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GAIN Report

Global Agricultural Information Network

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POLICY

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Approved By:

Jonn Slette

Prepared By:

Santosh K. Singh

Report Highlights:

The Government of India (GOI) continues to consider rice imports for distribution under governmental feeding programs in the northeastern states, but to date, has not made a decision. Wheat planting for the upcoming 2015/16 *rabi* season (spring harvested) commenced on scheduled in early November and is currently progressing well.

General Information:

RICE

Production Prospects Unchanged

Post continues to estimate MY 2014/15 rice production at 102 million metric tons (MMT) based on GOI procurement and early market arrival trends. The *kharif* (fall harvested) rice harvest is almost over, excepting for some late-sown rice in the eastern and southern states. Although rice marketing in the northern states is winding down, it will be in full-swing in the eastern and southern states throughout December. *Rabi* (winter planted) rice planting is still largely confined to the eastern and southern states, but will continue in other regions throughout December.

Please refer to GAIN reports [IN4098](#) and [IN4084](#) for information on MY2014/15 rice production situation.

Procurement Trails Last Year

After a weak start in October, GOI rice procurement through the minimum support price (MSP) mechanism gained momentum in November, but continues to lag behind last year. MY 2014/15 rice procurement through November 30, 2014 was estimated at 10.7 MMT, a decline from the 11.1 MMT procured during the corresponding period of last year.

Table 1. India: Government Procurement of Rice by State
(in Million Metric Tons)

State	MY2012/1 3	MY2013/1 4	MY2013/1 4	MY2014/1 5	MY2013/1 4	MY2014/1 5
	October- September	October- September	October 1 through October 31		October 1 through November 30	
Punjab	8.56	8.11	5.78	5.26	8.10	7.75
Andhra Pradesh	6.46	3.74				
Telangana	-	4.35			0.37	0.57
Chhattisgarh	4.80	4.29 ¹				
Odisha	3.61	2.82				
Haryana	2.61	2.41	2.17	1.60	2.39	1.99
Uttar Pradesh	2.29	1.13			0.10	0.13
West Bengal	1.77	1.35				
Madhya Pradesh	0.90	1.04				
Tamil Nadu	0.48	0.68				
Others	2.54	1.96	0.05	0.07	0.16	0.25

Total	34.02	31.86 ¹	8.00	6.93	11.13	10.69
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¹ Excludes 1.5 MMT rice procured by Chhattisgarh's state government for state feeding programs which has not been supplied to the central government food grain procurement pool.

Source: Food Corporation of India, GOI.

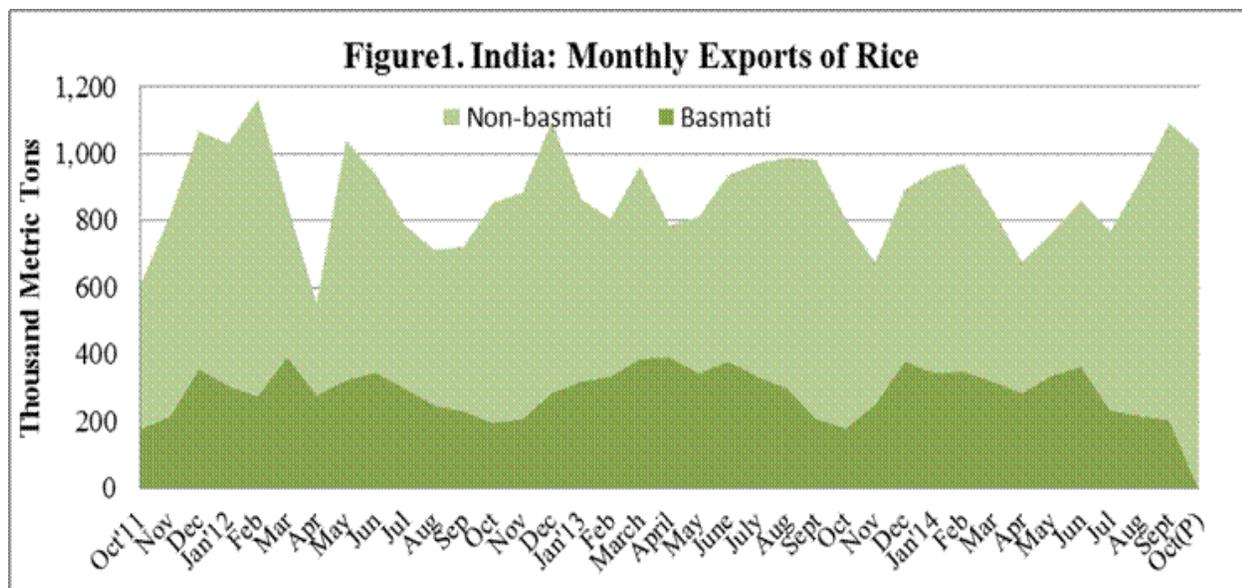
Procurement in the northern states of Punjab and Haryana has tapered off, although procurement in other states will accelerate in December and January. Overall rice procurement in MY 2014/15 is likely to be lower than last year, given the forecast lower harvest. Market sources expect overall rice procurement to be around 28-30 MMT, compared to 31.9 MMT in MY 2013/14.

