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Prepared By: Mariano J. Beillard, Senior Regional Agricultural Attaché and Dr. Santosh K. Singh, Senior Agricultural Specialist

Approved By: Mariano Beillard, Senior Regional Agricultural Attaché

Report Highlights:

FAS New Delhi (Post) is lowering its India market year (MY) 2022/2023 (April-March) wheat production forecast to 99 million metric tons (MMT) compared to the pre-harvest forecast of 110 MMT. The MY 2022/2023 wheat exports forecast is lowered to 6 MMT and ending stocks to 8.5 MMT due to tightening supplies. The Indian government has lowered the allocation of wheat, replacing it with additional rice volume, under its various domestic food security programs from May 2022 onwards. The MY 2021/2022 rice consumption estimate is raised to 109.5 MMT and ending stocks lowered to 36 MMT. The MY 2021/2022 rice and corn production estimates are raised based on the latest official estimates. Post's Production-Supply-Distribution (PSD) tables are adjusted to reflect the new estimates.

GENERAL SITUATION

Government Marginally Lowers 2021-2022 Food Grain Production Estimate

On May 19, 2022, the Ministry of Agriculture and Farmers Welfare (MOAFW) released the [Third Advance Estimates of Production of Food Grains for the Indian Crop Year \(ICY\) 2021/2022](#) (July-June), lowering the forecast grain production estimate to 314.5 million metric tons (MMT), marginally lower than the [Second Advance Estimate \(February 16, 2022\)](#), but still about 3.8 MMT higher than last year's record harvest. The forecasted lower production is due to the expected lower wheat (106.4 MMT) and barley (1.6 MMT) harvests resulting from unprecedented high and sustained temperatures – heat stress - during the critical milking/seed setting stage. The grains crops' overall forecasted decline, however, is partially offset by expected higher production of rice (record 129.7 MMT), corn (record 33.2 MMT), pulses (record 25.8 MMT), and other coarse grains. [Note: Henceforth, ICY years and MY years will be truncated to two digits. For example, ICY 2022/2023 will be written ICY 22/23.]

The MOAFW's ICY 21/22 grain production estimate includes the market year (MY) 21/22 rice, coarse grains, and pulse crops harvested this past fall (*kharif*) and this spring's (*rabi*), as well as the MY 22/23 wheat and barley crops (*rabi*) harvested in March-May 2022. Based on the field reports on yield losses due to terminal heat stress on *rabi* crops, in particularly for wheat, market sources view the government's third advance estimate as being overly optimistic. It is widely anticipated that yield estimates will be further adjusted lower once the *rabi* crops' numbers are available.

The MOAFW's third advance estimates are based on: (i) acreage estimates for both *kharif* and (provisional) *rabi* crops, (ii) yield estimates for the *kharif* crops based on the crop cutting survey reports from the major crop producing states, and (iii) early harvest reports and crop condition survey reports at the harvest of the *rabi* crops. The ministry will further revise the ICY 21/22 estimate in August (i.e., fourth advance estimate) based on the revised data from the Indian state governments on acreage and yields from the crop cutting experiments for both *kharif* and *rabi* crops. The MOAFW will finalize its ICY 21/22 production estimates by February 2023.

COMMODITIES:

WHEAT

Table 1. India: Commodity, Wheat, Production-Supply-Distribution (PSD)

Wheat Market Year Begins India	2020/2021		2021/2022		2022/2023	
	Apr 2020		Apr 2021		Apr 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	31357	31357	31125	31125	31000	31000
Beginning Stocks (1000 MT)	24700	24700	27800	27800	21350	19500
Production (1000 MT)	107860	107860	109586	109586	108500	99000
MY Imports (1000 MT)	18	18	25	25	25	25
TY Imports (1000 MT)	18	18	25	25	25	25
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	132578	132578	137411	137411	129875	118525
MY Exports (1000 MT)	2561	2561	8150	8150	8500	6000
TY Exports (1000 MT)	3597	3597	10000	9500	8000	3000
Feed and Residual (1000 MT)	6500	6500	7000	7000	7000	6000
FSI Consumption (1000 MT)	95717	95717	100911	102761	98000	98000
Total Consumption (1000 MT)	102217	102217	107911	109761	105000	104000
Ending Stocks (1000 MT)	27800	27800	21350	19500	16375	8525
Total Distribution (1000 MT)	132578	132578	137411	137411	129875	118525
Yield (MT/HA)	3.4397	3.4397	3.5208	3.5208	3.5	3.1935

