

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Post's MY (Oct/Sept) 2010/11 rice production has been revised downward to 94 million tons due to scarce monsoon rains in northeast and eastern parts of the country. The Government of India continues with an export ban on non-basmati rice with some exceptions. The MY 2010/11 corn production estimate has been raised higher to a record 21.0 million metric tons and millet production to 11.8 million tons. The MY 2010/11 corn exports estimate is raised higher to 2.5 million metric tons. Also, MY 2010/11 pulse production is revised higher to a record 16 million tons on higher acreage due to the government decision to raise the minimum support price of pulse crops significantly.

General Information:

SITUATION AND OUTLOOK

Rice

MY 2010/11 Production Lowered

Post revises MY (Oct/Sept) 2010/11 rice production downward to 94 million tons due to low monsoon rains in northeast and eastern parts of the country. While overall monsoon rainfall has been normal for the country as a whole, the major rice growing states of East Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh, Orissa, West Bengal and Assam received poor monsoon rainfall for the second consecutive year (See Monsoon Wrap-up report IN 1100).

During the current season the northeast and eastern region experienced an extended spell of low rainfall for most of the period (June-September) impacting rice planting and crop growth, unlike last year when the monsoon recovered strongly. However, production losses in the region have been partially offset by higher production in the north (Punjab/Haryana) and Andhra Pradesh on good monsoon rains and generally favorable weather conditions. The government's progressive planting report indicates that 2010/11 kharif rice planting was higher than last year, but lower than 2008/09 record crop year (see Table 4 of <http://agricoop.nic.in/ncfcweather/ncfcasOct-29-2010.pdf>). Recent post-monsoon rainfall in October-November has improved the prospects for rabi (winter) rice production, confined mostly to southern and eastern India. Assuming some increase in rabi rice production, total 2010/11 rice production is forecast at 94 million tons (79.5 million tons kharif rice and 14.5 million tons rabi rice).

Procurement Lag Behind Last Year

Domestic rice procurement by the government in MY 2010/11 (Oct/Sept) through November 19, 2010 was 10.3 million tons compared with 11.2 million tons for the corresponding period last year. Market arrivals have been delayed due to the recent post-monsoon rains (October/November). Procurement has been mostly from the northern states of Punjab and Haryana, while procurement in southern and central states will take off in January 2011. There is likely to be decline in government procurement in the drought affected states of Chhattisgarh, Orissa, Uttar Pradesh, West Bengal and Bihar, which may be partially offset by higher procurement in the surplus states of Punjab, Haryana and Andhra Pradesh. Consequently, MY 2010/11 rice procurement is expected to be around 31.0 million tons, marginally below last year's procurement of 31.5 million tons.

Table 1: Rice Procurement by State in MY 2009/10 and 2008/09

(October-September, Quantity in Thousand Tons)

State	2009/10	2008/09
Punjab	9,275	8,553
Andhra Pradesh	7,278	9,061
Chhattisgarh	3,332	2,848
Uttar Pradesh	2,726	3,687
Orissa	2,495	2,790
Haryana	1,819	1,425
West Bengal	1,240	1,667
Tamil Nadu	1,216	1,199
Bihar	890	1,083
Others	1,207	1,371
Total	31,478	33,684

Source: Food Corporation of India, GOI

The government's rice stocks on November 1, 2010 were officially estimated at 23.2 million tons, compared with 21.6 million tons a year ago, given the second consecutive strong procurement efforts in MYs 2008/09 (record 33.7 million tons) and 2009/10 (second highest 31.5 million tons).

Rice Exports

According to the preliminary official statistics, rice exports during January through July 2010 were around 1.15 million tons, mostly basmati rice.

On August 30, 2010, the Directorate General of Foreign Trade issued a notification that allows exports of 300,000 tons of non-basmati rice (parboiled) to Bangladesh through government parastatals from the rice procured by the government to be supplied to the Government of Bangladesh at economic cost and profit margins (see <http://dgft.gov.in/exim/2000/not/not10/not0310.htm>). With the economic cost of rice procured by the government at Rs. 21,600-22,130 per ton (\$480-490), exports are possible provided the transportation costs and profit margins are low. Market sources report that nothing has been shipped to date as the government agencies are still negotiating with the Government of Bangladesh.

