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Report Highlights:

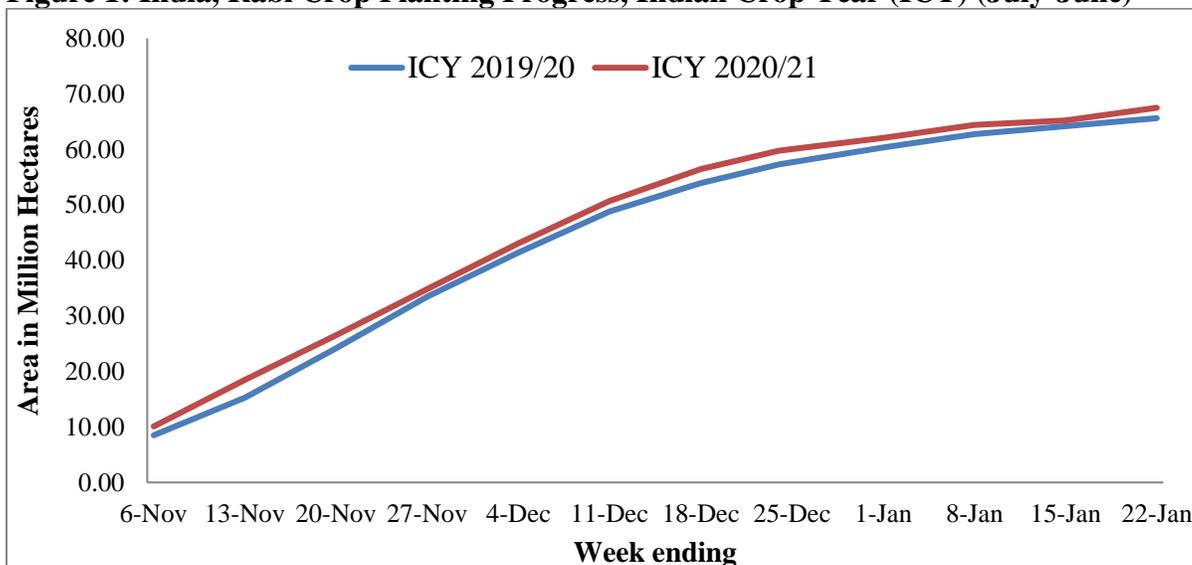
India is set to achieve another record wheat harvest in marketing year (MY) 2021/22 (April-March) on record planting and favorable weather conditions during the current vegetative growth stage. FAS New Delhi (Post) is raising India's MY 2020/21 rice export forecast slightly higher to a record 14 million metric tons (MMT) on strong export demand, and calendar year (CY) 2020 export estimates to a record 14.7 MMT based on revised official data. Post is similarly raising India's MY 2020/21 wheat exports to 1.75 MMT, and consumption to 103.6 MMT, while ending stocks lowered to 27 MMT. Marketing year 2020/21 corn exports are raised to 1.8 MMT on improved export competitiveness of Indian corn in neighboring countries. Note: On February 23, 2021, report was revised to correct a typo in the Report Highlights for India wheat exports. No report tables or other data were affected by the error.

GENERAL INFORMATION

Rabi Planting Boost on Good 2020 Monsoon and Favorable Weather

Timely and adequate 2020 monsoon rains and favorable weather conditions boosted the planting of *rabi* season (winter sown, spring harvested) crops. Planting commenced on time in the third week of October in northern India and favorably progressed through January 2021 in other parts of the country. Adequate soil moisture conditions, improved irrigation water availability and moderate temperatures supported an increase in planting area of most *rabi* crops.

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



Source: Government of India, [Ministry of Agriculture and Farmers Welfare](#), FAS New Delhi research

The Ministry of Agriculture and Farmers Welfare (MoAFW) estimates total area sown through January 22, 2021, at 67.5 million hectares (MHA), a nearly three percent increase over last year, and nearly nine percent above normal planted area (previous 10-year average).