(1000 HA), (1000 MT), (MT/HA).
 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 2022/2023 = July 2022 - June 2023.

PRODUCTION

MY 2022/2023 Production Lowered: FAS New Delhi (Post) is lowering its India MY 22/23 (April-March) wheat production forecast to 99 MMT compared to the pre-harvest forecast of 110 MMT.¹ Post is lowering the forecast on the reported yield loss due to extreme temperatures which began the second week of March during the critical milking/seed setting stage throughout the major wheat growing areas.

The government's own third advance estimate for ICY 21/22 (MY 22/23) reports wheat production coming in at 106.4 MMT, compared to its earlier February second advance estimate of 111.3 MMT. However, Post's trade sources are estimating the actual crop number coming much lower and ranging between 92 to 100 MMT.

Indian Government's MSP Wheat Procurement Pace Falters: The Indian government's MY 2022 wheat procurement (April-July) under the minimum-support-price (MSP) system was off to a weak start

¹ (See, [GAIN-INDIA \(IN2022-0045\) India-Extreme Temperatures Scorch Indian Wheat Production](#) and [GAIN-INDIA \(IN2022-0027\) India Grain and Feed Annual - 2022](#))

right from the beginning of this season (April 1, 2021).² MY 22/23 wheat procurement through May 19, 2022, is estimated at 18.2 MMT, making it less than half of the last year's procurement at the same time.

Table 2. India: MSP Government Wheat Procurement, by State (MMT)

State	MY 2021/2022 April-March	MY 2021/2022 Apr 1-May 13	MY 2022/2023 Apr 1-May 13	MY 2021/2022 Apr 1-May 19	MY 2022/2023 Apr 1-May 19
Punjab	13.22	13.11	9.54	13.21	9.59
Haryana	8.49	8.11	4.07	8.49	4.07
Madhya Pradesh	12.82	10.37	4.12	11.50	4.22
Uttar Pradesh	5.64	2.32	0.23	3.00	0.25
Rajasthan	2.34	1.28	0.00	1.52	0.00
Others	0.83	0.23	0.01	0.30	0.01
Total:	43.34	35.42	17.97	38.02	18.15

Source: Food Corporation of India (Government of India), FAS New Delhi office research.

Government procurement is down in the major wheat producing states as open market prices remain well above the MSP offer price of Indian rupees (INR) 20,150/metric ton (MT) (\$265). Government procurement began tapering off starting the second week of May. Normally procurement slows towards the end of May/early June (but continues through the end of June). Despite the wheat export ban of May 13, 2022, imposed with the intent of bolstering MSP government wheat procurement, there has not been any significant improvement as market prices are still above the MSP offer price in the major production states. Besides the lower harvest, market sources report that farmers and local traders are holding back larger than normal stock levels in anticipation of price increases in the months ahead. At the current procurement pace, market sources indicate that MY 22/23 government procurement will total just 19-20 MMT when compared to the last year's record procurement volume of 43.3 MMT and be lower still compared to the government's (February 2022) pre-harvest target of 44 MMT.

