

**Voluntary Report** – Voluntary - Public Distribution

**Date:** December 30, 2022

**Report Number:** IN2022-0110

**Report Name:** India Grain and Feed Update - December 2022

**Country:** India

**Post:** New Delhi

**Report Category:** Grain and Feed

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

**Approved By:** Ronald Verdonk, Agricultural Minister Counselor

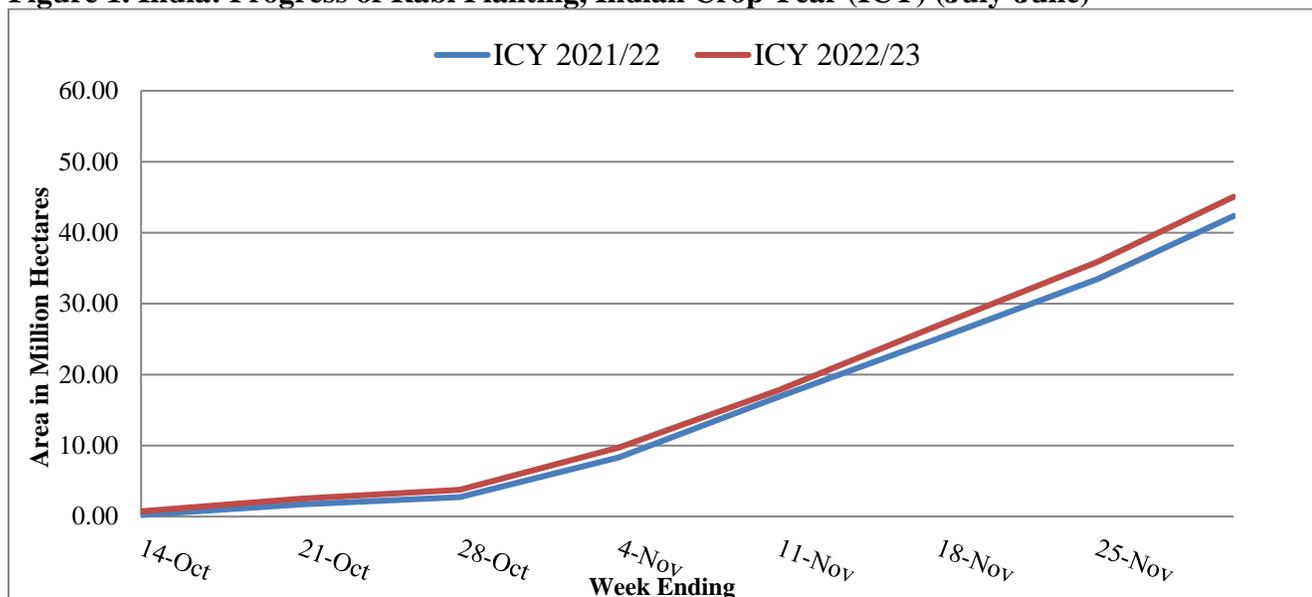
**Report Highlights:**

Planting of India's rabi season (winter sown, spring harvested) crops, which includes wheat, is progressing well under adequate soil moisture conditions and irrigation water availability. Market year (MY) 2022/2023 rice production is estimated higher at 125 million metric tons (MMT) as late rains in September-October have improved yield prospects in the previously moisture-stressed Gangetic Plains region. MY 2022/2023 wheat production is raised marginally higher to 100 MMT, while exports are lowered to 6 MMT and ending stocks lowered to 9.5 MMT. MY 2022/2023 corn production is lowered to 31 MMT, with exports dropping to 2.4 MMT and ending stocks falling to 1 MMT on forecasted tight supplies.

## GENERAL INFORMATION

**Planting Progress Steady on Favorable Planting Conditions:** Planting of India's *rabi* season (i.e., winter sown, spring harvested) crops is progressing well under adequate soil moisture conditions and irrigation water availability due to good 2022 monsoon rains this past October.

**Figure 1. India: Progress of Rabi Planting, Indian Crop Year (ICY) (July-June)**



Source: Ministry of Agriculture and Farmers Welfare.