In Indian fiscal year (IFY) 2013/14 (April-March) the GOI distributed 29.1 MMT of rice from government stocks. The GOI's current-year procurement of new-crop rice will just meet its minimum requirement for its public distribution system (PDS) and other feeding programs. However, public carry-over stocks from previous years remain sufficient to meet the GOI's additional commitments under the PDS and other feeding programs in IFY 2014/15.

GOI rice stocks on November 1, 2014, were reported at 23.2 MMT, more than 5.0 MMT lower than a year ago, but still significantly higher than the government's targets (which is a moving target, as it has varied from 14.2 MMT on March 1 to 7.2 MMT on October 1).

Exports Steady

According to the preliminary official trade statistics and shipping data compiled by private sources, rice exports surged over the August-October, 2014 period, mainly due to strong export demand for mostly traditional rice varieties from southern India (non-Basmati). Market sources report a strong surge in exports of rice to neighboring Sri Lanka, which has emerged as one of the leading importers of Indian rice over the last three months.



Source: Monthly exports till September 2014 from DGCIS, GOI, and October 2014 derived from shipping

data compiled by private source, which does not provide break out of Basmati and non-Basmati rice.

Preliminary export figures estimate India's rice exports during the first ten months of calendar year (CY) 2014 at 8.8 MMT, compared to 8.9 MMT during the corresponding period in 2013. Market sources report a steady flow of rice to Sri Lanka and the traditional markets in Africa and Middle East. Assuming normal levels of exports in November and December, Indian rice exports in CY 2014 are likely to reach 10.5 MMT. Post continues to forecast MY 2014/15 rice exports at 8.7 MMT on anticipated tight domestic supplies and competition from other rice exporting countries.

Government Explores Imports of Rice for Northeastern States

The ongoing railway track conversion work in the northeastern states has disrupted the supply chain of rice for the PDS to the northeastern states (Manipur, Mizoram and Tripura). Lack of proper road infrastructure and other logistical problems severely constrains the movement of food grains from the last available railhead (Lumdig, Assam) to these states. Market sources report that the proposed track conversion will likely to take 2-3 more years. Consequently, the GOI is exploring the option of importing rice from neighboring countries (most notably Burma) to meet the GOI's commitments for subsidized rice supplies for the local population through the public distribution system. Sources report that the GOI's annual requirement of rice for the PDS in these three states is upwards of 600,000 metric tons (MT), most of which is brought from the rice surplus states of northern India.

