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## **Report Name:** Grain and Feed Update – April 2023

**Country:** India

**Post:** New Delhi

**Report Category:** Grain and Feed

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### **Report Highlights:**

FAS New Delhi's (Post) market year (MY) 2023/2024 wheat production forecast is raised to a record 110 million metric tons (MMT) on reported higher-than-earlier expected yields despite some weather incidences. Notwithstanding the record harvest, the Indian government is unlikely to remove its existing wheat and wheat products export bans. The MY 2023/2024 consumption and ending stocks figures are raised to account for higher forecasted production. Based on India's latest official stock estimates, the MY 2022/2023 ending stock estimate is revised to 9.5 MMT. Post continues to estimate MY 2022/2023 rice production unchanged at 128 MMT based on the Indian market situation. No significant changes to report for the corn production-supply-distribution (PSD) table.

## GENERAL INFORMATION

### **It is All About the Rain; The Indian Metrological Department Forecasts a Normal 2023 Monsoon**

On April 11, 2023, the [Indian Metrological Department \(IMD\) released its first long-range forecast for the 2023 Southwest Monsoon Season \(June-September\)](#). The IMD forecast predicts a normal 2023 monsoon season this year.

The IMD is predicting that this 2023 monsoon's rainfall is likely to be about 96 percent of the long-period-average (LPA) with a margin of error of five percent.<sup>1</sup> The IMD is also reporting that the La Niña weather phenomena has changed to neutral conditions over the equatorial Pacific region; heralding that El Niño conditions are likely to develop during the upcoming monsoon season.<sup>2</sup> The IMD forecast suggests a 35 percent probability of a normal monsoon. It does caveat a 15 percent probability of an above normal monsoon, as well as forecasts a 51 percent probability for below normal/deficient monsoon.<sup>3</sup>

The IMD will issue the updated long range forecast for the 2023 monsoon by the last week of May. The forecast will consider additional information on the development of the El Niño in the Pacific Ocean and of the Indian Ocean Dipole conditions at the onset of monsoon.

India's southwest monsoon provides 70 percent of India's annual rainfall and essential soil moisture for cropping in about 55 percent of the total cultivable area (i.e., unirrigated) during the *khari* season (fall harvested). A normal 2023 monsoon will be critical for FAS New Delhi's (Post) market year (MY) 2023/2024 area and production forecasts for rice, corn, sorghum, and millet in the Production-Supply-Distribution (PSD) tables reported earlier in Post's [GAIN-INDIA | IN2023-0025 | India Grain and Feed Annual - 2023](#).

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<sup>1</sup> The long-average-period for India is the average rainfall for the period 1971 to 2020 estimated at 87 centimeters.

<sup>2</sup> La Niña (Spanish for 'the girl') is the oceanic and atmospheric phenomenon characterized as the colder counterpart of the broader El Niño ('the boy') – Southern Oscillation (ENSO) climate pattern. During the La Niña period, sea surface temperatures in the central Pacific Ocean's eastern equatorial region drop by 3-5° C from the normal.

<sup>3</sup> For [2022 monsoon, IMD first long-range forecast](#) estimated 40 percent probability for normal monsoon, 15 percent for above normal monsoon and 40 percent probability for below normal/deficient monsoon.

## COMMODITY:

## WHEAT

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

Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	Apr 2021		Apr 2022		Apr 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	31125	31125	30459	30459	0	31870
Beginning Stocks (1000 MT)	27800	27800	19500	19500	0	9500
Production (1000 MT)	109586	109586	104000	100000	0	110000
MY Imports (1000 MT)	29	29	100	50	0	50
TY Imports (1000 MT)	30	30	100	50	0	50
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	137415	137415	123600	119550	0	119550
MY Exports (1000 MT)	8033	8037	5350	5350	0	1000
TY Exports (1000 MT)	10567	10567	1650	1650	0	1000
Feed and Residual (1000 MT)	7000	7000	6000	6000	0	6000
FSI Consumption (1000 MT)	102882	102878	101750	98700	0	101550
Total Consumption (1000 MT)	109882	109878	107750	104700	0	107550
Ending Stocks (1000 MT)	19500	19500	10500	9500	0	11000
Total Distribution (1000 MT)	137415	137415	123600	119550	0	119550
Yield (MT/HA)	3.5208	3.5208	3.4144	3.2831	0	3.4515

(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 2023/2024 = July 2023 - June 2024.