India's Ministry of Agriculture and Farmers Welfare (MoAFW) is estimating total area sown through December 1, 2022, at 45 million hectares compared to 42.4 million hectares at the same time last year. Despite a one-to-two day delay in planting in first half of October 2022, due to excess rains, planting recovered from third week of October onwards, progressing steadily ahead of last year's through November on optimal planting conditions. Plantings are ahead for most crops, with farmers aggressively sowing under sufficient soil moisture conditions aiming to avoid a repetition of the conditions that led to terminal heat stress at the crop harvest stage experienced during the 2022 harvest.<sup>1</sup>

**Table 1. India: Rabi Crop Plantings (million hectares), ICY (July/June)**

Crop	ICY 2021/2022 (Progressive Plantings through December 1, 2021)	ICY 2022/2023 (Progressive Planting through December 1, 2022)
Wheat	20.09	21.16
Rice	0.95	1.06
Coarse Cereals	2.90	3.26
Pulses	10.96	11.26
Oilseeds	7.56	8.31
<b>Total</b>	<b>42.35</b>	<b>45.06</b>

Source: Ministry of Agriculture and Farmers Welfare.

<sup>1</sup> The early onset of summer, due to the untimely rise in temperatures commencing in the mid-March 2022, adversely affected the last year's *rabi* crop at maturity/harvest stages, particularly wheat.

FAS New Delhi's (Post) field sources expect the planting campaign to wrap up by mid-December, that is except for the late winter planted rice in coastal India. Total plantings this rabi season will likely be higher when compared to last year's. Thanks to sufficient soil moisture levels, farmers are cultivating additional unirrigated land normally left fallow, expanding cultivation of unirrigated crops such as oilseeds and pulses.

Post expects wheat plantings to exceed a record setting 32 million hectares. Anticipating higher prices, along with the Indian government's minimum support price (MSP) procurement assuring returns, farmers are betting on bringing in additional wheat crop area under partial irrigation.<sup>2</sup>

The winter planted rabi crops are currently progressing well under adequate soil moisture and temperature conditions, but temperature and precipitation during January-March months will be critical for good yield realization.

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<sup>2</sup> Typically, wheat is cultivated with assured three-to-five irrigations, but late season rains may encourage farmers to plant some wheat area with two-to-three irrigations in place of rainfed crops such as chickpeas and rapeseed/mustard.

## COMMODITIES

### RICE

**Table 2. India: Commodity, Rice Milled – Production, Supply and Distribution (PSD)**

Rice, Milled Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	45769	45769	46379	46379	45500	45500
Beginning Stocks (1000 MT)	33900	33900	37000	37000	34000	34000
Milled Production (1000 MT)	124370	124370	130290	130290	124000	125000
Rough Production (1000 MT)	186574	186574	195455	195455	186019	187519
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	167290	167290	158000	159000
MY Exports (1000 MT)	20216	20199	22000	22000	19500	19500
TY Exports (1000 MT)	21238	21238	21000	21000	19500	19500
Consumption and Residual (1000 MT)	101054	101071	111290	111290	109000	110000
Ending Stocks (1000 MT)	37000	37000	34000	34000	29500	29500
Total Distribution (1000 MT)	158270	158270	167290	167290	158000	159000
Yield (Rough) (MT/HA)	4.0764	4.0764	4.2143	4.2143	4.0883	4.1213

(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

FAS New Delhi forecasts India's rice production in market year (MY) 2022/2023 (October-September) marginally higher at 125 million metric tons (MMT) as the late 2022 monsoon rains in September through October improved yield prospects in the previously moisture stressed Gangetic Plains.<sup>3</sup>

Post's field crop travel in the major rice producing states in October through November suggests that the October rains causes some on-field damage to the early planted *kharif* (fall harvested) rice in the northern states. However, strong recovery of monsoon rains in September and into October improved the yield prospects of the relatively late planted *kharif* rice in the Gangetic Plains region. The late rains are also likely to improve the planting and production prospects for the upcoming *rabi* (winter planted) rice. Post is raising MY 2022/2023 rice production higher to 125 MMT, which includes 106 MMT of *kharif* rice and 19 MMT of *rabi* rice. For Post's analysis on the MY 2022/2023 rice production situation, see [GAIN-INDIA | IN2022-0092 | India Grain and Feed Update – November 2022](#).