Indian Government Reduces its Wheat Allocation in Food Security Programs: With the MY 22/23 opening stocks at about 19 MMT, along with expected government procurement oscillating at around 19-20 MMT, the Indian government's wheat supplies for MY 22/23 are significantly reduced from those of previous years. Unlike with wheat, the government's rice supply situation is much better situated. On May 4, 2022, the Indian government revised the allocation of rice and wheat distributed under the Prime Minister *Garib Kalyan Yojana* (PMGKY) – poor relief (supplemental food assistance) scheme for the period of May through September 2022. On May 14, 2022, the Secretary of the Department of Food and Public Distribution Sudhanshu Pandey stated that the [government changed the ratios of rice and wheat being distributed under India's National Food Security Act \(NFSA\) programs](#).³

The smaller-than-expected MY 22/23 wheat harvest, rising food inflation, and low government wheat procurement under its MSP program is affecting the government's ability to supply wheat under its domestic food assistance/security programs. The PMGKY scheme, in addition to that provided through the NFSA programs, is currently supplying five kilograms (kg)/month of free food grains for 800 million beneficiaries through September 2022.⁴ The Indian government is revising the monthly volume

² India's MSP is a government advisory price signal.

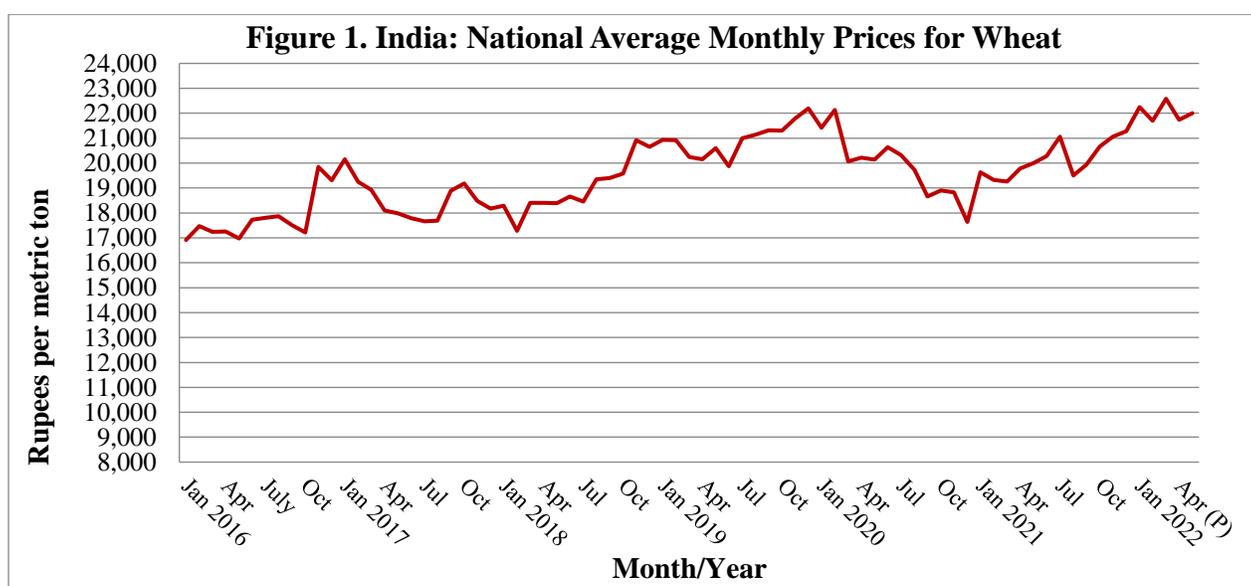
³ India's NFSA programs provide 5 kg per person per month of food grains at the subsidized price of INR 2/kg (\$0.02) for wheat and INR 3/kg (\$0.03) for rice (\$1.00 to INR 77.59).

⁴ Over 800 million people, or about 74 percent of the national population, are registered beneficiaries of the PMGKY poverty relief scheme. India's population is 1.389 billion (Central Intelligence Agency, July 2022 estimate).

of rice released from 2.16 MMT/month to 3.27 MMT/month. Simultaneously, wheat allocation is reduced from 1.82 MMT/month to 0.71 MMT/month for the period running from May to September 2022.