## PRODUCTION

**Post's MY 2023/2024 Wheat Production Forecast Raised:** FAS New Delhi is raising India's MY 2023/2024 (April-March) wheat production forecast to 110 million metric tons (MMT) (a record high) from the earlier pre-harvest forecast of 108 MMT, based on early harvest reports suggesting higher-than-expected yield realization. Yields are better than anticipated despite weather aberrations in February and March occurring during the crop's reproductive stage.<sup>4</sup>

This season's timely planting under adequate soil moisture condition, followed by the early onset of winter and its extension, and benefitting from a lower incidence of pests and diseases are supporting higher yields compared to those of last year's terminal heat stressed wheat crop. The MY 2023/2024 wheat crop, however, did experience above normal temperatures in February (occurring at crop's early reproductive stage), and untimely rains in second/third week of March (during the late milking/grain setting stage) throughout the major wheat growing areas. This raised concerns about yields going into the harvest season in April.

<sup>4</sup> See, [GAIN-INDIA | IN2023-0025 | India Grain and Feed Annual - 2023](#).

Agricultural experts report that February’s temperatures stayed below the critical threshold levels that would cause potential crop losses.<sup>5</sup> Relatively lower temperatures from first week of March onwards went on to support the wheat crop’s progress during the critical grain-setting stage. March’s untimely rains did lead to crop lodging in some wheat production pockets. However, early harvest reports do indicate that yields have not significantly suffered. Post’s market sources do nonetheless report some losses in quality (i.e., grain luster loss and higher soil/foreign matter content). Lodging occurred in 25-30 percent of the total planted area.

The wheat harvest commenced on time in early March in Madhya Pradesh and in India’s western states. The March rains did delay harvesting in other parts of the country by 10-14 days. Harvest operations only began the second week of April in Punjab, Haryana, Uttar Pradesh, and in the country’s eastern states; with harvesting extending into early May. Timely sowing, an extended winter, and intensive crop management by wheat farmers supported better grain filling and bolder grain size compared to that of last year’s crop.

Although the government’s crop cutting survey reports for yield assessment will only be available by the end of June, Post’s field sources suggest an 8-10 percent higher yield realization compared to last year’s terminal heat affected crop. FAS New Delhi is consequently revising its MY 2023/2024 wheat production estimate higher to a record high of 110 MMT. Yields are estimated coming in higher at 3.5 metric ton (MT) per hectare, slightly higher than the earlier anticipated yield of 3.4 MT/hectare and better than last year’s yield of 3.3 MT/hectare.

Post continues to estimate MY 2022/2023 wheat production unchanged at 100 MMT from 30.5 million hectares based on field observations and the market situation on the ground (see, [GAIN-INDIA | IN2023-0025 | India Grain and Feed Annual - 2023](#)).

**Procurement Starts on a Bang:** Despite a delayed harvest, combined with relatively firm domestic prices, the Indian government’s wheat procurement season (April-July) in 2023 under the minimum support price (MSP) program is outpacing last year’s procurement by 18 percent riding on the projected ‘record’ MY 2023/2024 harvest. Government procurement through April 22, 2023, is estimated at 14.98 MMT, compared to the 12.67 MMT realized in April 2022.

**Table 2. India: Government Procurement of Wheat by State (MMT)**

STATE	MY 2021/2022	MY 2022/2023	MY 2022/2023	MY 2023/2024
	April-March	April-March	April 1-April 22	April 1-April 22
<b>Punjab</b>	13.22	9.65	6.70	6.11
<b>Haryana</b>	8.49	4.19	3.41	4.74
<b>Madhya Pradesh</b>	12.82	4.60	2.49	4.02
<b>Uttar Pradesh</b>	5.64	0.34	0.07	0.08
<b>Rajasthan</b>	2.34	0.00	0.00	0.02
<b>Others</b>	0.83	0.02	0.01	0.01
<b>TOTAL</b>	<b>43.34</b>	<b>18.79</b>	<b>12.67</b>	<b>14.98</b>