<sup>3</sup> Weak 2022 monsoon rains in the July-August period throughout the Gangetic region (an area that includes the Indian states of Uttar Pradesh, Bihar, and West Bengal) resulted in severe moisture stress and drought-like conditions affecting *kharif* (fall harvested) rice plantings, raising concerns about the crop's yield prospects.

**Ongoing Procurement Going Strong:** Government rice procurement under the minimum support price program has been steady and ahead of last year’s volume on relatively higher government MSP when compared to market prices. MY 2022/2023 rice procurement through December 1, 2022, is estimated at 22.1 MMT compared to the 19.5 MMT transacted at the same time last year.

**Table 3. India: Government Procurement of Milled Rice by State (MMT)**

State	MY 2020/2021	MY 2021/2022	MY 2021/2022	MY 2022/2023
	October-September	October-September	October 1 - December 1	October 1 - December 1
Andhra Pradesh	5.67	4.51	0.04	0.27
Telangana	9.45	7.98	1.08	1.62
Chhattisgarh	4.67	6.17	0.00	1.71
Haryana	3.79	3.71	3.65	3.95
Madhya Pradesh	2.50	3.07	0.00	0.02
Odisha	5.26	4.83	0.00	0.05
Punjab	13.59	12.55	12.52	12.19
Tamil Nadu	3.05	2.94	0.36	0.58
Uttar Pradesh	4.48	4.39	0.86	0.85
West Bengal	1.89	2.40	-	-
Others	<u>5.73</u>	<u>6.73</u>	<u>1.03</u>	<u>0.87</u>
<b>TOTAL</b>	60.08	59.27	19.54	22.10

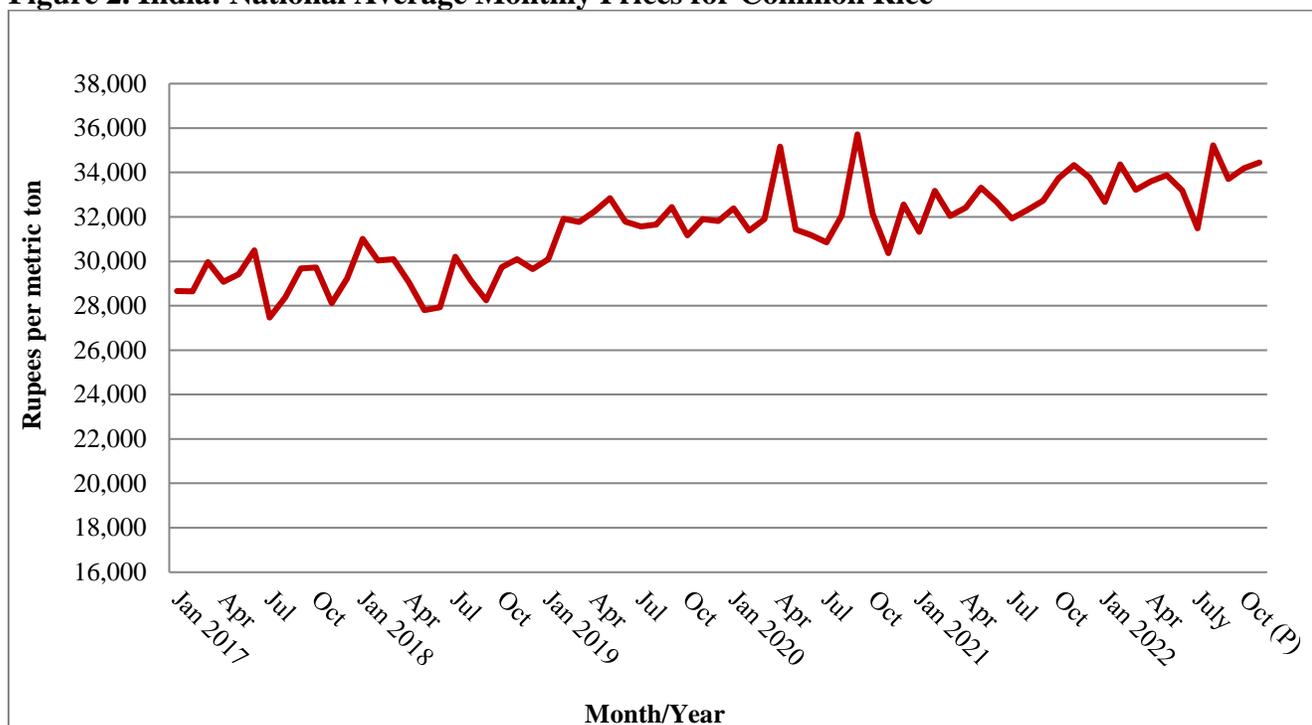
Source: Food Corporation of India.

