

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

### Grain and Feed Update

#### August 2016 Quarterly

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**Report Highlights:**

Sufficient and well distributed 2016 monsoon rains have supported planting of fall/early winter harvested *kharif* crops (rice, corn, and other coarse grains). MY 2015/16 ending stocks estimate is raised to 18.5 MMT on estimated higher government rice stocks. Government allows imports of corn under the Indian fiscal year (IFY) 2016/17 (April/March) tariff rate quota (TRQ) on rising domestic prices, but import prospects constrained due to non-GM requirement.

**Post:**  
New Delhi

**Commodities:**  
Rice, Milled  
Wheat  
Corn

**Author Defined:**

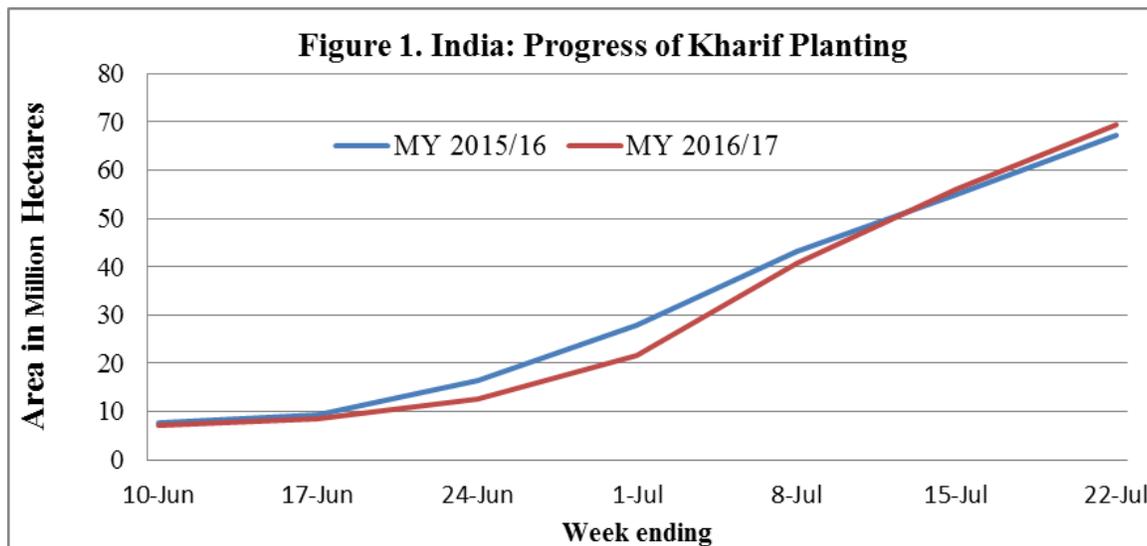
### 2016 Monsoon Covers the Country

The southwest monsoon covered the entire country passing the north/northwest region by July 13, 2016, couple of days ahead of the normal schedule. With the strong recovery in the monsoon since last week of June, the cumulative rainfall for the week ending July 20, 2016 was one percent above normal, with about 30 of the 36 weather subdivisions receiving normal and above normal rains. Region wise, the cumulative rainfall in Central India was 13 percent above normal, Northwest India was 6 percent above normal, Southern Peninsula was 3 percent above normal, but only the relatively high rainfall region of East and Northeast India was 17 percent below normal. See IMD website [http://www.imd.gov.in/pages/monsoon\\_main.php](http://www.imd.gov.in/pages/monsoon_main.php).

The Indian Metrological Department continues to forecast near normal or above normal rainfall over most of the country through first week of August. On June 2, 2016, the India Meteorological Department (IMD) in its long range forecast update on 2016 monsoon said the overall precipitation likely to be 104 percent of LPA during August. For more information on monsoon reporting, please refer GAIN reports [IN6060](#) and [IN6087](#).

### Kharif Planting Progress Steady

After a relatively delayed and weak early monsoon, timely and sufficient 2016 monsoon rains since early July supported strong recovery in planting of *kharif* crops during the ongoing season. Water levels in the reservoirs have improved significantly in July, providing more water for irrigation.



Source: Ministry of Agriculture, GOI.

The Ministry of Agriculture (MoA) estimates total area sown till July 22, 2016 at 69.3 million hectares compared to 67.1 million hectares same time last year, with most of the increase accounted by higher acreage under pulses, coarse cereals and rice.