Table 1: India, Rabi Crop Planting (million hectares), Indian Crop Year (July/June)

Crop	Normal Area for Complete Rabi Season	ICY 2019/2020 Progressive Plantings (January 22, 2020)	ICY 2020/2021 Progressive Plantings (January 22, 2021)
Wheat	30.33	34.51	33.47
Rice	4.18	2.60	2.99
Pulses	14.49	16.11	16.53
Oilseeds	7.29	7.94	8.36
Coarse Cereals	5.71	5.51	5.10
Total	62.01	65.63	62.01

Source: Government of India (GOI), [Ministry of Agriculture and Farmers Welfare](#), FAS New Delhi research.

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The planting of wheat, oilseeds, and pulses (i.e., gram (chick pea), lentils, mung beans, and black eye beans) in the ongoing *rabi* season is significantly ahead of last year and likely to reach record levels in several crops. Coarse grain plantings such as corn and sorghum are slightly lower as farmers have shifted production to wheat and pulses.

Increased planting and favorable weather through the early crop growth stages supports the prospects for a greater *rabi* harvest. However, weather conditions from February through April will be critical—lower temperatures during this period will help boost yield prospects, but temperature increases in March or untimely rains during the harvest period in April would lower yields.

RICE

Table 2. India: Rice, Milled - Production, Supply and Demand

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	44160	44160	43780	43780	44500	44500
Beginning Stocks (1000 MT)	22600	22600	29500	29500	29700	29700
Milled Production (1000 MT)	116480	116480	118426	118426	120000	120000
Rough Production (1000 MT)	174737	174737	177657	177657	180018	180018
Milling Rate (.9999)	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)	139080	139080	147926	147926	149700	149700
MY Exports (1000 MT)	10420	10502	12487	12596	13800	14000
TY Exports (1000 MT)	9790	9891	14400	14658	14000	14000
Consumption & Residual (1000 MT)	99160	99078	105739	105630	106000	106000
Ending Stocks (1000 MT)	29500	29500	29700	29700	29900	29700
Total Distribution (1000 MT)	139080	139080	147926	147926	149700	149700
Yield (Rough) (MT/HA)	3.9569	3.9569	4.0579	4.0579	4.0453	4.0453

Note:

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

TY = Trade Year, rice, milled begins in January for all countries.

TY 2020/2021 = January 2021 to December 2021

Production

Market Year 2020/21 Production Unchanged

FAS New Delhi estimates market year (MY) 2020/21 (October-September) rice production at a record 120 million metric tons (MMT), based on early reports of *kharif* (fall harvested) rice and an expected recovery in *rabi* rice planting. While Post has been unable to undertake any field trips due to COVID-19 related travel restrictions, field sources report higher yield realization than last year for the *kharif* rice harvested in October-

December 2020. While *rabi* rice planting is currently behind due to the 2020 monsoon that lingered in coastal India and subsequent harvest delays of the previous *kharif* crop, rice planting is likely to recover in the coming weeks and will continue through February 2021 in the coastal rice producing areas.

Indian Government Procurement to Scale New Record

Government procurement of MY 2020/21 rice through the minimum price support (MSP) system is significantly ahead of MY 2019/20 due to forecasted record harvests, relatively weak open-market prices, and expanded government buying to allay concerns of protesting farmers against the [three new farm laws](#). Consequently, MY 2020/2021 rice procurement through January 22, 2021, was estimated at 38.75 MMT, a massive 22 percent increase over last year's procurement level during the same period.

Table 3: India, Government Procurement of Rice by States (MMT)

State	MY 2018/19	MY 2019/20	MY 2019/20	MY 2020/21
Period	October-September	October-September	October 1-January 22	
Punjab	11.33	10.88	10.87	13.59
Andhra Pradesh	4.81	5.53	1.75	1.74
Telangana	5.19	7.45	3.00	3.16
Chhattisgarh	3.97	5.22	3.53	3.98
Odisha	4.45	4.80	2.08	2.51
Haryana	3.94	4.31	4.31	3.76
Uttar Pradesh	3.23	3.79	3.32	4.14
West Bengal	1.98	1.84	0.00	0.44
Madhya Pradesh	1.40	1.74	1.54	2.50
Tamil Nadu	1.29	2.20	0.06	0.44
Others	2.81	4.23	1.20	2.50
Total	44.40	52.00	31.68	38.75