Procurement in the northern Indian states of Punjab and Haryana is nearly over, while kharif rice procurement in the other states will continue through the end of February 2023. Despite an expected lower harvest compared with last year’s record crop, higher MSP along with expected weak open market prices premised on the likely continuation of the free food grain scheme for nearly two-thirds of the Indian population (~917 million), will bolster MSP procurement in other states for kharif rice and the next rabi rice crop. Post expects government rice procurement in MY 2022/2022 to exceed 58 MMT.<sup>4</sup>

**Prices Firm Despite the Strong Arrival of the New Crop:** Despite relatively steady arrivals of the new crop, domestic prices have remained firm throughout October and into November due to higher government procurement. Procurement operations are being undertaken at Indian rupees (INR) 20,400 (\$252) per metric ton (MT) compared to last year’s procurement pricing of INR 19,400 (\$240)/MT for common grade un-milled rice (paddy). Government procurement at this level will support domestic rice prices through February, when MSP procurement is set to wrap up. Market prices during the second half of MY 2022/2023 will, however, depend on the export demand along with the Indian’s government policy on the release of subsidized rice in 2023.

<sup>4</sup> India’s population exceeds 1.389 billion (Central Intelligence Agency, 2022 estimate).

**Figure 2. India: National Average Monthly Prices for Common Rice**



Source: Agriculture Marketing Information Network, Ministry of Agriculture and Farmers Welfare, and FAS New Delhi office research.