**Table 1: India: Planting of *Kharif* Crops in Indian Crop Year (July/June)**  
(Area in Million Hectares)

Crop	ICY 2015/16 Progressive Planting till July 22, 2015	ICY 2016/17 Progressive Planting till July 22, 2016
Rice	18.24	18.31
Pulses	6.47	9.08
Coarse cereals	12.63	13.08
Oilseeds	14.30	14.92
Sugarcane	4.74	4.54
Cotton	9.95	8.69
Total	67.10	69.30

Source: Ministry of Agriculture, Government of India (GOI).

With the forecast of sufficient 2016 monsoon rains through August, planting of most *kharif* crop is likely to conclude on time by mid-August. However, planting of rice in northern (mostly long grain Basmati) will continue through August and in some parts of south India through early September. Planting of pulses and coarse grains, typically sown in unirrigated areas, has been significantly ahead of last year on optimal soil moisture conditions, and is likely to be over by end-July. Planting of pulses has been significantly higher supported by high market prices and government's minimum support prices (see [IN6091](#)). Sufficient rains since July and consequent favorable planting conditions in the major grain producing states is likely to support Post's MY 2016/17 *kharif* grain area and production forecast. Sufficient and well distributed rains throughout August and September will be critical for achieving forecast normal yields. However, heavy rains and prolonged floods in traditionally flood prone eastern India may adversely affect the crop prospects.

## RICE

<b>Table 1. India: Commodity, Rice Milled, PSD</b>						
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)						
Rice, Milled Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	44110	44110	43460	43460	44000	44000
Beginning Stocks	22757	22757	17766	17766	13766	18500
Milled Production	105480	105480	103500	103500	105000	105000
Rough Production	158236	158236	155266	155266	157516	157516
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	128237	128237	121266	121266	118766	123500
MY Exports	12238	12238	9200	9200	8500	8500
TY Exports	11046	11046	9000	9200	8500	8500
Consumption and Residual	98233	98233	98300	93566	98600	98600
Ending Stocks	17766	17766	13766	18500	11666	16400
Total Distribution	128237	128237	121266	121266	118766	123500

### MY 2016/17 Planting

Buoyed by adequate and well distributed monsoon rainfall in July, rice area planted through July 24, 2015 is estimated higher at 18.9 million hectares compared to 17.7 million hectares last year and the normal (5-year average) planting for the corresponding period. Higher planting of rice is reported in most states except Haryana, Uttar Pradesh and some eastern states where planting in some of the low lying areas may have been delayed due to heavy rains over the last two weeks.

**Table 3. India: Planting of *Kharif* Rice by State for week ending July 22**  
(Area in Million Hectares)

State	Normal <sup>1</sup> Total <i>Kharif</i> Planting	Normal <sup>1</sup> Area for Corresponding Week	MY 2016/17	MY 2015/16	MY 2014/15
Andhra Pradesh	1.65	0.20	0.31	0.230	0.21
Assam	2.11	0.95	1.10	1.04	0.91
Bihar	3.08	1.15	1.17	1.37	1.48
Chhattisgarh	3.77	2.30	2.43	2.37	2.17
Haryana	1.24	0.98	0.88	1.11	0.94
Jharkhand	1.27	0.22	0.23	0.19	0.29
Karnataka	1.07	0.25	0.24	0.23	0.22
Madhya Pradesh	1.85	0.73	0.80	0.73	0.81
Maharashtra	1.52	0.35	0.54	0.29	0.14
Odisha	3.84	1.60	1.48	1.49	1.60
Punjab	2.85	2.75	2.87	2.97	2.77
Tamil Nadu	1.61	0.16	0.19	0.18	0.14
Telangana	1.05	0.14	0.11	0.09	0.16
Uttar Pradesh	5.84	3.90	3.70	3.77	3.75
West Bengal	4.06	0.82	0.69	0.68	0.89
Total <sup>2</sup>	39.28	17.91	18.31	18.24	17.65

Note <sup>1</sup> Average planting for the period MY 2011/12 to 2015/16.

<sup>2</sup> Total includes other states.

