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India

Grain and Feed

Update - July

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Report Highlights:

Government of India wheat stocks estimated at 40 million tons, equivalent to 5 years of the government's normal distribution requirements.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Government Wheat Procurement a Record

Despite a significant decline in production, domestic wheat procurement by government agencies for the Apr/Mar 2001/02 marketing year has reached a record 20.3 million tons, almost 4 million tons more than the 2000/01 procurement level. Most of the increase occurred in the major surplus states of Haryana and Punjab, where, due to lack of private trade participation and a remunerative support price to farmers (rs. 6,100/mt), the government ended up buying almost the wheat brought to market. Following record procurement, government wheat stocks on June 1 are estimated at a record 40 million tons (enough to meet 5 years of the government's normal distribution requirements).

2001/02 Wheat Export Ceiling Set at 5 million tons

The GOI has officially notified a 5 million ton wheat export ceiling for IFY 2001/02 (Apr/Mar). The government will continue to make wheat available for export at rs. 4,300 (\$92) per ton. In addition to designated government parastatals, private traders will also be allowed to participate in wheat exports. However, to insure that subsidized wheat meant for export does not leak into the domestic market, the government will impose stringent conditions on private exporters such as furnishing irrevocable, non-transferable bank guarantees amounting to the difference between the export price (rs.4,300/ton) and the government's Open Market Sales price (rs. 7,000/ton). This requirement will make wheat exports on private account rather difficult if not impossible. Furthermore, Iraqi rejection of wheat shipments has caused a major setback to Indian wheat exports. According to trade sources, export demand for Indian wheat has considerably weakened recently.

Against an export ceiling of 2 million tons for the period April 2000 to March 2001 (which was later increased to 5 million tons, with the deadline extended to June 30, 2001), actual exports through May 31, are estimated 2.35 million tons. Assuming some additional shipments in June, total 2000/01 (July/June) exports are expected to reach 2.5 million tons.

Corn Export Subsidy Proposal Shelved

Rising domestic corn prices prompted the government to suspend its proposal to supply FCI-held corn stocks for exports at a highly subsidized price of rs. 3,510 (\$75)/ton. Instead, the government now proposes to sell off the corn stocks at rs. 4,050 (\$87)/mt in the domestic market. Although the government has recently issued a notification permitting imports of 400,000 metric tons of corn under the Tariff Rate Quota (TRQ), the 15 percent within quota duty and the government's decision to sell off its corn stocks at rs. 4,050 would make imports unlikely.

Timely Monsoon Aids Rice Planting

The southwest monsoon, which is critical to the development of the kharif (fall/early winter harvested) rice crop, is on schedule and has covered almost the entire country. Most rice growing regions have received normal or above normal rain which is aiding tillage and planting operations. The Indian Meteorological Department (IMD) is forecasting the fourteenth

consecutive "normal" monsoon.

Rice Exports Slightly Ahead

Based on preliminary official data, Indian rice exports during the period Jan-Mar, 2001 were slightly ahead at 490,000 metric tons compared with 410,000 metric tons exported during the corresponding period of last year. CY 2000 rice exports are estimated at 1.45 million tons.

Table 1: Government Procurement, Stocks and Off take of Wheat (year ago)
(Million Metric Tons)

	Stocks	Procurement Cumulative	Imports	Off take *
Apr 1, 2000	13.1 (9.92)			0.3(0.4)
May 1	21.5 (19.8)			0.5(0.4)
Jun 1	27.8(22.2)			0.5 (0.5)
Jul 1	27.8(21.6)			0.5(0.6)
Aug 1	27.6 (21.0)			0.4(0.7)
Sep 1	27.3 (21.4)			0.4(0.8)
Oct 1	26.8 (20.5)			0.4(0.8)
Nov 1	26.5 (19.5)			0.5(0.9)
Dec 1	26.0 (18.4)			0.8(1.1)
Jan 1, 2001	25.0 (17.2)			0.9(1.3)
Feb 1	24.1 (15.8)			0.9 (1.4)
Mar 1	23.3 (14.4)	16.4 (14.1) 1/		1.6(1.4)
Apr 1	21.5 (13.1)			
May 1	29.2 (21.5)	20.3 (16.4) 2/		

* Includes exports

1/ Cumulative procurement : April 1, 2000 - March 31, 2001

2/ Cumulative procurement : April 1, 2001 - June 20, 2001

Table 2: Government Procurement, Stocks and Off take of Rice (year ago)
(Million Metric Tons)

	Stocks	Procurement Cumulative	Imports	Off take
Apr 1, 2000	14.9 (11.7)			0.6(0.8)
May 1	15.1 (11.7)			0.9 (1.0)
Jun 1	15.1 (11.1)			1.0 (1.0)
Jul 1	14.5 (10.7)			0.9(1.0)
Aug 1	13.7 (9.7)			0.9(1.2)
Sep 1	13.5 (8.6)			0.9 (1.0)
Oct 1	13.2 (10.6)	17.3 (11.8) 1/		0.7 (0.9)
Nov 1	18.0 (12.8)			0.8 (1.1)
Dec 1	19.5(13.4)			0.7(1.2)
Jan 1, 2001	20.7(14.7)			0.9(0.9)
Feb 1	22.4(15.4)			0.8(1.0)
Mar 1	23.2(16.0)			1.0(1.0)
Apr 1	23.2(14.9)			
May 1	22.9(15.1)	17.7(15.5) 2/		

1/ Cumulative procurement: October 1, 1999 - September 30, 2000

2/ Cumulative procurement: October 1, 2000 - June 20, 2001