## CONSUMPTION

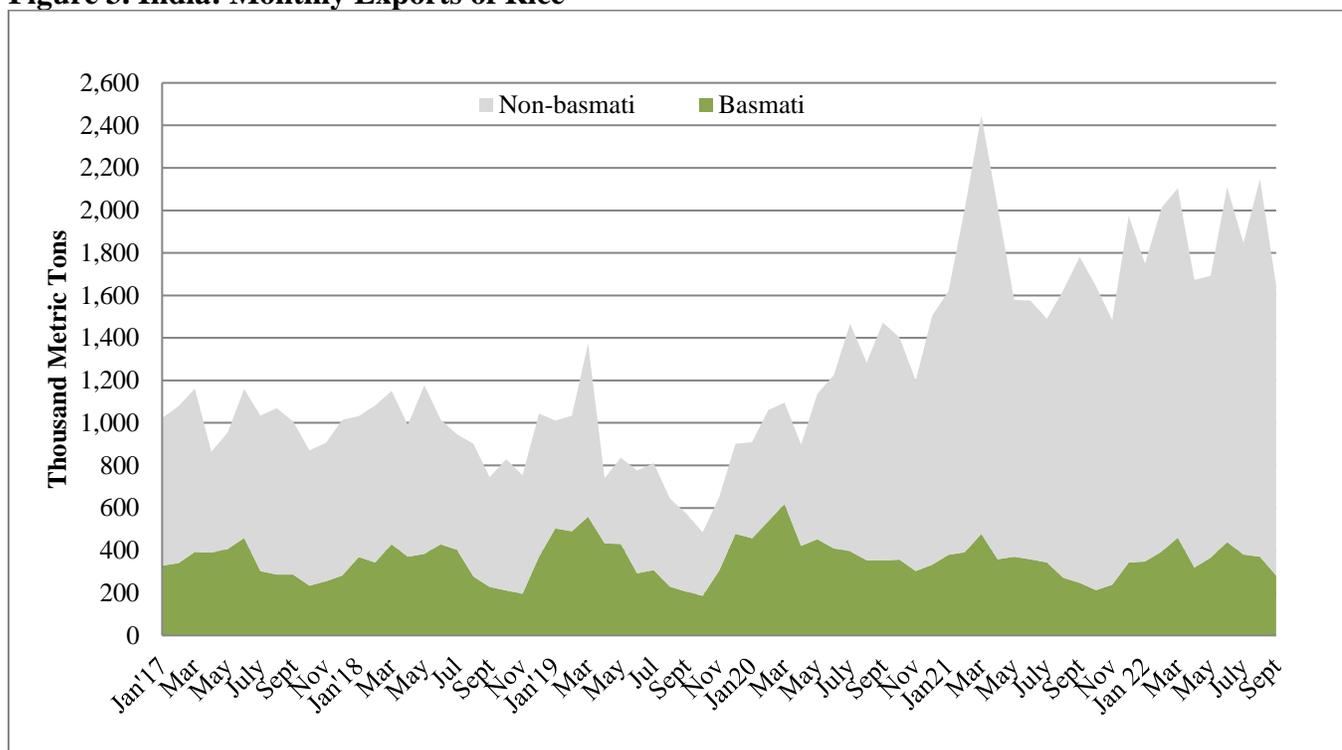
**MY 2022/2023 Consumption Raised:** FAS New Delhi is raising MY 2022/2023 consumption to 110 MMT to account for the revised production estimate in the Post’s Production, Supply and Distribution table. Market sources expect the government to continue with the existing 6.4 MMT/month rice allocation under various food security programs to continue through the first half of 2023.<sup>5</sup> Wheat stocks will then be replenished by the new crop, which should boost MY 2022/2023 consumption.

## EXPORTS

**MY 2022/2023 Exports Unchanged:** FAS New Delhi estimates MY 2022/2023 and calendar year (CY) 2023 rice exports to remain unchanged at 19.5 MMT on more-than-sufficient domestic supplies and no major changes in the export policy. Provisional official trade figures estimate MY 2021/2022 (October-September) exports at over 22 MMT (record), which includes 17.9 MMT coarse grain non-basmati rice and 4.1 MMT long grain basmati rice.

<sup>5</sup> See, [GAIN-INDIA | IN2022-0064 | India Grain and Feed Update – July 2022](#).

**Figure 3. India: Monthly Exports of Rice**



Source: Directorate General of Commercial Intelligence, Ministry of Commerce and Industry, and FAS New Delhi research.

Despite the government imposing an export duty of 20 percent on various types of coarse grain rice in September 2022, Indian rice continues to remain very competitive compared to those of other origins.<sup>6</sup> Trade sources report that despite the 20 percent export duty, Indian coarse rice has a price advantage of \$10-20/MT compared to those of other origins. Assuming existing export policy and current price parity for Indian rice compared to rice of other origins, MY 2022/2023 exports are forecast at 19.5 MMT. However, relaxation in the existing export policy can further boost export prospects.

<sup>6</sup> On September 8, 2022, the Indian government banned exports of broken rice and imposed an export duty of 20 percent on rice in husk (harmonized tariff system [HS] 1006.10.00 and 1006.20.00) and semi or whole milled rice (HS 1006.30.90) other than parboiled or basmati rice with effect from September 9, 2022. See, [GAIN-INDIA | IN2022-0081 India Grain and Feed Update – October 2022](#).