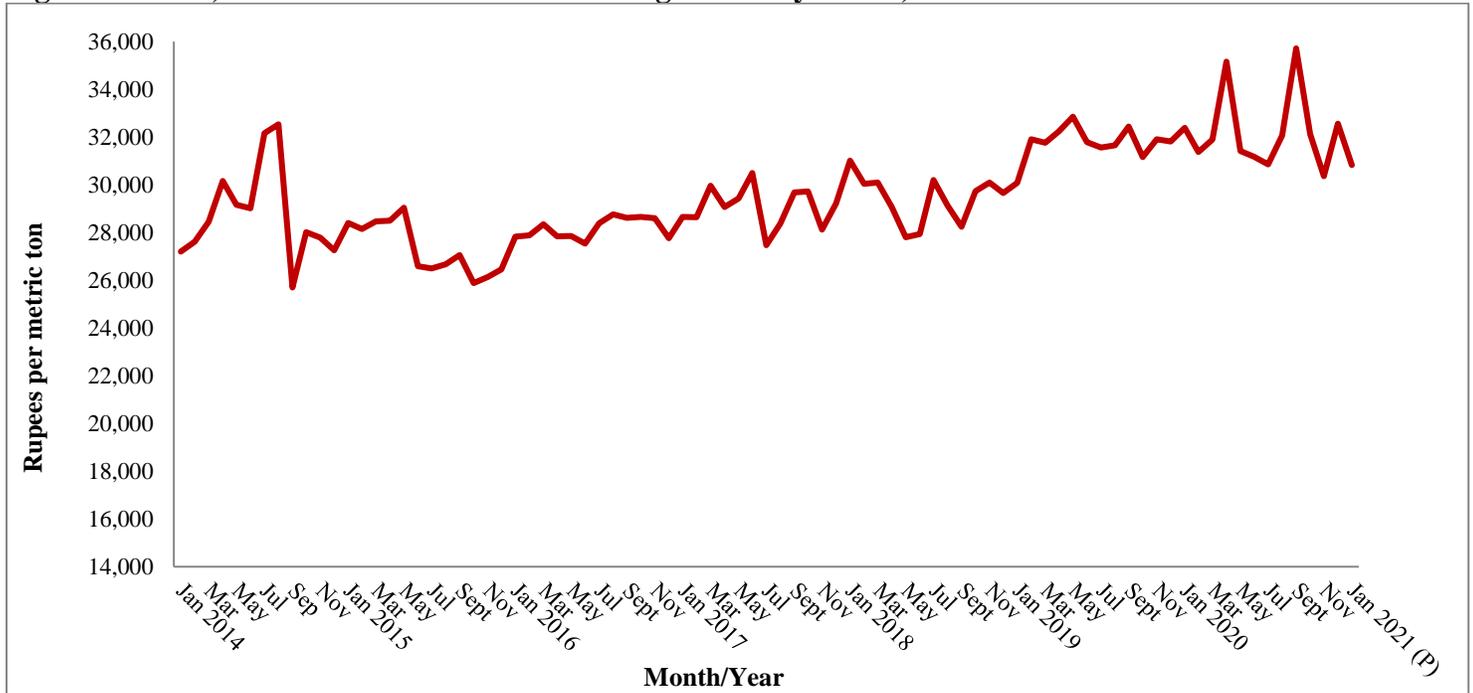
Source: Government of India, Food Corporation of India.

Government procurement is higher than last year in most Indian states driven by significantly weaker open-market prices as the Indian government released significant quantities of highly subsidized rice under the COVID-19 food relief programs ([estimated at 22.1 MMT during April-November 2020](#)). While the government offtake of rice is likely to decline in the coming months (regular food security programs), more-than-sufficient domestic supplies will continue to depress open market prices and drive higher government procurement in MY 2020/21. Consequently, MY 2020/2021 rice procurement is anticipated to be higher than last year's record of 52 MMT and is expected to be in the range of 55-60 MMT.

