(1000 MT)
MY Exports	0	90	90	0	100	60	0	0	10	(1000 MT)
TY Exports	0	90	90	0	0	60	0	0	10	(1000 MT)
Feed Consumption	0	0	0	0	0	0	0	0	C	(1000 MT)
FSI Consumption	0	940	946	0	1130	1180	0	0	1430	(1000 MT)
Total Consumption	0	940	946	0	1130	1180	0	0	1430	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	C	(1000 MT)
Total Distribution	0	1030	1036	0	1230	1240	0	0	1440	(1000 MT)
Yield	0	0.714286	0.714286	0	0.827586	0.827586	0	0	0.949153	(MT/HA)

Table 14: Commodity, Beans, PSD

PSD Table										
Country	India									
Commodity	Beans	5					(1000 HA) (1000 MT) (MT/HA)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	04/2005		01/2005	04/2006		01/2005	04/2007	MM/YYYY
Area Harvested	0	14000	14000	0	14500	14300	0	0	14400	(1000 HA)
Beginning Stocks	0	0	0	0	C	0	0	0	C	(1000 MT)
Production	0	5990	5990	0	6000	6000	0	0	6100	(1000 MT)
MY Imports	0	620	740	0	770	780	0	0	780	(1000 MT)
TY Imports	0	0	0	0	C	0	0	0	C	(1000 MT)
TY Imp. from U.S.	0	0	0	0	C	0	0	0	C	(1000 MT)
Total Supply	0	6610	6730	0	6770	6780	0	0	6880	(1000 MT)
MY Exports	0	20	20	0	20	20	0	0	20	(1000 MT)
TY Exports	0	20	20	0	20	20	0	0	20	(1000 MT)
Feed Consumption	0	0	0	0	C	0	0	0	C	(1000 MT)
FSI Consumption	0	6590	6710	0	6750	6760	0	0	6860	(1000 MT)
Total Consumption	0	6590	6710	0	6750	6760	0	0	6860	(1000 MT)
Ending Stocks	0	0	0	0	C	0	0	0	C	(1000 MT)
Total Distribution	0	6610	6730	0	6770	6780	0	0	6880	(1000 MT)
Yield	0	0.427857	0.427857	0	0.413793	0.41958	0	0	0.423611	(MT/HA)