## COMMODITIES

### WHEAT

**Table 4. India: Commodity, Wheat - Production, Supply and Distribution**

Wheat Market Year Begins	2020/2021		2021/2022		2022/2023	
	Apr 2020		Apr 2021		Apr 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	31357	31357	31125	31125	30544	30544
Beginning Stocks (1000 MT)	24700	24700	27800	27800	19500	19500
Production (1000 MT)	107860	107860	109586	109586	103000	100000
MY Imports (1000 MT)	18	18	25	25	25	25
TY Imports (1000 MT)	18	18	17	17	25	25
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	132578	132578	137411	137411	122525	119525
MY Exports (1000 MT)	2561	2561	8033	8033	6500	6000
TY Exports (1000 MT)	3597	3597	10567	10567	3000	3000
Feed and Residual (1000 MT)	6500	6500	7000	7000	6000	6000
FSI Consumption (1000 MT)	95717	95717	102878	102878	98000	98000
Total Consumption (1000 MT)	102217	102217	109878	109878	104000	104000
Ending Stocks (1000 MT)	27800	27800	19500	19500	12025	9525
Total Distribution (1000 MT)	132578	132578	137411	137411	122525	119525
Yield (MT/HA)	3.4397	3.4397	3.5208	3.5208	3.3722	3.274
(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

FAS New Delhi revises the MY 2022/2023 wheat production marginally higher to 100 MMT based on reports of higher than initially expected wheat stocks being held by private trade in some states. However, the continued surge in the domestic prices strongly suggests a tighter MY 2022/2023 harvest than expected from the government's 'optimistic' fourth advance estimate of 106.8 MMT. Domestic wheat prices having risen steeply in the recent months on tight domestic supplies, in addition to the Indian government not releasing any wheat under open market sales.

Prices are expected to gain further in the coming months unless the government decides to release additional wheat onto the open market to contain rising prices. Industry sources report that the Indian government has an additional 4-4.5 MMT of wheat in its stocks after meeting their existing commitments under various food security programs and its end-year buffer stock norms. Rising food inflation concerns and reports of robust planting of wheat for the upcoming season may allow the government to release additional wheat in the market through sales to private millers which will keep domestic prices under control.

**Figure 4. India: National Average Monthly Prices for Wheat**



Source: Agriculture Marketing Information Network, Ministry of Agriculture and Farmers Welfare, and FAS New Delhi research.

Post’s field crop travel suggested that private trade in the major wheat producing state of Uttar Pradesh was holding at around 1 MMT of additional wheat stocks than initially expected based on the offtake from the state to other consuming states. Nevertheless, the private trade continues to estimate the harvest in the range of 95-100 MMT, Post is raising the MY 2022/2023 wheat production estimate marginally higher to 100 MMT based on the prevailing market conditions.

**MY 2022/2023 Wheat Plantings Going Strong:** Last year’s early onset of summer in March, significantly affected the 2022/2023 rabi (winter sown, spring harvested) late planted wheat crop. With extreme record high temperatures singeing the crop, wheat market prices shot up. High market prices being obtained for wheat in 2022 are encouraging farmers to dedicate additional to wheat cultivation.

The MoAFW’s latest rabi report estimates planting of the upcoming wheat crop through December 1, 2022, at 21.2 million hectares compared to 20.1 million hectares under cultivation at the same time last year. Planting will continue through mid-December in the major wheat production states, except for some late sown areas in Uttar Pradesh and Bihar where it will continue through the end of December this year. Higher plantings are likely in most states as farmers shift some production areas out of oilseeds and pulses to wheat, especially in the partially irrigated areas (two-to-three irrigations during the crop season). Field sources remain optimistic that wheat planting will exceed 32 million hectares (record) compared to last year’s 30.5 million hectares on favorable market and planting conditions.

Plantings and crop emergence is progressing well in the major wheat growing states thanks to adequate soil moisture conditions and irrigation water availability resulting from substantial rains in October. However, low temperature and regular scattered rains in late December through early February and extended winter conditions through March 2023, will be critical for supporting good yields. Early

summer conditions next March, and untimely rains in March-April during the grain setting and harvest stage could adversely affect the yield prospects.

## **EXPORTS**

**MY 2022/2023 Exports Lowered:** FAS New Delhi estimates MY 2022/2023 wheat and wheat product exports at 6 MMT based on recorded exports to date. Aiming to ensure national food security, the Indian government is unlikely to allow further exports.

