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Global Agricultural Information Network

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## India

### Grain and Feed Update

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**Report Highlights:**

The Ministry of Agriculture's fourth advance estimate for Indian crop year 2010/11 (July/June) raised the record food grain production further to 241.6 million tons, nearly 5.7 million tons higher than the earlier estimate. Post estimates for MY 2010/11 production of rice, corn, sorghum, millets and MY 2011/12 production of wheat and barley have been revised to reflect the official production numbers. As of July 1, 2011, government food grain stocks are more than the double of the desired levels buoyed by record wheat and rice procurement during the current season. The government has taken steps to relax exports of food grains. Consequently, MY 2010/11 and 2011/12 rice exports have been raised to 3.0 million tons and 3.5 million tons respectively, MY 2011/12 wheat exports have been raised to 400,000 tons, and MY 2010/11 corn exports raised to 2.8 million tons.

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### **India's 2010/11 Record Food Grain Estimate Raised Further**

The Ministry of Agriculture's [Fourth Advance Estimates](#) for the Indian crop year 2010/11 (July/June) raised the record food grain production further to 241.6 million tons, nearly 5.7 million tons higher than the third advance estimate. Food grain production includes rice, coarse grains and pulse crops harvested last fall and this spring (MY 2010/11), and wheat and barley crops harvested in March/April, 2011 (MY 2011/12). The government has raised the production estimate of most of the crops, largely attributed to higher than earlier anticipated yields due to overall favorable weather conditions during the crop season. These estimates are subject to minor revisions when the final official estimates for the Indian crop year 2010/11 will be released by the end of 2011. Post has incorporated the revised government production estimates and adjusted the consumption, trade and/or stocks to reflect these changes in the PS&D tables for various grains.

### **Minimum Support Price Hiked**

The Government of India (GOI) hiked the minimum support price (MSP) of paddy (un-milled rice) for MY 2011/12 to Rs. 10,800 per ton for common varieties and to Rs. 11,100 per ton for Grade A varieties, an effective increase of Rs.800 per ton over last year. The MSP for coarse cereals has also been raised by Rs. 1000 per ton to Rs. 9,800 per ton for corn, sorghum and millets and Rs. 10,000 per ton for select varieties of sorghum.

### **Near Normal Monsoon Provides Favorable Planting Conditions**

The timely onset of the crucial southwest monsoon (see IN1154) followed a normal progress covering the whole country by July 9, 2011 (see IN1166). Rainfall had been sufficient and well distributed through the 3<sup>rd</sup> week of July in most parts of the country facilitating sowing and transplanting of most *kharif* season (fall and early winter harvested) crops including the crucial rice, which account for over 84 percent of the annual rice production. Rainfall has been satisfactory in most of rice growing areas, including eastern India where monsoon rainfall was well below normal last year. However, planting of coarse cereals and pulses have been lagging behind last year.

**Table 1: Progressive Planting of Major *Kharif* crops as on 22<sup>nd</sup> July, 2011**

Crop	Area as on 22 <sup>nd</sup> July, 2011	Area as on 22 <sup>nd</sup> July 2010
Rice	15.47	15.42
Coarse cereals	12.52	14.14
Oilseeds	12.95	12.39
Pulses	4.54	4.96

Source: [Department of Agriculture and Cooperation, Ministry of Agriculture](#)

The monsoon has weakened significantly from the last week of July, and the planting of most crops have slowed down causing some concerns to the policy makers. However, the window of opportunity for the planting of rice and most other *kharif* crop exists through the end of August/early September, and a recovery of monsoon activity can accelerate the momentum of planting.

Despite favorable early planting conditions, the final crop planting and production of rice and other *kharif* food grains largely depends on timely and well-distributed rains through the planting and growing period. Longer dry spells during the critical crop growth stages could impair crop yields, especially in non-irrigated rice growing regions, which accounts for nearly half

of the *kharif* rice planted area. A clearer picture on planting of rice and other *kharif* crops will emerge by mid-August. As of now, Post estimates for MY 2011/12 planting and production of rice, corn, sorghum and millets remain unchanged.