Tight MY 22/23 government wheat stocks leave lower wheat surpluses available for supplying local millers under the open market sale scheme (OMSS), estimated to range between 2-3 MMT compared to 7.1 MMT during [MY 21/22 \(April/March\)](#).

Prices Strong: With the lower than initially expected harvest, now coupled with strong export demand resulting from ongoing global market developments (including production and distribution disruptions in the Black Sea region), domestic market prices have increased by 10 percent above last year’s from the beginning of MY 22/23.



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

Domestic prices in India’s major wheat producing states in the third week of May 2022 ranged from INR 20,210/MT (\$266) to INR 23,300/MT (\$307), well above the government’s MSP offer price of INR 21,150/MT (\$265). Domestic prices are set to remain higher this season compared to last year’s because of tighter supplies. Government wheat supplies under the OMSS in past years were utilized to control domestic prices. Domestic wheat price movements will be affected also by export demand but nonetheless premised on the government permitting wheat exports to neighboring countries for food security and government-to-government food aid.

EXPORTS

MY 22/23 Exports Lowered: Post’s MY 22/23 wheat export forecast is lowered to 6 MMT. On May 13, 2022, India’s Ministry of Commerce and Industry’s Directorate General of Foreign Trade (DGFT) issued notification No 06/2015-2020 prohibiting exports of all wheat (ITC HS categories 1001, 1001.19, 1001.9910, and 1001.9920) with immediate effect).⁵

⁵ (See, [GAIN-INDIA \(IN2022-0046\) India Bans Wheat Exports Due to Domestic Supply Concerns](#).)

Although official trade statistics are only available currently through March 2022, Post's trade sources report that India shipped 2 to 2.2 MMT of wheat between April 1 and May 13, 2022. Trade sources also indicate that an additional 0.8 to 1 MMT of wheat shipments are authorized for export for those consignments previously registered with customs and or for which an irrevocable letter of credit is in place.⁶ The Indian government will permit wheat exports to continue to neighboring countries including Bangladesh, Nepal, Sri Lanka, and other food security vulnerable countries.⁷

Most trade sources had been expecting India to export about 5-6 MMT of wheat and wheat products as Indian wheat is now highly competitive in the nearby region (\$50 to \$80 lower than other origins). Assuming no momentous change in the existing export policy, Post forecasts MY 22/23 wheat and wheat products exports to reach 6 MMT, which includes about 0.7-0.8 MMT wheat flour and other products, exports of which are currently unrestricted.

STOCKS

Ending Stocks Lowered: Government-held [wheat stocks as of April 1, 2022](#), are estimated at 18.9 MMT. Consequently, the MY 21/22 ending stocks estimate is revised lower to 19.5 MMT, which includes about 500,000 MT of wheat stocks held by the private trade for exports.

Based on the forecast of lower government wheat stocks and expected government wheat offtake under various programs during the year, Post's MY 22/23 ending wheat stocks figure is lowered to 8.5 MMT (government wheat), which is slightly higher than the government desired April 1, 2022, stocks volume of 7.46 MMT, but still less than half of last year's ending stocks.

CONSUMPTION

MY 21/22 Consumption Raised, MY22/23 Feed/Residual Lowered: Based on the revised ending stocks, MY 21/22 consumption is raised to 102.8 MMT on reports of higher offtake of free wheat under the food security programs in the last quarter. Forecasted lower wheat harvest volumes and elevated prices are likely to contain feed wheat. As a result, the MY 22/23 feed and residual estimate is revised down to 6 MMT from last year's estimate of 7 MMT.

⁶ On May 17, the DGFT issued Trade Notice No 07-2022/23 allowing exports of wheat consignments that have been handed over to Customs for examination or registered into their systems on or before May 13, 2022, whether tied or not to a specific letter of credit or another financial instrument.