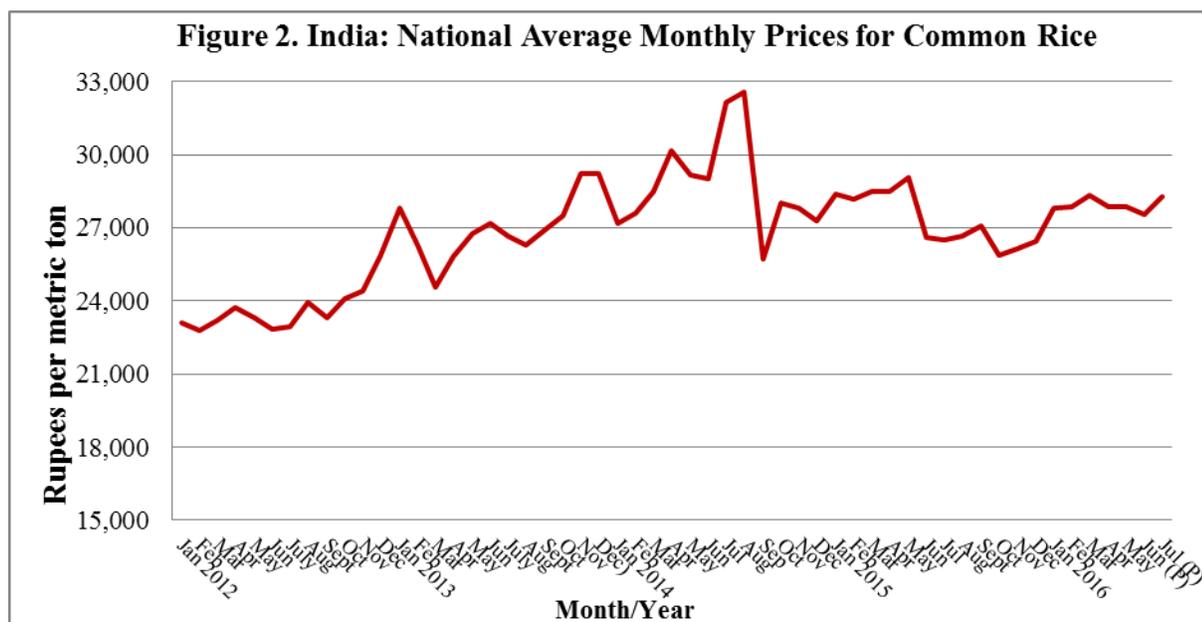
Source: Ministry of Agriculture, Government of India (GOI).

Planting is currently in full swing in most states and is likely to be over on schedule by mid-August. Planting of long-grain Basmati rice in Punjab, Haryana and western Uttar Pradesh, as well as rice in coastal Andhra Pradesh and Tamil Nadu will continue through the end of August-early September. Basmati area is likely to reduce this year due to relatively weak prices last year that affected farmer earnings in 2014. A clear picture for India's MY 2016/17 rice production prospects will emerge by end of August after planting is over in most states.

Assuming normal rainfall during August/September and normal weather conditions through harvest (October/November), Post continues to forecast MY 2016/17 production at 105 MMT from 44 million hectares. However, excess rains and prolonged floods in August/September and major cyclonic build up and heavy rains in September/October could lower the forecast.

## Prices Firm

Domestic prices have firmed up in July on steady export demand in the recent months. Satisfactory planting of MY 2016/17 rice crop and sufficient government rice stocks are likely to keep prices steady in the next couple of months.



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI

### Government Procurement Strong, Offtake Weak

Government rice procurement during the ongoing season has been supported by sufficient domestic production and relatively weak export demand in the early part of the marketing year (October 2015 – February 2016). Total MY 2015/16 rice procurement through July 26, 2016, is estimated at 34.1MMT compared to 31.6 MMT during the same period last year, with the increase largely accounted by the northern states (Punjab, Haryana and Uttar Pradesh). With some additional procurement in eastern and southern states through September, total MY 2015/16 rice procurement is estimated at 34.6 MMT, about 8 percent higher than last year and marginally lower than the record procurement of 35 MMT in MY 2011/12.

Market sources report that the MY 2015/16 government rice offtake under the public distribution system (PDS) has been relatively weak as government made a concentrated effort to off load the MY 2015/16 (April/March) rain damaged wheat. Based on the latest available official figures, average monthly offtake of rice during the first nine months of MY 2015/16 was estimated at 2.6 MMT/month compared 3.0 MMT/month for the same period in MY 2014/15. Market sources expect rice offtake in the last quarter to improve as government off load more rice through various programs instead of wheat due to current tight government wheat stocks.

### Ending Stocks Raised

Post's MY 2015/16 ending stocks estimate is raised to 18.5 MMT (16.2 MMT government rice and 2.3 MMT private) on higher government rice stocks due to higher procurement and relatively weak offtake. MY 2016/17 ending stocks are also forecast higher at 16.4 on forecast normal procurement and government offtake assuming forecast production.