In early September, the State Trading Corporation (STC) and the Minerals and Metal Trading Corporation (MMTC) floated tenders for imports of 10,000 MT each to be delivered at the Food Corporation of India warehouse in the states of Manipur and Mizoram. However, the two tenders were cancelled due to a lack of interest from the traders, followed by offers which were deemed as excessively high. Sources reported that moving imported rice overland from Bangladesh and Burma to Food Corporation India (FCI) warehouses in these states by road could be too logistically burdensome.

Table 2. India: Government Rice Tenders (September 2014 onwards)

Agency	Quantity Tended (Metric tons)	Tender Close	Delivery Period	Delivery Point	Price (Euro per ton PMT basis)
STC	20,000	Nov 26, 2014	10,000 MT: Dec 20, 2014-Jan 25, 2015 10,000 MT: Feb 1-28, 2014	Moreh Land Custom Station, Manipur	NA
MMTC	20,000	Nov 26, 2014	10,000 MT: Dec 20-Jan 25, 2014 10,000 MT: Feb 1-28, 2014	Zokhawatar Custom Station, Miizoram	NA
Total	-				
Cancelled					
STC	10,000	Sept 23, 2014	Oct 15-Nov 15, 2014	FCI warehouses in Manipur	Cancelled

MMTC	10,000	Sept 23, 2014	Oct 15-Nov 15, 2014	FCI warehouses in Mizoram	Cancelled
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Note: STC- [State Trading Corporation](#); and MMTC - [Minerals and Metals Trading Corporation](#)

In early November, STC and MMTC each floated tenders for 20,000 MT of rice to be delivered and imported through the custom border posts in the states of Manipur and Mizoram. Under these new tenders, the GOI would take the delivery at the border and transport the rice to various FCI warehouses across the two states. Sources report that the new tenders have received multiple offers at prices ranging from €385/MT to €529/MT. In addition, the government will incur additional costs associated with transporting the rice from the border to various warehouses in Manipur (120-150 km) and Mizoram (200-250 km). Market sources report that the STC and MMTC have sent their recommendations to the government for final decision on the new tenders. With the open market prices of common rice in north eastern states currently ranging around €332-354 per MT (Assam-€uro 332/INR 25,415 per MT, Tripura-Euro 354/INR27,100/MT), the GOI will most likely need to consider the economic feasibility, as well as political considerations before deciding on whether or not to import rice.