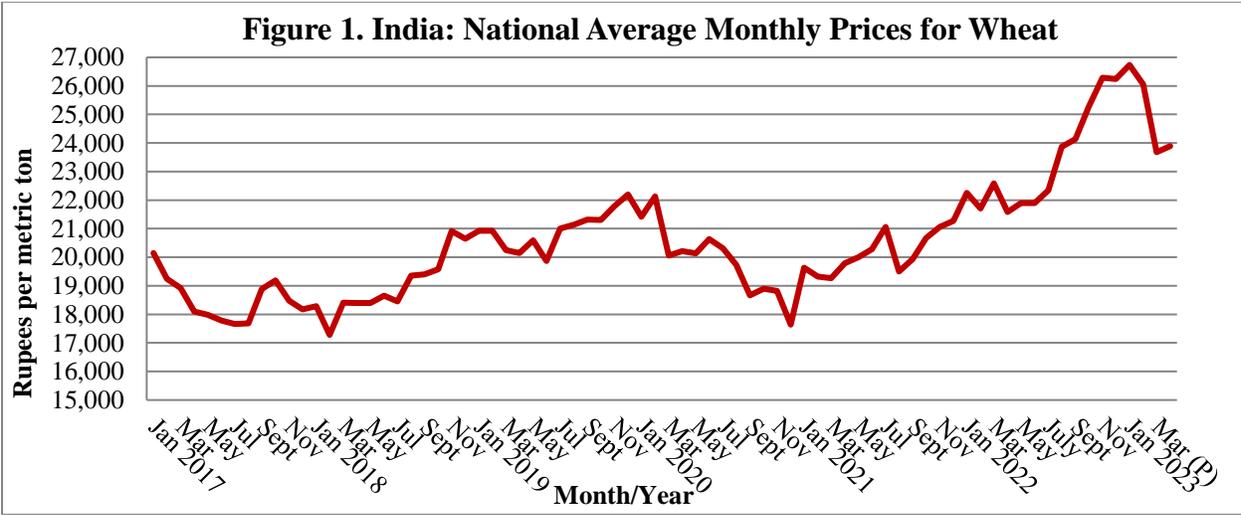
Source: Food Corporation of India, Government of India; FAS New Delhi office research.

<sup>5</sup> Agricultural experts report that the Indian wheat crop at the milking/seed setting stage will be adversely affected whenever daytime temperatures exceed 35° Celsius (C) and night temperatures exceed 25° C.

Wheat procurement in the major production states of Punjab, Haryana, and Madhya Pradesh is in full swing, but likely to taper off by the third week of May. Most of Punjab’s and Haryana’s wheat crop will be picked up by the Indian government; high local taxes preclude any significant private sector purchases. The private trade, however, does compete with government MSP procurement in the other states. Procurement in these states will continue through June depending on the open market price movements. Given last year’s strong surge in late season prices (i.e., from July onwards), Post’s sources expect that local traders and farmers this year will aim to hold onto larger than normal quantities of wheat for late season sales.

Market sources believe that most of India’s wheat production states this year will supply larger volumes compared to last year’s procurement levels. Post expects that MSP procurement in MY 2023/2024 to exceed the Indian government’s target of 34.2 MMT. Forecasted government procurement will be sufficient to meet the National Food Security Act and the other national food security programs wheat volume requirements (totaling 25-26 MMT), with sufficient surpluses (6-7 MMT) for open market sales to the private trade/millers. This will ensure that the government retains the necessary flexibility to intervene in the market in case of a rise in prices.

**Prices Hold Firm:** Despite the forecasted ‘record’ harvest, domestic prices remain relatively firm. Prices are hovering at just above the government’s MSP price in most of the production states. This is attributed to delayed market arrivals, as well as local millers aiming to just cover their immediate consumption needs.<sup>6</sup> Farmers and traders are also holding back on harvested wheat in hopes of higher prices.<sup>7</sup> Local wheat prices in the major wheat production states range from India rupees (INR) 21,200 (\$258) to INR 22,260 (\$272) per metric ton, above the government’s MSP of INR 21,250 (\$260) per metric ton.



Source: [AgMarkNet](#), Ministry of Agriculture and Farmers Welfare; FAS New Delhi Office research

<sup>6</sup> Despite the government disbursing some 4.5 MMT of government-held wheat stocks to private millers in February-March 2023 to meet their consumption needs, market sources report that the private trade is aggressively active in buying the new crop wheat to augment its immediate consumption needs (i.e., 2-3-months requirement).