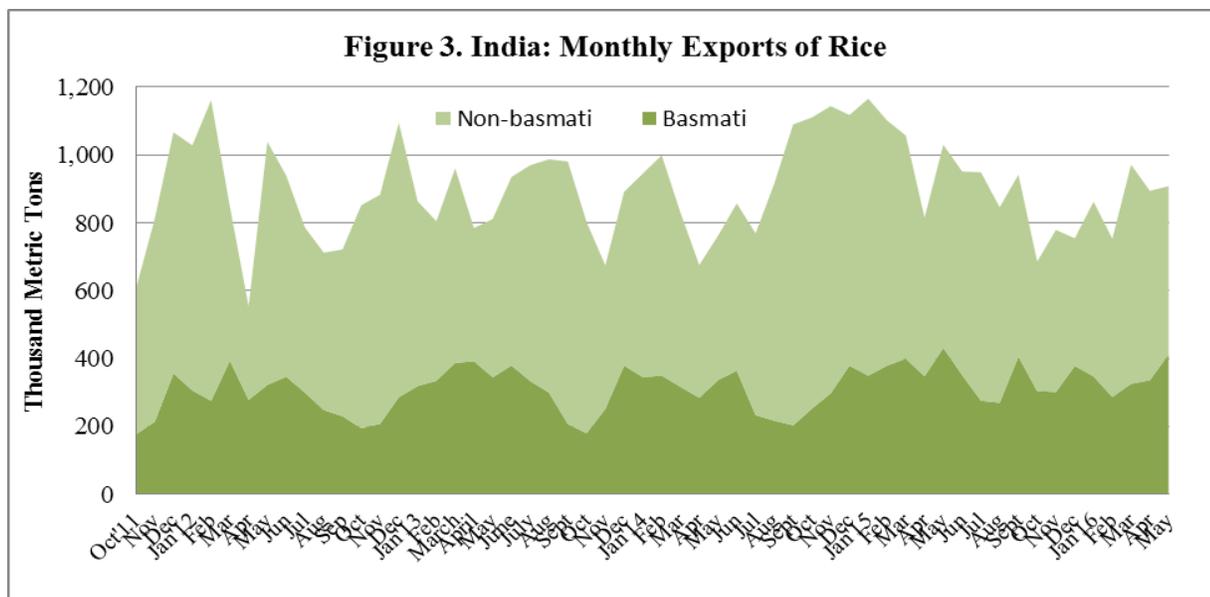
Government-held rice stocks as of July 1, 2016, are officially estimated at 24.7 MMT, about 3 MMT higher than last year level. Government rice stocks on October 1, 2016, are projected at 16.2 MMT on expected normal procurement and relatively stronger monthly offtake (3.0 MMT/month) due to tight government wheat stocks in the last quarter (July-September). Relatively weak export demand right from the beginning of the marketing year discouraged private trade to purchase rice to cover future demand. Consequently, MY 2015/16 ending stocks with private trade is estimated lower at 2.3 MMT compared to 3.6 MMT last year.

### Consumption Lowered

MY 2015/16 consumption has been revised lower to 93.6 MMT to account for the revised ending stocks.

### Exports Steady

Indian rice exports have steadied since the beginning of CY 2016 on recovery in export demand for Basmati rice and non-Basmati rice from African countries.



Source: Monthly exports through May 2016 from Directorate General of Commercial Intelligence (DGCIS), GOI.

According to the provisional official statistics, rice exports for the first five months of CY 2016 4.4 MMT, down about 15 percent compared to the same period last year. There has been a recovery in export demand for Basmati rice (largely due to competitive prices) and revival of demand for non-

Basmati rice in African countries. However, exports prospects to neighboring Bangladesh, the leading market for non-Basmati, is unlikely to improve as Bangladesh government has further raised the import duty on rice. Assuming no significant changes in the export demand and price parity for Indian rice vis-a-vis other origin, CY 2016 (MY 2015/16 exports) will reach the estimated 9.2 MMT at the current pace of exports. Post continues to forecast CY 2017 (MY 2016/17) rice exports unchanged at 8.5 MMT.

## **WHEAT**

Note: No changes in the official PSD to report. No significant market development to report from the last update ([IN6091](#)).