Provisional official trade figures estimate MY 2022/2023 exports for April through September 2022 at 5.22 MMT. Post's trade sources report that most of the wheat and wheat products exempted from the export ban under various provisions were shipped out by early November. With the government unlikely to authorize any further exemptions to the export ban on wheat and wheat products, MY 2022/2023 wheat and wheat product exports are likely to barely reach 6 MMT.

## **STOCKS**

**MY 2022/2023 Ending Stocks Lowered:** Based on the latest official wheat stocks estimate and expected open market sale of government wheat on food inflation concerns, Post estimates MY 2022/2023 ending stocks lower at 9.5 MMT.

The Food Corporation of India estimates November 1, 2022, government wheat stocks at 21.05 MMT, compared to 41.98 MMT at the same time last year.

Under existing monthly allocations made through various food security programs, the government will offload 9 MMT in the remaining five months (November 2022-March 2023) of this market year. The government will hold some 12 MMT of wheat after meeting its commitments under the food security programs, well above the minimum buffer stock norms of 7.5 MMT for the market year. Millers are advocating for the release of the additional wheat stocks to contain rising prices.<sup>7</sup>

**Rising Food Inflation to Trigger Release of Government-Held Stocks:** Concerned with rising food inflation, along with relatively high international prices, the Indian government may well be forced release government-held wheat to millers in the last quarter of MY 2022/2023 (January-March). Post estimates MY 2022/2023 wheat ending stocks at 9.5 MMT following the offloading 9 MMT under food security programs and 2.5 MMT to millers in the November to March period.

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<sup>7</sup> Post trade sources report that relatively high international wheat prices limit import options. Even without the import duty of 40 percent factored in, the landed price of wheat at INR 31,000 to INR 32,000 (\$383 to \$395)/MT, would be well above current domestic wheat prices.

# COMMODITIES

## CORN

**Table 5. India: Commodity, Corn - Production, Supply and Distribution**

Corn Market Year Begins	2020/2021		2021/2022		2022/2023	
	Nov 2020		Nov 2021		Nov 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9892	9892	10100	10100	10000	10000
Beginning Stocks (1000 MT)	1863	1863	2095	2095	2315	2315
Production (1000 MT)	31647	31647	33600	33600	32000	31000
MY Imports (1000 MT)	25	25	20	20	100	100
TY Imports (1000 MT)	23	23	20	20	100	100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	33535	33535	35715	35715	34415	33415
MY Exports (1000 MT)	3590	3590	3500	3500	2800	2400
TY Exports (1000 MT)	3677	3677	3500	3443	2800	2400
Feed and Residual (1000 MT)	16250	16250	18000	18000	18500	18500
FSI Consumption (1000 MT)	11600	11600	11900	11900	11600	11500
Total Consumption (1000 MT)	27850	27850	29900	29900	30100	30000
Ending Stocks (1000 MT)	2095	2095	2315	2315	1515	1015
Total Distribution (1000 MT)	33535	33535	35715	35715	34415	33415
Yield (MT/HA)	3.1993	3.1993	3.3267	3.3267	3.2	3.1
(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