<sup>7</sup> A lower harvest, along with strong international prices, drove wheat prices upwards in MY 2022/2023. From July 2022 onwards, with price by the second half of January 2023, reaching a record INR 31,000-32,000 (\$378-\$390) per metric ton. The government intervened in the market to ease market prices; it released 4.5 MMT wheat to private millers under an open market sale scheme (OMSS).

Post anticipates market prices easing as wheat arrivals accelerate in May-June in most states. Future price movements during the season will depend on the actual wheat harvest and government policy measures during the season. The government impose measures to curb wheat hoarding by speculators, as well as implement open market sales of government-held wheat during the season. With state elections in the fall of 2023, followed by national elections in April 2024, the government will seek to keep wheat prices in check to avoid a rise in food inflation.

## STOCKS

**Stocks Revised:** Government-held wheat stocks as of April 1, 2023, are estimated at 8.35 MMT, less than half of the stock levels on hand at same time last year (i.e., 18.99 MMT) and slightly higher than the government desired buffer stocks norms (7.46 MMT as of April 1). FAS New Delhi is revising MY 2022/2023 ending stocks up to 9.5 MMT. This volume includes about 1.15 MMT of ‘additional’ wheat stocks held by the private trade, having been disbursed by the government under the OMSS in the last quarter of MY 2022/2023.<sup>8</sup> Assuming forecast record production and the government augmenting wheat stocks through the procurement of 34.1 MMT of wheat (target), Post forecasts MY 2023/2024 ending stocks higher at 11 MMT.

## CONSUMPTION

**MY 2022/2023 and 2023/2024 Consumption Revised:** MY 2022/2023 consumption is lowered to 98.7 MMT to account for revisions made to ending stocks. Post, however, is raising the MY 2023/2024 consumption volume to 101.6 MMT. The increase is attributed to improved domestic supplies (record production) with consumption growth of 2.9 percent over last year’s volume.

## TRADE

**Export Ban, Not Going Away:** Despite forecasted record production, India’s wheat and wheat products export ban will remain in place for now. The Indian government will attempt to rebuild its government-held wheat stocks by ensuring that MY 2023/2024 wheat procurement exceeds the target volume of 34.1 MMT by the end of June 2023. Trade sources report that with international wheat prices higher than domestic Indian ones, the government will keep in place its export ban to ensure that wheat prices remain within a narrow range during the marketing season out of food inflation concerns. Only once ensuring sufficient domestic supplies, will the government review its export ban and possibly authorize exports to neighboring countries.

FAS New Delhi estimates MY 2023/2024 wheat and wheat product exports unchanged at 1 MMT. This volume is premised on a conditional relaxation of the export ban, and with Indian wheat and wheat products headed to neighboring countries.

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<sup>8</sup> Typically, the PSD estimates pipeline stocks with local millers and the private trade at 45-days of consumption, which is largely unchanged year-on-year. However, market sources report that local millers who have availed themselves of government-held wheat under the OMSS may in actuality be holding some 1-1.2 MMT of wheat over and above their normal pipeline stocks.

## COMMODITY:

## RICE

**Table 3. India: Commodity, Rice, Milled, PSD**

Rice, Milled	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	46279	46279	47000	47000	0	46500
Beginning Stocks (1000 MT)	37000	37000	34000	34000	0	29000
Milled Production (1000 MT)	129471	129471	132000	128000	0	127000
Rough Production (1000 MT)	194226	194226	198020	192019	0	190519
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	0	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)	166471	166471	166000	162000	0	156000
MY Exports (1000 MT)	22025	22025	22500	22500	0	21000
TY Exports (1000 MT)	22119	22119	22500	22500	0	21000
Consumption and Residual (1000 MT)	110446	110446	111000	110500	0	111000
Ending Stocks (1000 MT)	34000	34000	32500	29000	0	24000
Total Distribution (1000 MT)	166471	166471	166000	162000	0	156000
Yield (Rough) (MT/HA)	4.1968	4.1968	4.2132	4.0855	0	4.0972

(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 2023/2024 = January 2024 - December 2024.

## PRODUCTION

**Post's MY 2022/2023 Rice Production Estimate Stands Firm:** FAS New Delhi estimates India's MY 2022/2023 (October-September) rice production unchanged at 128 MMT coming from 47 million hectares. Post's production estimate considers India's relatively tight rice supplies this season, which is supported by the government's slowed MSP procurement and the rise in domestic rice prices. Notwithstanding the Indian government's January 2023 release of its Second Advance Estimate for Indian Crop Year (ICY) 2022/2023 projecting rice production at a record 130.8 MMT, domestic prices are up nine percent compared to December 2022.