Domestic Prices Remain Weak

After ending the COVID-19 relief programs in November 2020, common rice prices have continued to remain weak due to sufficient supplies on record *kharif* rice harvests and weakened domestic demand.

Figure 2: India, Common Rice - National Average Monthly Prices, CY 2014-2021



Source: Government of India, Ministry of Agriculture and Farmers’ Welfare, Agricultural Marketing Information Network.

Despite the higher government MSP price for unmilled paddy rice (INR 18,800 [\$255] per metric ton [MT] versus INR 18,350 [\$249] per MT last year) and record government procurement, average milled rice prices in January 2021 in the major rice producing states were estimated at nearly five percent below last year. Market sources report that unmilled paddy rice prices traded in the open market are significantly below the government MSP. Expected strong market arrivals from March onward, after the onset of harvested *rabi* rice, are likely to keep prices under pressure over the coming months despite the continued strong export offtakes.

TRADE

Rice Exports Raised

Based on the latest Indian official trade data available from Trade Data Monitor and the Directorate General of Commercial Intelligence, the MY 2019/2020 rice export estimate is marginally raised to a record 12.6 MMT, and CY 2020 exports increased to a record of 14.7 MMT on strong exports continuing since the beginning of CY 2020 based on competitively priced Indian rice outcompeting other origins. Assuming the current price parity for Indian rice in the international market, Post’s MY 2020/21 rice exports is forecast to reach 14 MMT on sufficient domestic supplies.

Table 3: India, Monthly Rice Exports (Metric Tons), CY 2018-2020

Rice (HS 1006)	CY 2018	CY 2019	CY 2020
January	1,093,852	1,029,633	913,042
February	1,150,230	1,051,130	1,066,902
March	1,204,362	1,380,799	1,100,934
April	1,064,307	748,105	850,090
May	1,245,750	846,695	1,137,168
June	1,003,391	777,903	1,225,283
July	958,454	783,414	1,479,833
August	911,594	649,215	1,301,993
September	757,297	574,955	1,471,501
October	834,550	487,650	1,406,939
November	764,294	652,972	1,199,719
December	1,061,315	908,904	1,505,033
Total	12,049,396	9,891,375	14,658,437

Source: Trade Data Monitor, and December 2020 data from Government of India, Ministry of Commerce, and Industry's [Directorate General of Commercial Intelligence and Statistics \(DGCIS\)](#).

Rice exports remain strong since the beginning of CY 2020, particularly in the second half of the year on robust export demand and highly competitive prices for Indian non-Basmati rice compared to other origins. Trade sources report continued strong export demand for non-Basmati rice in MY 2020/21 due to sufficient domestic rice supplies, expected weak domestic pricing and the relatively stable value of the Indian rupee versus other foreign currencies. Assuming current price parity for Indian rice compared to other competing origins, Post forecasts India's MY 2020/2021 rice exports to increase to 14 MMT.

Based on the latest official trade data, the MY 2018/19 rice export estimate has been marginally raised to 10.5 MMT, and the CY 2019 export estimate to 9.9 MMT. The consumption and residual estimates in the Production, Supply and Distribution (PSD) table for MYs 2018/19 and 2019/20, and ending stocks estimate for MY 2020/21 have been adjusted to reflect the change in rice export estimates.

WHEAT

Table 4. India: Wheat - Production, Supply and Demand

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Apr 2018		Apr 2019		Apr 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	29651	29651	29319	29319	31450	31450
Beginning Stocks (1000 MT)	13230	13230	16992	16992	24700	24700
Production (1000 MT)	99870	99870	103600	103600	107592	107592
MY Imports (1000 MT)	17	27	20	26	25	20
TY Imports (1000 MT)	18	27	20	26	25	20
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0