⁷ On May 14 the DGFT issued [Trade Notice No 06/2022/2023](#) regarding the implementation of the export ban notification which specifies that exports of wheat on humanitarian grounds as aid/assistance on a government-to-government basis shall be allowed on case-by-case basis, with the specific approval of the competent authority.

RICE

Table 3. India: Commodity, Rice Milled, PSD

Rice, Milled Market Year Begins India	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	45769	45769	47000	47000	47000	47000
Beginning Stocks (1000 MT)	33900	33900	37000	37000	41500	36000
Milled Production (1000 MT)	124370	124370	129000	129500	130000	130000
Rough Production (1000 MT)	186574	186574	193519	194269	195020	195020
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)	158270	158270	166000	166500	171500	166000
MY Exports (1000 MT)	20199	20199	21000	21000	22000	22000
TY Exports (1000 MT)	21238	21238	21000	21000	22000	22000
Consumption and Residual (1000 MT)	101071	101071	103500	109500	107000	107000
Ending Stocks (1000 MT)	37000	37000	41500	36000	42500	37000
Total Distribution (1000 MT)	158270	158270	166000	166500	171500	166000
Yield (Rough) (MT/HA)	4.0764	4.0764	4.1174	4.1334	4.1494	4.1494

(1000 HA), (1000 MT), (MT/HA),

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 2022/2023 = January 2023 - December 2023.

PRODUCTION

MY 21/22 Rice Production Raised Marginally: Post's MY 21/22 (October-September) rice production estimate is raised to 129.5 MMT based on the estimated higher fall harvested production from the official third advance estimate. Increased government procurement and market prices support the higher official rice production estimates.

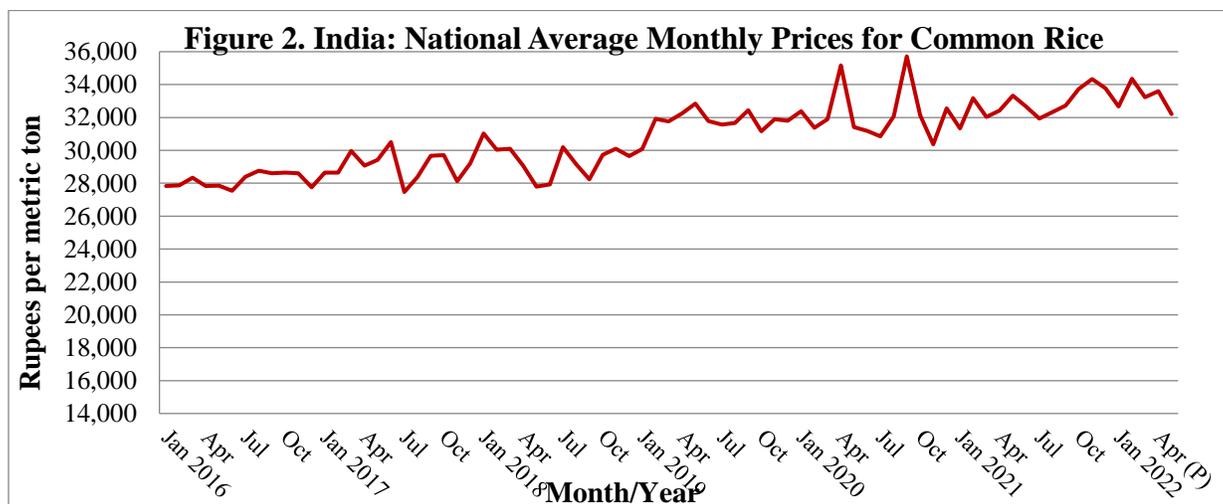
Government Procurement Heading to New Record: India's MY 21/22 government rice MSP procurement through May 19, 2022, is estimated at 53.2 MMT compared to 50.9 MMT in May 2021. Higher procurement numbers are coming out of the central/peninsular states of Chhattisgarh, Madhya Pradesh, Telangana, and Tamil Nadu. With additional procurement of summer planted rice likely to continue in the eastern and southern states, government rice procurement in MY 21/22 is likely to reach 62 MMT, about 2 MMT higher from last year's record 60.1 MMT.