## **CORN**

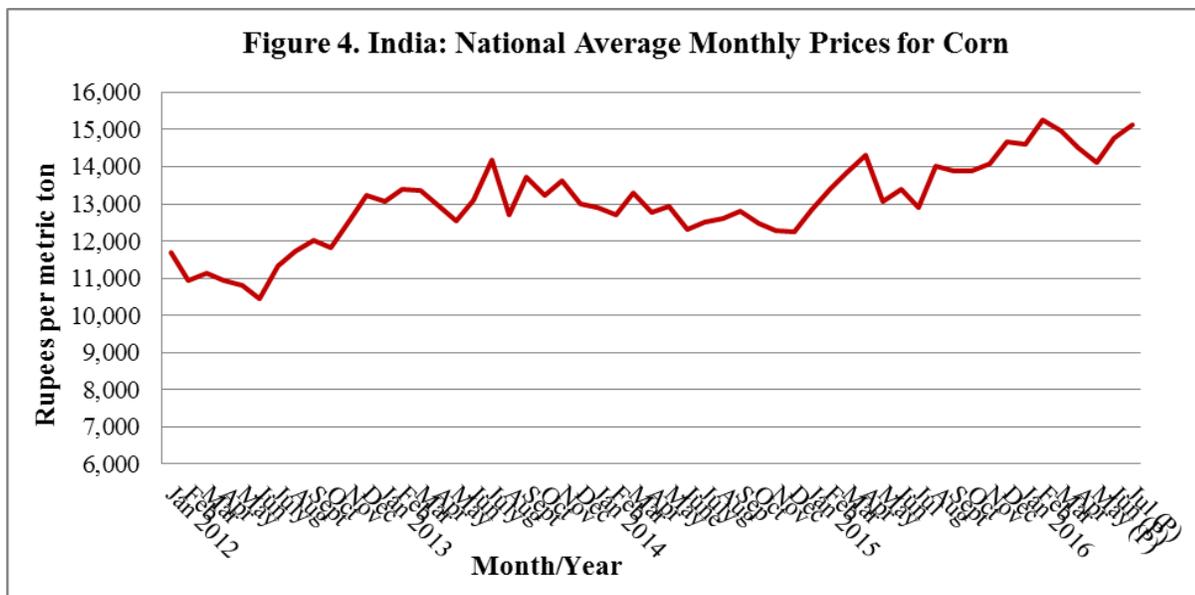
Note: No changes in the official PSD to report.

### **MY 2016/17 Planting**

Sufficient and well distributed 2016 monsoon rains have boosted MY 2016/17 corn planting, with total corn area through July 22, 2016, estimated at 6.8 million hectares compared to 6.2 million hectares last year. Higher planting is being reported in the major producing states like Karnataka, Maharashtra, Madhya Pradesh, Rajasthan, Telangana and Andhra Pradesh. Planting is likely to be over by 2nd week of August on forecast normal rains in August, unlike last year wherein planting was affected in the several rain deficit states. Assuming normal monsoon through August/September, Post continues to forecast MY 2016/17 corn production at 23 MMT. However, excess rains during September/October may affect the yield prospects as the crop would be at the harvest stage. However, sufficient rains during September/October will be critical for planting prospects for the *rabi* season (planted on October-November) and winter corn (planted in January).

### **Prices Gain...**

With the arrival of MY 2015/16 *rabi* corn tapering off, domestic corn prices during June and July firmed up significantly on relatively strong domestic demand.



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI

Market prices in the major producing states currently range from INR 13,500 (\$201) to INR 18,000 (\$268) per metric ton (spot). Prices are expected to remain firm in August/September on tight supplies, but favorable MY 2016/17 planting and production prospects and expected weak international prices are likely to contain significant price movements in the future.

### ...Govt allows Extension on Imports under TRQ...

With the growing concerns on the rising corn prices raised by the local corn users (poultry and starch industries), government is exploring the option of importing relatively cheaper corn from the international market under the tariff rate quota (TRQ) of 500,000 metric tons at zero duty in the Indian fiscal year 2016/17 (April/March). On July 11, 2016, the government gave an extension to the government parastatals responsible for canalizing imports under the TRQ to apply for the IFY 2016/17 TRQ from March 31, 2016, to August 8, 2016. The three government parastatals issued notification to actual buyers seeking their interest in importing non-genetically modified corn under the TRQ (PEC, STC and MMTC) based on which they will be applying for the IFY 2016/17 TRQ.

### ... Non-GM Condition Constrain Import Prospects

Meanwhile on July 14 and July 15, 2016, the PEC issued two tenders for importing 120,000 MT of non-GM corn under specific conditions in different ports, which was cancelled due to lack of response from the exporters (only one bid quoted at \$252/MT). STC and MMTC have also issued tenders, but market sources report that these tenders may not get adequate response due to lack of supplies of corn that can be certified non-GM from the exporting country. Consequently, Post continues to estimate MY 2015/16 corn imports unchanged at 250,000 MT.

Since the TRQ is applicable through March 2017, the PEC has issued a tender for 200,000 MT of non-GM corn for imports during mid-December through end-January, the period after the *kharif* corn and before the *rabi* corn marketing season. Market sources report that the tender may receive more interest

as the future prices quotes for the period are very competitive. Post continues to forecast MY 2016/17 corn imports at 200,000 MT due to the spillover of the IFY 2016/17 TRQ imports.