Total Supply (1000 MT)	113117	113127	120612	120618	132317	132312
MY Exports (1000 MT)	496	496	509	509	1500	1750
TY Exports (1000 MT)	494	518	595	595	1800	1800
Feed and Residual (1000 MT)	5000	5000	6000	6000	6500	7000
FSI Consumption (1000 MT)	90629	90639	89403	89409	93000	96562
Total Consumption (1000 MT)	95629	95639	95403	95409	99500	103562
Ending Stocks (1000 MT)	16992	16992	24700	24700	31317	27000
Total Distribution (1000 MT)	113117	113127	120612	120618	132317	132312
Yield (MT/HA)	3.3682	3.3682	3.5335	3.5335	3.421	3.421

Note:

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 2020/2021 = July 2020 to June 2021

PRODUCTION

Strong Prospects for another Record Wheat Harvest in MY 2021/22

Riding record planting and favorable weather conditions, India is heading for its largest wheat harvest in MY 2021/22, assuming normal weather conditions through harvest. The Ministry of Agriculture and Farmers Welfare's 2020/21 *rabi* crop planting report estimates the 2021 wheat crop planting at a new record 34.5 million hectares compared to last year's 33.5 million hectares. Improved soil moisture and irrigation water availability due to an excellent 2020 monsoon, coupled with the Indian government's timely announcement of a higher MSP encouraged farmers to increase wheat planting. Relatively strong government MSP procurement in MY 2019/20 supported higher returns to wheat farmers during the COVID-19 lockdown period (April-June 2020), and recent government actions to dispel concerns about the three farm laws further encouraged farmers to plant more wheat.

Field sources report that the standing wheat crop is progressing well under adequate soil moisture and weather conditions throughout the wheat growing region. Relatively low temperatures and occasional rains during December/January have been beneficial. There have been no reports of pest and/or disease incidences in the major growing areas. A record planting, coupled with favorable growing conditions to date, have fueled the expectation of a bumper 2021 wheat harvest. However, temperatures during the critical flowering, grain filling and ripening stages during February/March, and/or unseasonal rains during harvest (March/April) could temper production prospects.

MY 2020/21 Production Unchanged

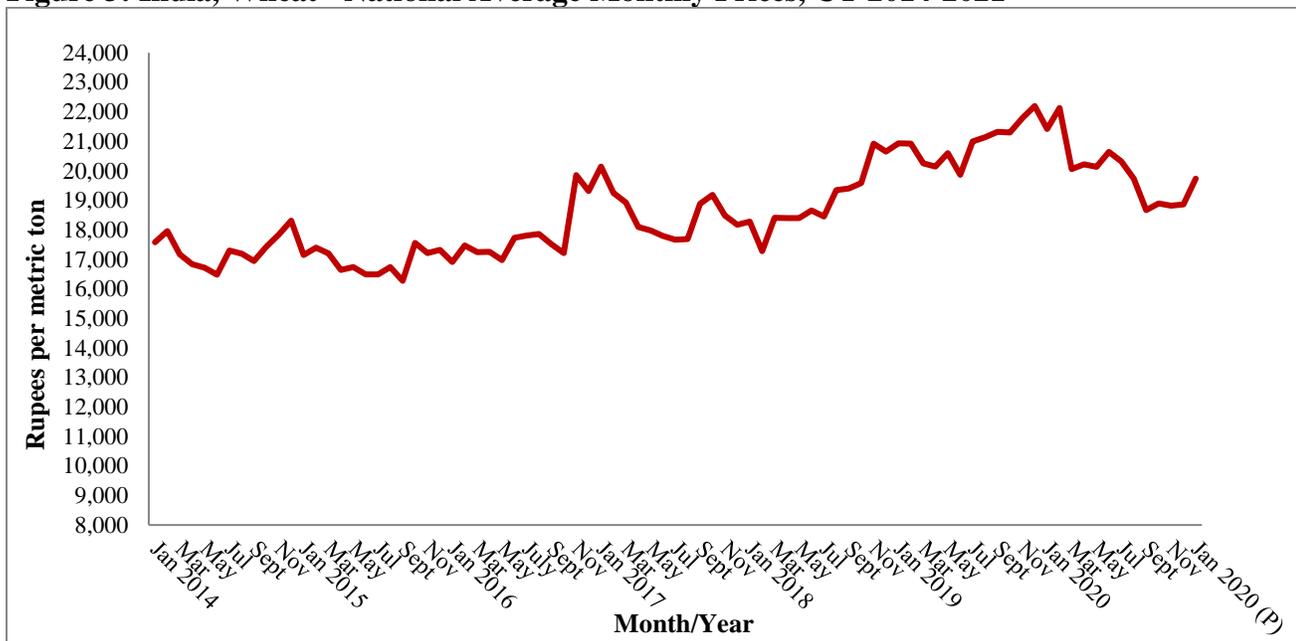
Post continues to estimate MY 2020/21 wheat production unchanged at a record 107.6 MMT, based on weak, open market prices reflecting sufficient supplies.

