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# GAIN Report

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## India

### Grain and Feed

### Rice Update - April

## 2004

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**Report Highlights:**

2003/04 rice production has been revised slightly down to 88 million tons. A significant draw down in government rice stocks and the continuing appreciation of the Indian rupee against the dollar do not augur well for large exports, despite prevailing high world prices.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1]  
[IN]

### Production Slightly Down ...

Based on recent government estimates, India's MY 2003/04 rice production is revised down to 88.0 million tons, from the earlier estimate of 89.0 million tons. According to the government's recently revised estimates, the 2003/04 *kharif* (fall harvested) rice production was higher at 77.8 million tons, compared to its earlier estimate of 75.1 million tons. The government places the 2004 *rabi* (spring/summer harvested) rice production at only 10.1 million tons, due to unfavorable weather conditions in growing regions, taking the total 2003/04 production to around 88 million tons. Although this is a 15.2 million ton increase over the drought reduced 2002/03 production of 72.7 million tons, it is below the record rice production of 93.1 million tons in 2001/02.

### ... Procurement Remains Higher

Rice procurement by the government under the price support operation in MY 2003/04 is ahead of last year's level at 17.1 million tons as of March 5, 2004, compared with 13.3 million tons during the corresponding period of MY 2002/03, reflecting higher production. With additional rice procurement of around 3 million tons likely from the *rabi* crop, total MY 2003/04 procurement is likely to reach around 20 million tons, compared with 16.4 million tons in MY 2002/03.

### Government Stock Situation Still Critical ...

Assuming a total MY 2003/04 rice procurement of 20 million tons, total supplies available to the government to meet the requirements of the public distribution system would be 25.2 million tons (20 million tons procurement + 5.2 million tons carryover stocks). Assuming a monthly average offtake of 1.7 million tons, government-held stocks on October 1, 2004, are likely to dip to 4.8 million tons, a critically low level. Stocks on February 1, 2004, stood at 12.4 million tons, but still significantly below year-ago stocks of 18.8 million tons (Table 1 and Figure 1). Higher rice procurement by the government during the current marketing year helped to marginally mitigate the stock situation, which on October 1, 2003, had dipped to a ten year low of 5.2 million tons.

### ... Which Would Discourage Exports

Considering the following circumstances, Post does not anticipate significant rice exports from India in MY 2003/04 and CY 2004, despite high world demand and prevailing high world prices. The projected low carryover stocks would discourage the government from allocating any rice for exports, even unsubsidized (the government's economic cost of rice is around \$267 per metric ton), during this marketing year. The prevailing higher world prices should tempt the private trade to source rice from wherever they can, including the open market. However, the government has already procured most of the surplus from the 2003/04 harvest, leaving very little for the private trade. Hence, the trade is unlikely to be in a position to mop up significant quantities for exports, at least until the 2004/05 crop arrives in the markets in the Fall of 2004. Furthermore, the cost price of rice to the private trade on a FOB basis also would be higher than the prevailing world price, at around \$245 – 250 per metric ton (25 percent broken). Another factor speaking against large exports is the continuing appreciation of the Indian rupee, which so far during this calendar year has appreciated by 3.2 percent against the dollar. Based on shipment data compiled from private sources, exports from January – March 2004 were only around 250,000 metric tons, mostly basmati rice and other rice shipped in liner vessels to Saudi Arabia. Assuming world prices continue to remain strong through the end of CY 2004, India's CY 2004 rice exports are estimated at 2.5 million tons. If the firm world rice price trend continues even longer, MY 2004/05 and CY 2005 exports are forecast higher at 3 million tons.

**Table 1. Government Procurement, Stocks, and Offtake of Rice (a year ago)**  
(Million metric tons)

	Stocks	Procurement Cumulative	Imports	Offtake *
<b>Feb 1, 2003</b>	18.8 (26.1)			1.8 (1.6)
<b>Mar 1</b>	17.6 (26.0)			2.4 (2.3)
<b>Apr 1</b>	17.2 (24.9)			1.6 (1.7)
<b>May 1</b>	15.3 (24.5)			2.4 (2.4)
<b>Jun 1</b>	13.2 (23.4)			2.6 (2.4)
<b>Jul 1</b>	11.0 (21.9)			2.9 (2.1)
<b>Aug 1</b>	8.1 (20.1)			1.0 (2.5)
<b>Sep 1</b>	7.1 (17.5)	16.4 (21.3) 1/		1.9 (1.9)
<b>Oct 1</b>	5.2 (15.8)			1.9 (2.0)
<b>Nov 1</b>	5.7 (20.5)			1.5 (1.6)
<b>Dec 1</b>	10.9 (20.3)			1.7 (1.8)
<b>Jan 1, 2004</b>	11.7 (19.4)			2.0 (1.8)
<b>Feb 1</b>	12.4 (18.8)	17.1 (13.3) 2/		