Table 4. India: Government MSP Wheat Procurement, by State (MMT)

State	MY 2020/21 October-September	MY 2020/21 Oct 1- May 19	MY 2021/22 Oct 1- May 19
Punjab	13.59	13.59	12.55
Andhra Pradesh	5.67	4.09	3.66
Telangana	9.45	5.26	5.52
Chhattisgarh	4.67	3.98	6.17
Odisha	5.26	4.28	3.91
Haryana	3.79	3.79	3.71
Uttar Pradesh	4.48	4.48	4.39
West Bengal	1.89	1.55	1.50
Madhya Pradesh	2.50	2.50	3.07
Tamil Nadu	3.05	2.14	2.40
Others	5.73	5.20	6.30
Total:	60.08	50.85	53.16

Source: Food Corporation of India (Government of India) and FAS New Delhi office research.

Prices Stable: Record production, government procurement and rice offtake under food security programs are keeping domestic market prices stable during MY 21/22. Average spot prices for common-grade coarse rice in May 2022 ranged from INR 25,380/MT (\$334) to INR 29,370/MT (\$386) in the major production states. Prices will remain steady this season on an expected good kharif rice harvest and higher offtake of subsidized government rice. However, international price movements and performance of the 2022 monsoon, and MY 22/23 plantings may affect prices in the last quarter of MY 21/22.



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

CONSUMPTION

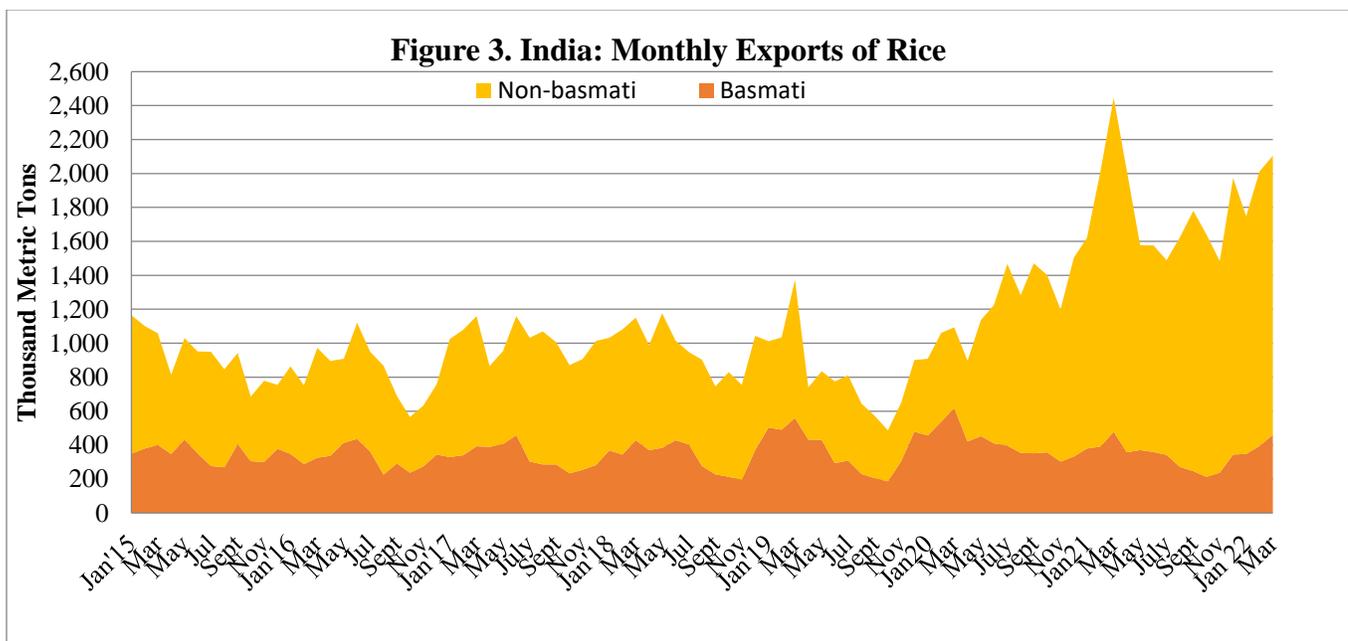
MY 21/22 Consumption Raised: India's MY 21/22 consumption estimate is raised to 109.5 MMT on higher use of government rice in May-September 2022 under the PMGKY and other food security programs (~6 MMT per month). Average monthly offtake of rice under food security programs in the first half of MY 21/22 is 4.65 MMT/month. Increased allocations of rice will drive MY 21/22 consumption to 109.5 MMT. The MY 22/23 consumption forecast stays unchanged at 107 MMT.