Wheat Prices Also Low

Since the MSP wheat procurement concluding in July 2020, wheat prices have been depressed by the Indian government supplying larger quantities of highly subsidized grains under various COVID-19 relief programs. Besides rice, the Indian government supplied an additional 11.2 MMT of wheat under various COVID-19 programs free of cost for consumers during April-November 2020. With the prospect for another record

harvest, and pressure to make space for government wheat procurement in the upcoming season, India has continued to release wheat stocks under the existing food safety and open market sales scheme, even as the COVID-related food aid programs ended in November 2020.

Figure 3: India, Wheat - National Average Monthly Prices, CY 2014-2021



Source: Government of India, Ministry of Agriculture and Farmers' Welfare, Agricultural Marketing Information Network.

Average market prices for wheat in January in the major wheat producing states ranged from INR 16,900 (\$229) to INR 18,450 (\$250) per MT, significantly lower than the government's MSP of INR 19,250 (\$262) per MT. Market sources expect prices to remain weak in the coming months on the expected record harvest of the MY 2021/22 crop that will commence in the last week of March 2021.

TRADE

MY 2020/21 Exports Raised

Post's MY 2020/21 wheat export forecast is raised 1.75 MMT on improved export demand for Indian wheat and wheat products due to wheat prices strengthening in the international market. Most wheat exports are destined for neighboring Bangladesh, Nepal, Sri Lanka, with smaller quantities to Middle Eastern countries.

Provisional trade statistics indicate that wheat exports from April to December 2020 reached 976,000 MT, with most exports destined for Bangladesh (423,000 MT), Nepal (306,000 MT), Sri Lanka, Afghanistan, and certain Middle East countries. While official trade data for January 2021 is not available, trade sources report that an additional 400,000-450,000 MT is likely to be exported in the last quarter of MY 2020/21. Accounting for slightly higher exports of wheat products (300,000-350,000 MT wheat equivalent), MY 2020/21 wheat exports has been revised to 1.75 MMT.

Other Trade Estimates Marginally Revised

Market year 2018/19 imports and exports, and the 2019/20 imports estimate have been revised based on the latest official trade statistics for wheat and wheat products reported in Trade Data Monitor. Market year 2020/21 wheat and wheat product imports have also been revised marginally lower based on a reduction of expected wheat product imports due to weakened demand from the hotel, restaurant and institutional sector that was affected by the COVID-19 pandemic and nationwide lockdown in early 2020.

ENDING STOCKS

MY 2020/21 Ending Stocks Revised Lower

Based on the latest official wheat stock data, the MY 2020/21 wheat ending stocks' estimate is lowered to 27 MMT. Despite record opening stocks and government procurement in MY 2020/21, [government wheat stocks on January 1, 2021](#), were estimated at 34.3 MMT (versus 32.8 MMT last year) on higher government wheat offtake through various food security and COVID-19 food relief programs. Assuming a normal offtake under the existing food security and open market sales programs in the last quarter of MY 2020/21, MY 2020/21 ending stocks are expected to decline to 27 MMT from the earlier estimate of 31.3 MMT, but still higher than last year's opening stocks (24.7 MMT), and nearly four times greater than the government's desired stock level of 7.46 MMT for April 1, 2021.

CONSUMPTION

Based on forecasted lower ending stocks, the MY 2020/21 consumption estimate is raised to 96.6 MMT. Consumption estimates for MY 2018/19 have also been raised to accommodate other PSD changes.