\* Includes exports

1/ Cumulative procurement: October 1, 2002 to September 30, 2003

2/ Cumulative procurement: October 1, 2003 to March 5, 2004

Source: Department of Food and Public Distribution, GOI

Figuer 1. India: Government Wheat and Rice Stocks

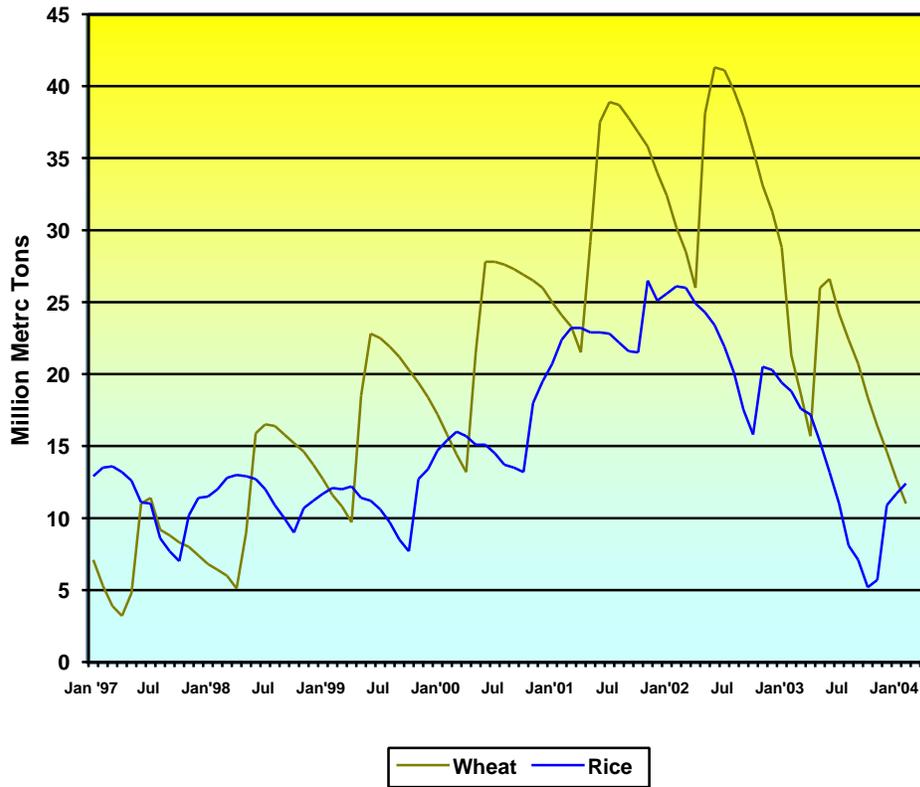


Table 2: Commodity, Rice Milled, PSD

PSD Table							
Country:	India						
Commodity:	Rice, Milled						
		2002		2003		2004	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		Oct-02		Oct-03		Oct-04	(MONTH/YEAR)
Area Harvested	40,000	40,400	44,000	44,000	44,500	44,500	(1000 Hectares)
Beginning Stocks	24,480	24,480	11,060	11,000	12,500	12,500	(1000 MT)
Milled Production	75,700	72,700	89,000	88,000	90,000	90,000	(1000 MT)
Rough Production	113,561	109,061	133,513	132,013	135,014	135,014	(1000 MT)
Milling Rate(.9999)	6,666	6,666	6,666	6,666	6,666	6,666	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Imports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	0	0	(1000 MT)
<b>TOTAL SUPPLY</b>	100,180	<b>97,180</b>	100,060	<b>99,000</b>	102,500	<b>102,500</b>	(1000 MT)
TOTAL Exports	5,440	5,440	2,750	2,750	2,000	3,000	(1000 MT)
Jan-Dec Exports	4,421	4,421	2,500	2,500	2,000	3,000	(1000 MT)
TOTAL Dom. Consumption	83,680	80,740	85,000	83,750	86,500	85,500	(1000 MT)
Ending Stocks	11,060	11,000	12,310	12,500	14,000	14,000	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	100,180	<b>97,180</b>	100,060	<b>99,000</b>	102,500	<b>102,500</b>	(1000 MT)