STOCKS

Ending Stocks Lowered: The MY 21/22 ending stocks estimate is lowered to 36 MMT on expected higher offtake of government rice under food security programs. The MY 22/23 ending stocks forecast figure is revised lower to 37 MMT on expectations of lower opening stocks. [Indian government rice stocks as of May 1, 2022](#), are estimated at 51.1 MMT versus 48.1 MMT last year.

With 11 MMT in rice procurement and 31 MMT of rice offtake in May-September 2022, government rice stocks on October 1, 2022, are estimated to decline to 32 MMT. The MY 21/22 rice ending stocks held by the private trade is greater than last year due to higher releases of government rice. India's MY 21/22 ending stocks are estimated at 36 MMT (32 MMT government plus 4 MMT private trade), less than last year's 37 MMT (34.8 MMT government plus 2.2 MMT private trade).

TRADE



Note: Monthly export figures are through March 2022.

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

Exports Continue Strong: Indian rice exports have been robust since the beginning of calendar year (CY) 2020 (January-December) owing to strong demand and competitive prices of Indian non-basmati rice shipped to traditional markets.

Preliminary official trade statistics indicate that rice exports during the first quarter of CY 2022 (TY 2021/2022) are at 5.9 MMT compared to 6.1 MMT seen last year. Sources report stronger export offtake of wheat during March/April slowing down rice exports due to port congestion. Rice exports will recover in the coming months as Indian rice remains more price competitive compared to other origins. Post continues to estimate MY 21/22 rice exports unchanged at 21 MMT, and MY 22/23 exports at 22 MMT on forecast MY 22/23 domestic supplies.

CORN

Table 5. India: Commodity, Corn, PSD

Corn Market Year Begins India	2020/2021		2021/2022		2022/2023	
	Nov 2020		Nov 2021		Nov 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9892	9892	9900	9900	9800	9800
Beginning Stocks (1000 MT)	1863	1863	2095	2095	2020	1820
Production (1000 MT)	31647	31647	32500	33000	31500	31500
MY Imports (1000 MT)	25	25	25	25	100	100
TY Imports (1000 MT)	23	23	25	25	100	100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	33535	33535	34620	35120	33620	33420
MY Exports (1000 MT)	3590	3590	3300	3300	2400	2400
TY Exports (1000 MT)	3677	3677	3300	3300	2400	2400
Feed and Residual (1000 MT)	16250	16250	17500	18200	18500	18500
FSI Consumption (1000 MT)	11600	11600	11800	11800	11500	11500
Total Consumption (1000 MT)	27850	27850	29300	30000	30000	30000
Ending Stocks (1000 MT)	2095	2095	2020	1820	1220	1020
Total Distribution (1000 MT)	33535	33535	34620	35120	33620	33420
Yield (MT/HA)	3.1993	3.1993	3.2828	3.3333	3.2143	3.2143

(1000 HA), (1000 MT), (MT/HA).