WHEAT

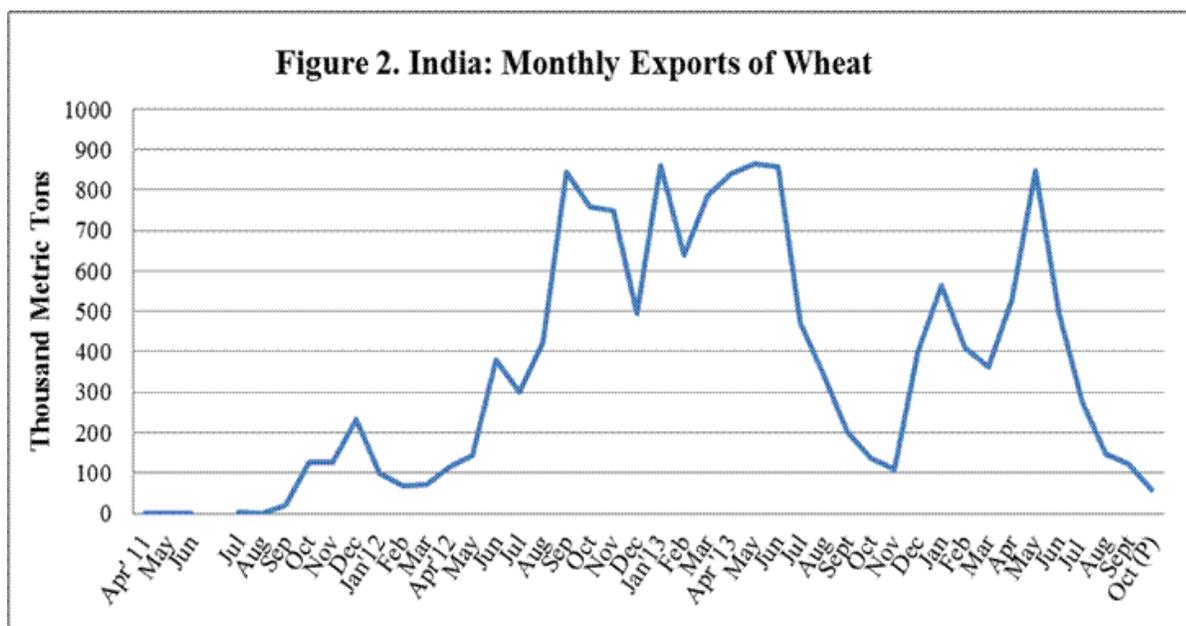
2015/16 Wheat Planting Commences

With the timely withdrawal of the 2014 southwest monsoon, planting of the 2015 wheat crop commenced on schedule. Farmers began planting wheat in India's wheat-growing regions as of the first week through mid-November, while planting in most of the other wheat growing states commenced by middle November. The Ministry of Agriculture's 2015/16 *rabi* planting progress report shows planting of the 2015 wheat crop through November 28, 2014, at 16.2 million hectares, an increase over 15.9 million hectares planted through the corresponding period last year. Although the month of November through mid-December is generally considered to be the optimal planting time for wheat, planting typically continues throughout December in most states.

Field reports suggest that wheat planting is progressing well in most of the wheat growing states and farmers are enjoying particularly adequate soil moisture conditions this year. However, relatively deficient 2014 monsoon rains and consequent dry conditions could affect planting prospects in the relatively rainfed states of Uttar Pradesh, Madhya Pradesh and Bihar. Consequently, overall planting is likely to be slightly lower than last year's record planting of 30.6 million hectares. However, production prospects will largely depend on winter rains (January-February) and temperatures during the critical crop growth stages like flowering, grain filling and ripening (February-March) and rains and/or high temperature during harvest (March-April).

Exports Taper

Indian wheat exports have continued to taper in the recent months on relatively strong domestic prices and weak international prices.



Source: Monthly exports till September 2014 from DGCIS, GOI, and October 2014 derived from shipping data compiled by private source.

Provisional official trade figures through September 2014 and shipping data for October 2014 estimate wheat exports during April-October 2014 at 2.5 MMT. Relatively high domestic prices are likely to continue to constrain any significant wheat exports during the balance of the marketing year, although some exports will of wheat and wheat products will continue to be shipped to neighboring markets. Consequently, MY 2014/15 exports are likely to reach 3.0 MMT.

Post concurs with the current official PSD estimate for wheat for MYs 2012/13 to 2014/15.

Table 3. India: Commodity, Wheat, PSD

(Area in Thousand Hectares and Quantity in Thousand Metric Tons)

Wheat India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2012		Market Year Begin: Apr 2013		Market Year Begin: Apr 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	29,860	29,860	30,000	30,000	30,600	30,600
Beginning Stocks	19,950	19,950	24,200	24,200	17,830	17,830
Production	94,880	94,880	93,510	93,510	95,910	95,910
MY Imports	16	16	25	25	45	45
TY Imports	20	20	22	22	45	45
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	114,846	114,846	117,735	117,735	113,785	113,785
MY Exports	6,824	6,824	5,899	5,899	3,000	3,000
TY Exports	8,651	8,651	5,354	5,354	2,000	2,000
Feed and Residual	3,400	3,400	4,800	4,800	4,500	4,500
FSI Consumption	80,422	80,422	89,206	89,206	89,985	89,985
Total Consumption	83,822	83,822	94,006	94,006	94,485	94,485
Ending Stocks	24,200	24,200	17,830	17,830	16,300	16,300
Total Distribution	114,846	114,846	117,735	117,735	113,785	113,785