Non-Basmati Rice Export Ban To Continue

Despite severe pressure from the traders and some state governments, the Government of India

continues with their policy of export ban on non-basmati rice. In a recent reply to a Parliament question, the government stated that it has turned down the request for allowing exports of non-basmati rice submitted by various state governments and rice millers/exporters associations. However, the government may allow small quantities of food grain for humanitarian aid to some countries (see <http://pib.nic.in/release/release.asp?relid=66846&kwd=>).

With concerns about a significant increase in food grain requirements for the public distribution system after the implementation of the proposed National Food Security Act in the near future, lower rice production in the major consuming states of the northeast and east India, and continued high food inflation, the government would likely sell the high government rice stocks domestically rather than liquidating them in the export market. However, the government eventually may allow exports of some non-basmati rice to neighbouring countries and as humanitarian aid.

Wheat

Planting Prospects Favorable

Due to the continued late November rains in some of the major wheat growing states and delay in paddy harvest in some areas, wheat planting is behind last year. Late harvest of sugarcane crop in Uttar Pradesh due to the dispute regarding the state advised price for sugarcane has resulted in some delay in wheat planting. The Government's progressive rabi planting report shows that planting of wheat through November 25, 2010 was 12.4 million hectares compared to 14.8 million hectares the same time last year. Although late October through November is considered the optimal planting time for wheat, planting typically continues through December in many states. Recent reports suggest that wheat planting is progressing well in most of the states under optimal soil moisture conditions due to the late post monsoon rains. Consequently, Post expects 2011 wheat acreage to be nearly same as last year's record acreage of 27.8 million hectares. Production will largely depend on winter rains (December/January) and temperatures during the critical crop growth stages like flowering/grain filling (February) and at the time of harvest.

Wheat Support Price Raised Marginally

The government made an early announcement of the support price for rabi crops on October 20, 2010, wherein the support price for wheat was raised by Rs. 200 over last year to Rs. 11,200 (\$248) per ton. Although the support prices for pulse crops (gram and lentils) have been raised 20 percent over the last year, there may not be a major shift in area from wheat to pulse crops as wheat offers relatively stable yields and a better government procurement system vis-a-vis pulse crops.

Coarse Grains

Production Up

The government's provisional kharif planting data shows a significant increase in area under coarse grains vis-a-vis previous years, with corn and millets accounting for most of the increase (see table 4 of the report <http://agricoop.nic.in/ncfweather/ncfcasOct-29-2010.pdf>). Weather has been generally favorable for coarse grains in most of the growing areas, and there have not been reports of crop damage due to flooding, pests and diseases. The planting conditions are favorable for the rabi season coarse grains (corn and sorghum) due to sufficient late monsoon (September) and post monsoon (October-November) rains.

Based on the above information, the MY 2010/11 corn production estimate has been raised higher to a record 21.0 million metric tons and millet to 11.8 million tons. The area estimates for corn, sorghum and millet in the PSD have been revised based on the latest official estimates. Based on the latest official figures, MY 2008/09 sorghum production estimate has been revised lower to 7.25 million tons.

Consumption Raised

MY 2010/11 consumption estimates for corn and millet has been revised higher on prospects for improved domestic supplies. Continued growth in the poultry and starch industry will support higher consumption of corn.

Corn Export Prospects Improve

The MY 2010/11 corn export estimate is raised higher to 2.5 million metric tons due to improved domestic supplies and relatively strong global corn prices vis-a-vis Indian corn. Market sources report about 400,000 metric tons of the new corn crop has been contracted for exports to far east countries at prices ranging from \$260-290 per metric ton. With the corn price in the domestic market currently running about Rs. 9400-9520 (\$208-212) per metric tons, market sources expect strong export off take in the next few months.

Pulses

In an attempt to contain domestic prices and surging imports, the government increased the minimum support prices (MSP) of pulses for the 2010/11 season by 15 to 30 percent over last year while the MSP

for cereal and oilseed crops were raised marginally. This has encouraged farmers to bring more area under pulse crops as reflected from the government's provisional kharif planting figures that shows about 8 percent increase in area over last year. Consequently, kharif season pulse production, which includes mostly pigeon peas, mung beans, and black matpe, is expected to increase to 5.3 from 4.3 million tons over last year. Progressive planting for rabi pulses (mostly chickpeas, lentils, and peas) is also ahead of last year. Assuming normal weather conditions, MY 2010/11 rabi pulse production is estimated slightly higher at 10.7 million tons compared to 10.3 million tons last year. Consequently, total MY 2010/11 pulse production is expected to increase to a record 16 million tons against 14.6 million tons in 2009/10.