### Record MY 2011/12 Wheat Production/Procurement

Based on the latest official estimates, Post's MY 2011/12 wheat production has been raised higher to a new record 85.93 million tons, largely due to higher than yields. Industry sources report that the losses due to unseasonal rains in April during harvest were lower than initially expected. This year's production is nearly 6.3 percent higher than the last year's record wheat crop, which is also supported by the higher market arrivals and government procurement.

Total government wheat procurement for the MY 2011/12 is provisionally estimated at a record 28.14 million tons, more than 5.6 million tons higher than last year's level. There have been major increase in procurement in the states of Uttar Pradesh (3.46 tons vs. 1.65 tons last year), Madhya Pradesh (4.89 tons vs. 3.54 tons), Rajasthan (1.3 tons vs. 0.47 tons), Punjab (10.96 tons vs. 10.21 tons) and Haryana (6.89 tons vs. 6.35 tons). Market sources report that the government's decision for an additional bonus of Rs. 500 per ton over and above the minimum support price announced at the beginning of the season (Rs. 11,200 per ton), coupled with relatively weak open market prices resulted in farmers bringing more stocks to the government agencies.

Marketing Year (April-March)	MSP (Rupees per ton)	Production (Million tons)	GOI Procurement* (Million tons)
2005/06	6,400	68.64	14.79 (21.6)
2006/07	7,000	69.35	9.23 (13.3)
2007/08	8,500	75.81	11.13 (14.6)
2008/09	10,000	78.57	22.69 (28.9)
2009/10	10,800	80.68	25.38 (31.5)
2010/11	11,000	80.80	22.50 (27.8)
2011/12	11,700	85.93	28.14 (32.8)

\*- Government procurement period for wheat is April-July

### Rice Production Higher; Procurement Also Strong

Post's MY 2010/11 milled rice production has been raised to 95.3 million tons based on the latest revised official estimates, largely on higher yields of *rabi* (winter planted, spring harvested) rice.

Total government rice procurement for MY 2010/11 till August 2, 2011 is estimated at 32.63 million tons compared to 30.2 million tons at the same time last year. Most of the increase in procurement has been in the states of Andhra Pradesh (8.9 million tons vs. 6.4 million tons last year) and Chhattisgarh (3.6 million tons vs. 3.1 million tons). With the procurement expected to continue through September, rice procurement may reach arecord 34.2 million tons.

Marketing Year (October-September)	MSP for Paddy (Unmilled Rice Common variety) (Rupees per ton)	Production (Million Tons)	GOI Procurement* (Million Tons)
2005/06	5,700	91.79	27.58 (30.0)
2006/07	6,200	93.35	25.11 (26.9)
2007/08	7,450	96.69	28.74 (29.7)
2008/09	9,000	99.18	34.10 (34.4)
2009/10	10,000	89.09	32.03 (36.0)
2010/11	10,000	95.30	34.20 (35.9)

\*- Government procurement for rice continues complete year October-September

### Government Food Grain Stocks Balloon...

Government-held wheat stocks on July 1, 2011 were officially placed at 37.15 million tons (compared to 33.58 million tons

same time last year), nearly double the government's desired stock levels (17.1 million tons of buffer stocks and 3.0 million tons of strategic reserve). Similarly, the government-held rice stocks on July 1, 2011 are estimated at 26.86 million tons (compared to 24.27 million tons at the same time last year), more than double the government's desired stock levels (9.8 million tons buffer stocks and 2.0 million tons strategic reserves). Although the official government-held stock figures of rice and wheat on August 1, 2011 are not yet available, market sources expect the August 1 stock level to rise further on strong late season (July) procurement.

Government warehouses are full with stocks of wheat and rice, and a large share of the stocks are stored in temporary open air storage under polythene cover (CAP storage), wherein they are susceptible to damage from pest & rodent attacks and weather extremities. To manage the 'abnormally high and burdensome' government food grain stocks, the government is likely to continue with their policy of selling higher quantities at subsidized rates in the open market. While the government continues to work on the proposed National Food Security Act (see IN1117 section Wheat Consumption), its implementation is likely not earlier than next Indian fiscal year 2012/13 (April/March).