CORN

Table 5. India: Corn - Production, Supply and Demand

Corn Market Begin Year	2018/2019		2019/2020		2020/2021	
	Nov 2018		Nov 2019		Nov 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9027	9027	9722	9723	9400	9400
Beginning Stocks (1000 MT)	2329	2329	1346	1344	1243	1731
Production (1000 MT)	27715	27715	28636	28636	28500	28500
MY Imports (1000 MT)	221	221	400	327	300	100
TY Imports (1000 MT)	212	212	341	341	300	100
TY Imp. from U.S. (1000 MT)	0	0	2	2	0	0
Total Supply (1000 MT)	30265	30265	30382	30307	30043	30331
MY Exports (1000 MT)	419	421	1339	1376	600	1800
TY Exports (1000 MT)	482	484	1125	1125	600	1800
Feed and Residual	17300	17300	16600	16000	17000	16500
FSI Consumption	11200	11200	11200	11200	11200	11000

Total Consumption	28500	28500	27800	27200	28200	27500
Ending Stocks	1346	1344	1243	1731	1243	1031
Total Distribution	30265	30265	30382	30307	30043	30331
Yield	3.0702	3.0702	2.9455	2.9452	3.0319	3.0319

Note:

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

TY = Trade Year, which for wheat begins in October for all countries. TY 2020/2021 = October 2020 to September 2021

PRODUCTION

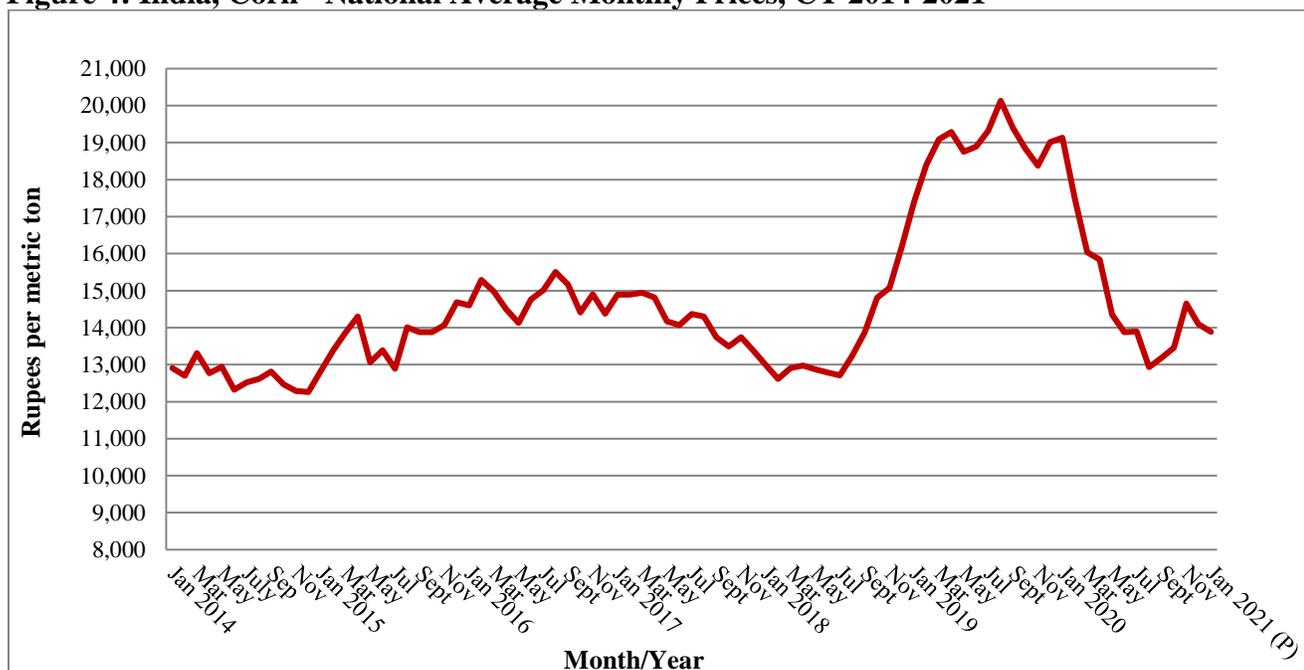
MY 2020/21 Production Unchanged

Post continues to estimate MY 2020/21 corn production at 28.5 MMT (near record) from 9.4 million hectares due to reports of a good *kharif* corn harvest and reports of favorable crop conditions of the standing *rabi* corn to be harvested in March/April.