**MSP Procurement Lags:** In MY 2022/2023, the Indian government's MSP rice procurement through April 22, 2023, is estimated at 49.7 MMT, slightly lower compared to the 49.9 MMT procured during the same period in 2022. The major rice production states are reporting steady procurement, but with slight declines in the states of Andhra Pradesh, Chhattisgarh, and Punjab.

With additional procurement of *rabi* (winter planted) and summer rice likely to continue in India's eastern and southern states, government rice procurement in MY 2022/2023 is likely to be around 58-59 MMT, slightly below last year's volume.<sup>9</sup>

<sup>9</sup> Indian government MSP rice procurement hit a record high of 60 MMT in MY 2020/2021.

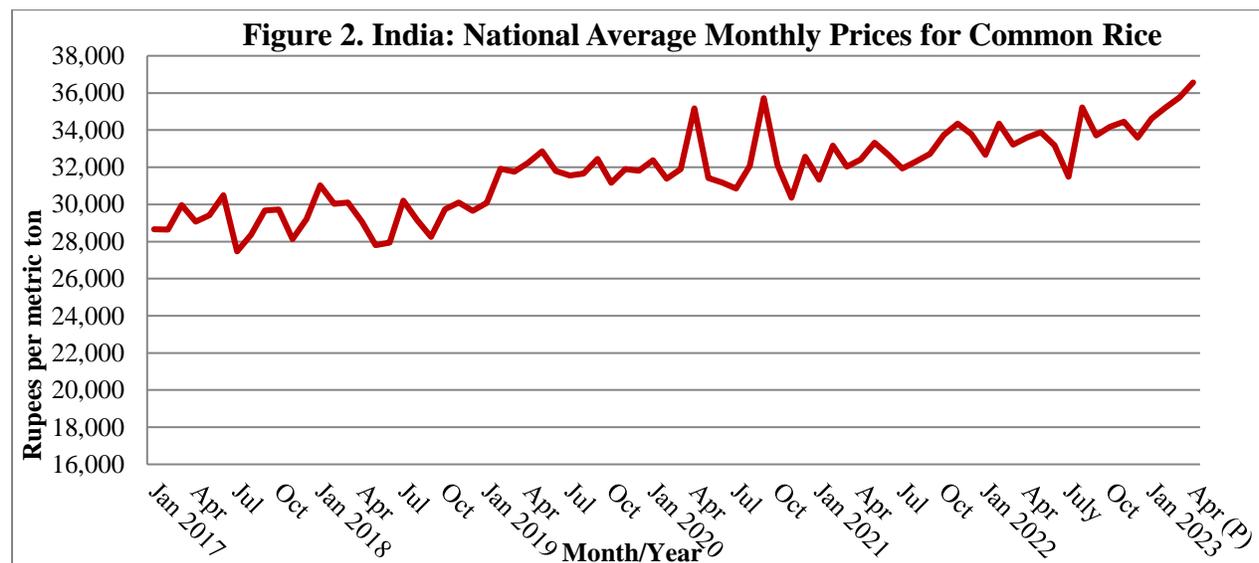
**Table 4. India: Government Rice Procurement by State, (MMT)**

STATE	MY 2020/21	MY 2021/22	MY 2021/22	MY 2022/23
	October-September	October-September	Oct 1-Apr 22	Oct 1-Apr 22
Andhra Pradesh	5.67	4.51	2.82	2.12
Telangana	9.45	7.98	4.02	4.36
Chhattisgarh	4.67	6.17	6.17	5.87
Haryana	3.79	3.71	3.71	3.98
Madhya Pradesh	2.50	3.07	3.07	3.09
Odisha	5.26	4.83	3.89	4.43
Punjab	13.59	12.55	12.55	12.20
Tamil Nadu	3.05	2.94	1.88	1.81
Uttar Pradesh	4.48	4.39	4.39	4.39
West Bengal	1.89	2.40	1.50	2.07
Others	<u>5.73</u>	<u>6.73</u>	<u>5.87</u>	<u>5.38</u>
<b>TOTAL</b>	60.08	59.27	49.85	49.69

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

With the Indian government offloading a significant volume of its rice stocks through the national food security programs, government-held rice stocks volume fell by April 1, 2023, to 43.4 MMT. At this same time last year, government rice stocks stood at 55 MMT. Despite this year’s stock volume drop, government rice stocks today are still three times higher than the desired target number of 13.58 MMT (i.e., 11.58 buffer stocks and 2 MMT strategic reserves).