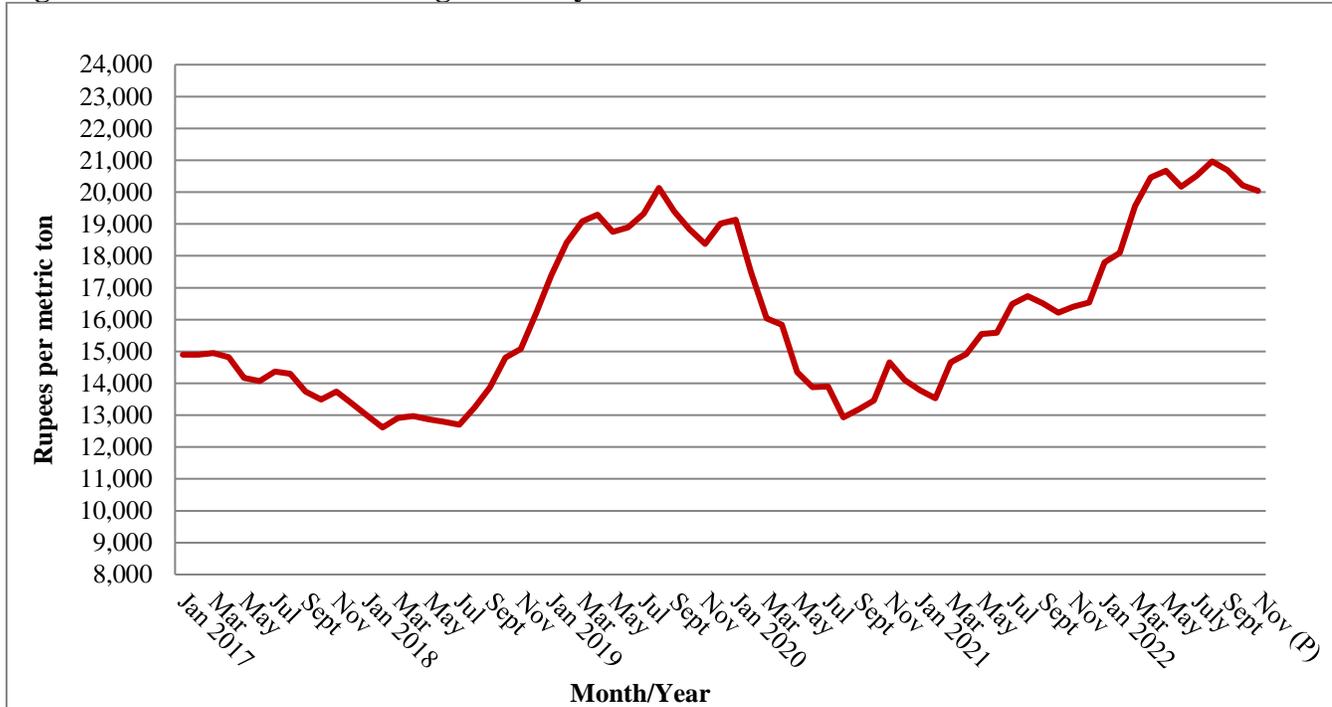
FAS New Delhi estimates MY 2022/2023 corn production lower at 31 MMT on reports of lower than anticipated yields in the major corn growing areas in peninsular India. Post's field crop travel through corn growing belt in Karnataka suggest 12-15 percent lower yields and in the adjoining states of Maharashtra, Andhra Pradesh and Telangana as heavy rains in late August through early September coincided with the tasseling and silking stage affecting cob size compared to last year. Post's trade sources estimate the corn harvest from the region down by 2-3 MMT compared to last year. However, losses are likely to be partially offset by higher 1-2 MMT higher production in northern and central states, and good harvest prospects for the upcoming rabi corn where planting is progressing well under favorable soil moisture conditions.

**Prices Remain Firm:** Despite higher opening stocks and the new crop's arrival in early October, domestic corn prices have remained firm suggesting lower crop compared to last year's record harvest.

Average spot prices in the major corn producing states in November 2022, ranged from INR 18,280 (\$226) to INR 21,160 (\$261)/MT compared to INR 16,980 (\$210) to INR 21,440 (\$266)/MT in October,

and INR 14,720 (\$196) to INR 17,200 (\$229)/MT in October 2021. Prices are likely to remain firm through the first quarter of 2023. Subsequent prices will depend on the next rabi corn harvest (March-April) and export demand.

**Figure 5. India: National Average Monthly Prices for Corn**



Source: Agriculture Marketing Information Network, Ministry of Agriculture and Farmers Welfare, and FAS New Delhi office research.

**CONSUMPTION – EXPORTS – STOCKS**

**Consumption, Exports and Ending Stocks Lowered:** With poultry feed demand expected to remain strong on growing post COVID-19 consumer demand for poultry meat and products, Post forecasts tight domestic supplies and firm prices to likely further lower FSI consumption and exports in the upcoming marketing year compared to last year.

FAS New Delhi estimates MY 2022/2023 FSI consumption marginally lower at 11.5 MMT and exports lower at 2.4 MMT. MY 2022/2023 ending stocks are estimated to decline to 1.02 MMT, their lowest level in past seven years.

**Attachments:**

No Attachments.