With the food price situation improving in the last few weeks (food inflation sliding into single digits), the government has taken steps to relax exports by allowing exports of non-basmati rice and wheat products by private sector, as well as some government to government sales of wheat and rice. Nevertheless, the government is likely to take a conservative approach on allowing exports of wheat and rice from government stocks on continued concerns of the need for higher government stocks to implement the proposed National Food Security Act and food price inflation situation. Also, the high economic cost of government held wheat (Rs. 16,140 or \$ 363 per ton) and rice (Rs. 21,460 or \$ 482 per ton for common grade) stocks makes government sales not very competitive under the current global market conditions.

### **Government Allows Exports of Rice, Defer Wheat Exports**

On Monday, July 11, 2011, the Empowered Group of Ministers (EGoM) on Food allowed exports of 1 million tons of non-basmati rice by private traders for exports. Reports suggest that the EGoM has also approved an additional 0.5 million tons of wheat and rice through the diplomatic route (government to government sale), but deferred any decision on allowing exports of wheat.

Subsequently, on July 19, 2011, the Directorate General of Foreign Trade (DGFT) notified (<http://www.dgft.gov.in/> Notification No 60 (RE-2010/2009-2014)) allowing exports of 1.0 million tons of non-basmati rice by private trade subject to following conditions;

- Individual exporter allowed a maximum quota of 12,500 metric tons
- Minimum export price of \$400 per metric tons
- Application to be filed with DGFT on July 21-22, 2011
- Allocation to be done on first come, first serve basis on July 27, 2011
- Processing of documents and issue of Export Registration Certificate during July 28 to August 18, 2011
- Last date for Exports is November 18, 2011

Some of the exporters questioned the modalities for the allocation of quota and one private trader went to the Court against this order. When the DGFT announced the quota allocation of July 27<sup>th</sup>, the Delhi High Court issued a stay order against the DGFT notification on the same day. Consequently, the DGFT has suspended the operation and implementation of their July 27 allocation till the next court hearing scheduled on August 10, 2011.

In recent months, the government has also allowed exports of wheat, rice and/or wheat products to the following categories:

- On July 20, 2011, the DGFT notified (No 61 (RE-2010/2009-2014)) that exports of 650,000 metric tons of wheat flour and products will be allowed during the period July 3, 2011 to March 31, 2012.
- On June 7, 2011 the DGFT notified (No. 53 (RE-2010/2009-2014)) allowing exports of wheat flour to Maldives through a government agency – 32,095 metric tons in Indian fiscal year (IFY) 2011/12 (April/March); 35,304 metric tons in IFY 2012-13; and 38,835 metric tons in IFY 2013/14.
- On May 2, 2011, the DGFT announced (No 44 (RE-2010/2009-2014)) permission to export 250,000 metric tons of wheat to Afghanistan in the IFY 2011/12 through Food Corporation of India (FCI) up to March 31, 2012. This quantity will go as donations to the Government of Islamic Republic of Afghanistan from the government stocks.

Earlier, the government had also allowed exports of the following:

- On March 15, 2011, the government allowed exports of 25,000 metric tons of non-basmati rice to Nepal during MY 2010/11 (October-September) through a government agency
- On February 11, 2011, the government allowed 150,000 metric tons of select varieties of non-basmati rice (IN117)
- On August 30, 2010, the government allowed exports of 300,000 metric tons of non-basmati rice and 200,000 metric tons of wheat to Bangladesh from government stocks at economic cost through select government trading agencies (IN117).

### **Rice Exports Revised Higher**

Post's estimate for rice exports in MY 2010/11 has been revised higher to 3.0 million and MY 2011/12 higher to 3.5 million tons due to the recent partial relaxation in the export restrictions on non-basmati rice exports.

Given the legal hurdles on the implementation of the 1.0 million ton export quota on non-basmati rice, it is likely that the shipment of the quota will not be completed by September 30, 2011 and will spill over into MY2011/12. Regarding exports of non-basmati rice to Bangladesh, market sources report that there have not been any shipments till date despite the GOI relaxing the 'economic cost' criterion with 'concessional cost'. Given that only partial quantity of the 1.0 million tons of private trade export quota is likely to be shipped by end-September, Post estimates MY 2010/11 exports to reach 3.0 million tons. MY 2011/12 exports are raised higher to 3.5 million tons assuming spillover of private trade quota and Bangladesh government to government exports.