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

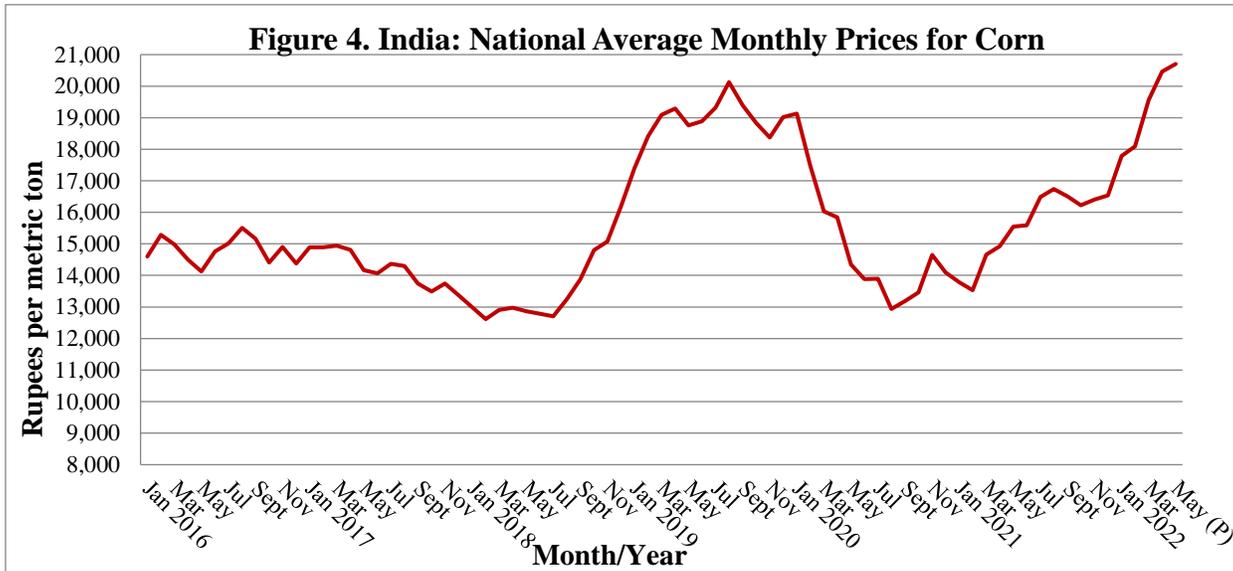
TY = Trade Year, which for corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023.

PRODUCTION

MY 21/22 Corn Production Raised: Post's MY 21/22 corn production estimate is raised higher to 33 MMT based on the projected higher corn production in the official third advance estimate. Market sources report that early March's favorable weather conditions are supporting higher rabi corn production. The corn harvest carried out in early March evaded the temperature spike that scorched Indian wheat from the second week of March 2022 onwards.

Prices High on Strong Demand: Despite record harvest, strong demand, both domestic and exports, has resulted in a strong and steady increase in prices since the beginning of MY 21/22. Prices started recovering in mid-2021 after the COVID-19 second wave abated and have increased on continued recovery in domestic and export demand.

Average spot prices for corn in May 2022 are about 33 percent higher than last year, ranging between INR 18,520/MT (\$244) to INR 21,450/MT (\$282) in the major production states. Prices are likely to remain steady through the balance of the season on strong domestic demand, particularly from the poultry feed and starch industry.



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

CONSUMPTION/STOCKS

MY 21/22 Consumption Raised, Stocks Lowered: Post’s MY 21/22 corn consumption is raised higher to 29.8 MMT on expected higher consumption of corn for feed use. Sources report a strong recovery in the poultry sector since the end of COVID-19’s second wave.⁸

MY 21/22 ending stocks have been revised lower to reflect the higher consumption number. Higher corn prices suggest that there are lower corn stocks than earlier estimated. MY 22/23 ending stocks have been adjusted to reflect lower opening stocks.

Attachments:

No Attachments

⁸ Indian poultry sector was severely affected by the December 2019 COVID-19 outbreak which continued through mid-2021.