**Prices Hold Firm:** Despite record domestic rice production, market prices remain relatively firm in the second quarter of MY 2022/2023 (January-March) due to strong export demand. However, rice prices started easing in April with the impending arrival of the rabi season rice.



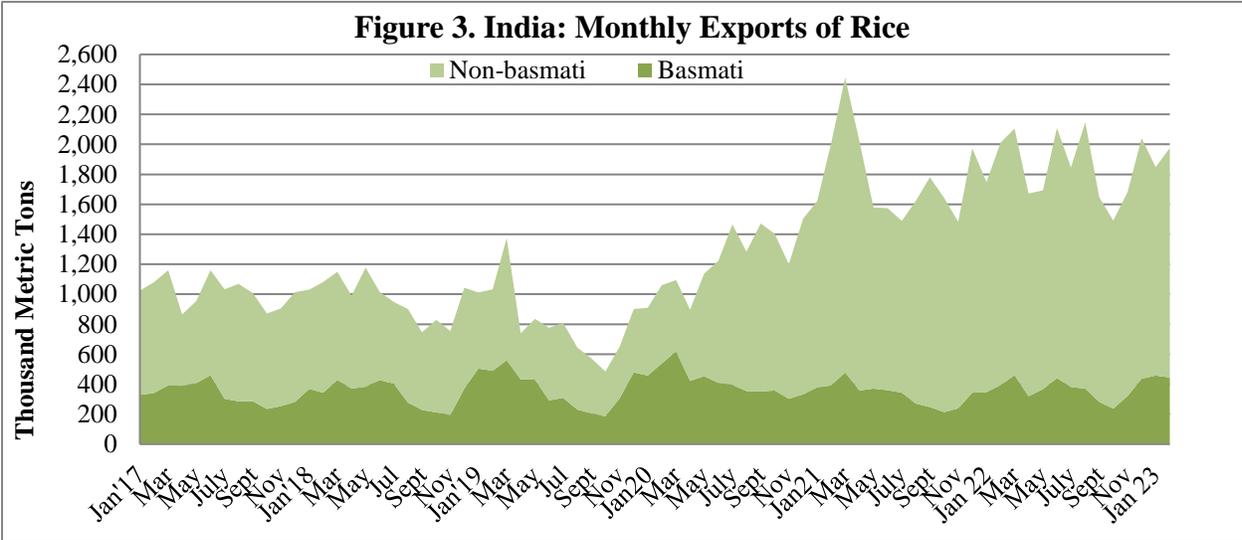
Source: [AgMarkNet](#), Ministry of Agriculture and Farmers Welfare; FAS New Delhi Office research.

Current spot prices for common grade coarse rice range from INR 21,950 (\$340) to INR 32,200 (\$500) per metric ton in the major rice production states. Prices are likely to remain steady through the third quarter of the MY 2022/2023 (April-June). However, prices during the last

quarter of MY 2022/2023 will depend on the progress of 2023 monsoon and the international price movement.

**TRADE**

**MY 2022/2023 Rice Exports Stay Strong:** Indian rice exports have been very strong since the beginning of MY 2022/2023 due to relatively steady demand for coarse grain rice from traditional markets. There has also been a surge in demand for long grain basmati rice coming from the Middle East countries.



Source: Monthly exports through February 2023, India Ministry of Commerce and Industry/Directorate General of Commercial Intelligence and Statistics.

According to preliminary official statistics, rice exports from October 2022 to February 2023 are estimated at 9.04 MMT, compared to 8.86 MMT reported during the same period last year. Assuming no significant changes in the price parity of Indian rice during the remaining marketing year, MY 2022/2023 exports are likely to reach 22.5 MMT (new record), slightly above last year’s record setting volume of 22.03 MMT.

**COMMODITY:**

**CORN**

No significant changes in the Official PSD or significant market developments to report.

**Attachments:**

No Attachments