### **MY 2011/12 Wheat Exports Raised**

Post's MY 2011/12 exports have been raised marginally to 400,000 metric tons, mostly accounted for by government sales. India is expected to ship the 250,000 metric tons of wheat quota to Afghanistan and the quota may be raised further if needed. Industry sources report that the government has started shipping wheat to Afghanistan and there has been an off-take of an estimated 15,000 metric tons of wheat from the government stocks till end July. However, market sources do not expect any significant exports of wheat flour and products due to uncompetitive prices (high domestic wheat prices) and quality issues. While in October 2007 the government had allowed exports of 650,000 metric tons of wheat flour and products up to March 2010, which was further extended till March 31, 2011, very small quantities have been actually exported. However, exports of wheat flour to the Maldives under government sales may happen.

Based on the official export estimates for the first three quarters of the marketing year, MY 2010/11 wheat exports have been revised lower to 50,000 metric tons. India's provisional official figures for exports of wheat product during April-December 2011 are estimated at 25,600 metric tons (actual weight) compared to 26,500 metric tons during the same period last year. Although the government announced 200,000 metric tons wheat exports to Bangladesh, there have not been any exports till date due to pricing issues (high economic costs of government wheat vis-à-vis international prices).

### **Coarse Grains Production Up; Corn Exports Raised**

According to the Ministry of Agriculture's fourth advance estimates, total coarse grain production in Indian crop year 2010/11 is estimated higher at a record 42.2 million tons (40.2 million tons third advance estimate), nearly 26 percent higher than last year on higher planting and record yields. Consequently, MY 2010/11 production estimates for corn has been revised higher to a record 21.3 million tons and millets to 12.6 million tons, while sorghum has been revised marginally lower to 6.7 million tons. The MY 2011/12 production estimate for barley has been raised marginally to 1.57 million tons.

Post's MY 2010/11 corn exports have been raised higher to 2.8 million tons based on reports of higher exports from market sources. Although the official export estimates are available for only the first two months of the marketing year, market sources report that about 2.7 million tons of corn have been exported till mid-July, and may reach at least 2.8 million tons by the end of the marketing year.

The consumption and stocks in the PS&D's have been revised to reflect the changes in the production estimates of coarse cereals and exports of corn.

### **MY 2010/11 Record Pulse Production Raised Further**

The government estimates MY 2010/11 pulse production at a new record 18.1 million tons, about 0.8 million tons higher than the earlier third advance estimate. This year's pulse production is more than 21 percent higher than the previous record of 14.9 million tons in MY 2003/04.

## STATISTICAL TABLES

**Table 1: Commodity, Wheat PSD**

(Area in Thousand Hectares, Others in Thousand Metric Tons)

Wheat India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27,750	27,750	28,360	28,360	29,400	29,400
Beginning Stocks	13,430	13,430	16,120	16,120	14,445	15,360
Production	80,680	80,680	80,800	80,800	84,000	85,930
MY Imports	218	218	300	300	300	0
TY Imports	291	291	300	300	300	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	94,328	94,328	97,220	97,220	98,745	101,290
MY Exports	58	58	250	50	300	400
TY Exports	62	62	200	60	300	400
Feed and Residual	100	100	150	150	200	200
FSI Consumption	78,050	78,050	82,375	81,660	84,500	84,500
Total Consumption	78,150	78,150	82,525	81,810	84,700	84,700
Ending Stocks	16,120	16,120	14,445	15,360	13,745	16,190
Total Distribution	94,328	94,328	97,220	97,220	98,745	101,290
Yield	3.	2.9074	3.	2.8491	3.	2.9228
TS=TD		0		0		0

**Table 2: Commodity, Rice, Milled, PSD**

(Area in Thousand Hectares, Others in Thousand Metric Tons)

Rice, Milled India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
Area Harvested	41,850	41,850	44,000	44,000	44,500	44,500
Beginning Stocks	19,000	19,000	20,500	20,500	21,600	21,800
Milled Production	89,090	89,090	94,500	95,300	97,000	97,000
Rough Production	133,648	133,648	141,764	142,964	145,515	145,515
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
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	108,090	108,090	115,000	115,800	118,600	118,800
MY Exports	1,900	1,903	2,400	3,000	2,800	3,500
TY Exports	2,052	2,052	2,400	3,500	2,800	3,500
Consumption and Residual	85,690	85,687	91,000	91,000	93,000	93,000
Ending Stocks	20,500	20,500	21,600	21,800	22,800	22,300
Total Distribution	108,090	108,090	115,000	115,800	118,600	118,800
Yield (Rough)	3.	3.1935	3.	3.2492	3.	3.27
TS=TD		0		0		0