The increase in production combined with continued imports has eased pulse prices in recent months. The Government's official wholesale price index shows that pulse prices decreased by 4.7 percent on a year-on-year basis for the week ending November 6, after growing double digit during 2008, 2009 and most of 2010. The indicative Delhi wholesale prices of major pulses per ton are: black matpe – Rs. 42,000 (\$933); pigeon pea – Rs. 39,000(\$867); desi chick pea- Rs.24,500 (\$544); mung beans – Rs.46,000 (\$1022); lentils Rs. 33,000 (\$733) and yellow peas – Rs. 20,500 (\$456). Retail prices are running 20 to 25 percent higher.

STATISTICAL TABLES

Table 2: Commodity, Rice Milled, PSD

(Area in '000 hec and others in '000 MT)

Rice, Milled India	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	45,400	45,540	41,000	41,875	45,000	43,700
Beginning Stocks	13,000	13,000	19,000	19,000	20,500	20,500
Milled Production	99,180	99,180	89,130	89,130	97,000	94,000
Rough Production	148,785	148,785	133,708	133,708	145,515	141,014
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	112,180	112,180	108,130	108,130	117,500	114,500
MY Exports	2,090	2,090	2,200	2,200	2,500	2,500
TY Exports	2,123	2,123	2,200	2,200	2,500	2,500
Consumption and Residual	91,090	91,090	85,430	85,430	96,000	95,000
Ending Stocks	19,000	19,000	20,500	20,500	19,000	17,000

Total Distribution	112,180	112,180	108,130	108,130	117,500	114,500
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Table 3: Commodity, Corn, PSD

(Area in '000 hec and others in '000 MT)

Corn India	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,200	8,170	8,000	8,000	8,200	8,500
Beginning Stocks	551	551	686	686	671	671
Production	19,730	19,730	16,680	16,680	20,000	21,000
MY Imports	13	13	5	5	0	0
TY Imports	11	11	5	5	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	20,294	20,294	17,371	17,371	20,671	21,671
MY Exports	2,608	2,608	1,300	1,300	2,000	2,500
TY Exports	2,551	2,551	1,300	1,300	2,000	2,500
Feed and Residual	7,500	7,500	7,400	7,400	8,000	8,500
FSI Consumption	9,500	9,500	8,000	8,000	9,800	9,800
Total Consumption	17,000	17,000	15,400	15,400	17,800	18,300
Ending Stocks	686	686	671	671	871	871
Total Distribution	20,294	20,294	17,371	17,371	20,671	21,671

Table 4: Commodity, Sorghum, PSD

(Area in '000 hec and others in '000 MT)

Sorghum India	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,700	7,530	7,000	7,000	7,500	7,500
Beginning Stocks	183	183	241	181	246	206
Production	7,310	7,250	6,980	6,980	7,500	7,500
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	7,493	7,433	7,221	7,161	7,746	7,706
MY Exports	52	52	75	55	50	50
TY Exports	54	54	75	55	50	50
Feed and Residual	1,200	1,200	1,400	1,400	1,500	1,500
FSI Consumption	6,000	6,000	5,500	5,500	6,000	6,000
Total Consumption	7,200	7,200	6,900	6,900	7,500	7,500
Ending Stocks	241	181	246	206	196	156

Total Distribution	7,493	7,433	7,221	7,161	7,746	7,706
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Table 5: Commodity, Millets, PSD

(Area in '000 hec and others in '000 MT)

Millet India	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10,000	10,000	8,500	9,000	10,000	10,500
Beginning Stocks	250	250	320	320	230	230
Production	11,370	11,370	8,810	8,810	11,500	11,800
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	11,620	11,620	9,130	9,130	11,730	12,030
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,000	1,000	700	700	800	800
FSI Consumption	10,300	10,300	8,200	8,200	10,500	10,900
Total Consumption	11,300	11,300	8,900	8,900	11,300	11,700
Ending Stocks	320	320	230	230	430	330
Total Distribution	11,620	11,620	9,130	9,130	11,730	12,030