Prices Fail to Recover from the COVID19 Demand Crash

Corn prices have been unable to recover from the initial crash in poultry demand after the onset of the COVID-19 pandemic in 2020. With the hospitality industry still struggling with COVID-related challenges, the poultry sector continues to face severe demand contraction. There were some demand improvements in the last quarter of 2020, but the recent incidence of Highly Pathogenic Avian Influenza in several states has further negatively affected the poultry industry, and consequently the demand for feed corn (See GAIN: [IN2021-0020](#)).

Figure 4: India, Corn - National Average Monthly Prices, CY 2014-2021



Source: Government of India, Ministry of Agriculture and Farmers' Welfare, Agricultural Marketing Information Network.

Average corn market prices in the month of January in the major corn producing states ranged from INR 12,000 (\$163) to INR 13,700 (\$186) per MT, about 20 percent lower than last year, and nearly 25 percent lower than the government’s MSP of INR 18,500 (\$251) per MT. Market sources expect prices to remain weak in the coming months on an expected good harvest of the upcoming *rabi* corn and weakened domestic demand.

TRADE

India Resumes Corn Exports to Neighboring Markets

After being nearly priced out of the export market since the beginning of CY 2019, India resumed its corn exports from June 2020, after domestic prices reached sufficient levels to become price competitive in its traditional neighboring markets. The market year 2020/21 corn export forecast is raised to 1.8 MMT, based on the current pace of exports and expected competitive prices of Indian corn, which is mostly sold to Bangladesh, Nepal, and other countries in the region.

Table 6: India, Monthly Rice Exports, TY 2018/19 (October-September) Onward (Metric Tons)

Corn (HS 1005)	TY 2018/19	TY 2019/20	TY 2020/21
October	76,437	14,199	265,206
November	66,082	41,293	230,211
December	77,162	52,884	
January	44,343	46,353	
February	28,185	25,769	
March	23,652	22,142	
April	26,050	20,755	
May	36,793	19,634	
June	47,270	103,020	
July	26,143	258,837	
August	15,894	273,221	
September	15,649	247,189	
Total	483,660	1,125,296	495,417

Source: Trade Data Monitor

Indian corn has been competitive in the region since the last quarter of MY 2019/20, with a pace of exports around 250,000 MT/month. While official statistics are not available from December 2020 onward, market sources report higher December 2020-January 2021 exports due to rising international feed grain prices. With domestic prices expected to remain under pressure on weakened domestic demand, and an expected good *rabi* corn harvest, India is likely to continue to export corn through July 2021 when *rabi* corn is traditionally marketed. The export offtake in the last quarter of MY 2021 (August-October) may be affected by tighter domestic supplies; future exports will critically depend on export demand and global price movements. Assuming a continued price parity for Indian corn, Post’s MY 2020/21 corn exports are raised higher to 1.8 MMT, with corn shipped mostly to neighboring Bangladesh and Nepal. The market year 2019/20 corn export estimate has been marginally revised based on the latest official trade numbers from Trade Data Monitor. Imports for MY 2019/20 and 2020/21 have also been revised lower based on latest official statistics.

CONSUMPTION

Based on reports of severe demand contraction for corn in the poultry sector, MY 2019/20 consumption has been revised lower to 16 MMT, and MY 2020/21 to 16.5 MMT.

STOCKS

Post estimates MY 2019/20 ending stocks higher at 1.7 MMT, based on the weak domestic corn prices reflecting higher carryover stocks. Market year 2020/21 ending stocks are expected to decline to 1.03 MMT on projected higher exports and some recovery in corn demand in the last quarter of MY 2020/21.

Attachments:

No Attachments.