**Table 3: Commodity, Corn, PSD**

(Area in Thousand Hectares, Others in Thousand Metric Tons)

Corn India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,330	8,330	8,550	8,550	8,600	8,500
Beginning Stocks	686	686	391	391	511	591
Production	16,720	16,720	20,500	21,280	21,000	21,000
MY Imports	24	24	20	20	10	10
TY Imports	22	22	20	20	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	17,430	17,430	20,911	21,691	21,521	21,601
MY Exports	1,939	1,939	2,400	2,800	2,200	2,200
TY Exports	1,917	1,917	2,400	2,800	2,200	2,200
Feed and Residual	7,300	7,300	8,500	8,800	9,200	9,300
FSI Consumption	7,800	7,800	9,500	9,500	9,500	9,600
Total Consumption	15,100	15,100	18,000	18,300	18,700	18,900
Ending Stocks	391	391	511	591	621	501
Total Distribution	17,430	17,430	20,911	21,691	21,521	21,601
Yield	2.	2.0072	2.	2.4889	2.	2.4706
TS=TD		0		0		0

**Table 4: Commodity, Sorghum, PSD**

(Area in Thousand Hectares, Others in Thousand Metric Tons)

Sorghum India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,500	7,500	7,200	7,200	7,200	7,200

Beginning Stocks	181	181	154	154	204	194
Production	6,700	6,700	6,800	6,740	6,800	6,800
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	6,881	6,881	6,954	6,894	7,004	6,994
MY Exports	127	127	50	50	50	50
TY Exports	124	124	50	50	50	50
Feed and Residual	1,300	1,300	1,300	1,300	1,300	1,300
FSI Consumption	5,300	5,300	5,400	5,350	5,500	5,500
Total Consumption	6,600	6,600	6,700	6,650	6,800	6,800
Ending Stocks	154	154	204	194	154	144
Total Distribution	6,881	6,881	6,954	6,894	7,004	6,994
Yield	1.	0.8933	1.	0.9361	1.	0.9444
TS=TD		0		0		0

**Table 5: Commodity, Millets, PSD**

(Area in Thousand Hectares, Others in Thousand Metric Tons)

Millet India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10,400	10,400	10,600	10,600	10,000	10,000
Beginning Stocks	320	320	300	300	500	930
Production	8,780	8,780	11,700	12,630	11,000	11,000
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	9,100	9,100	12,000	12,930	11,500	11,930
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	700	700	800	1,000	800	900
FSI Consumption	8,100	8,100	10,700	11,000	10,400	10,500
Total Consumption	8,800	8,800	11,500	12,000	11,200	11,400
Ending Stocks	300	300	500	930	300	530
Total Distribution	9,100	9,100	12,000	12,930	11,500	11,930
Yield	1.	0.8442	1.	1.1915	1.	1.1
TS=TD		0		0		0

**Table 6: Commodity, Barley, PSD**

(Area in Thousand Hectares, Others in Thousand Metric Tons)

Barley India	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	780	780	740	740	750	750
Beginning Stocks	67	67	206	206	188	138
Production	1,690	1,690	1,350	1,350	1,500	1,570

MY Imports	0	0	2	2	0	0
TY Imports	2	2	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1,757	1,757	1,558	1,558	1,688	1,708
MY Exports	51	51	20	20	50	50
TY Exports	31	31	20	20	50	50
Feed and Residual	300	300	150	200	150	200
FSI Consumption	1,200	1,200	1,200	1,200	1,250	1,250
Total Consumption	1,500	1,500	1,350	1,400	1,400	1,450
Ending Stocks	206	206	188	138	238	208
Total Distribution	1,757	1,757	1,558	1,558	1,688	1,708
Yield	2.	2.1667	2.	1.8243	2.	2.0933
TS=TD		0		0		0