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## India

### Grain and Feed

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**Report Highlights:**

Despite higher production, the possibility of India exporting large quantities of wheat in MY 2005/06 is all but ruled out. However, prevailing high world prices have helped India export around 1.3 million ton of rice in the first quarter of CY 2005.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
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## SITUATION AND OUTLOOK

### WHEAT

#### Production Forecast Unchanged

Post forecasts MY 2005/06 (Apr-Mar) wheat production at 74 million tons. The Government of India (GOI) has also unofficially revised its production forecast from 73 to 74 million tons, due to favorable growing conditions during February and March. Some analysts are even expecting production to reach 75 million tons.

#### Procurement Likely to be Higher

Generally favorable weather conditions in northern India are benefiting wheat harvesting and marketing. These, for the most part, have been completed in other states. Under the price support operation, the GOI is expected to procure this marketing year increased quantities of wheat. We estimate procurement will be 18 to 19 million tons this year versus 6.7 million tons last year, due to higher production. Procurement through April 19, 2005, was 8.3 million tons.

#### Stocks Down

On March 1, 2005, government-held wheat stocks were 5.8 million tons and are projected at around 4.3 million tons on April 1, 2005, which is the lowest level since 1997 and 2.6 million tons below the stock level on April 1, 2004. Thus, in spite of higher procurement, the 23 million tons of wheat available to the GOI to manage the public distribution and various poverty alleviation programs in MY 2005/06 is likely to be same as last year.

#### Export Outlook Gloomy

Total MY 2005/06 exports are revised downward to 1.8 million tons. The GOI's revised grain buffer stock norm stipulates a minimum 4 million tons of wheat as of April 1, 17.1 million tons as of July 1, 11.0 million tons as of October 1, and 8.2 million tons as of January 1. Thus, there is unlikely to be much of an exportable surplus of wheat this year, considering the fact that the annual wheat requirement for the public distribution system is 16 to 17 million tons in a normal year. The possibility of India exporting large quantities of wheat in MY 2005/06 can almost be ruled out. However, depending on the world supply situation, prices, and freight rates, small exports to neighboring countries like Bangladesh and Sri Lanka, and to the Middle East might continue. According to provisional government trade data, exports from April 2004 through January 2005 were around 1.5 million tons, mostly to Bangladesh, the United Arab Emirates, and Sri Lanka.

#### Will Pakistan Buy Indian Wheat?

The improving political relationship with neighboring Pakistan brings with it the potential to export Indian wheat to Pakistan. The opening of land routes will likely result in cheaper and faster Indian exports of commodities like wheat from the adjoining wheat surplus state of Punjab to Pakistan. The Punjab Marketing Federation, a state government agency involved in wheat procurement and storage, has sought the GOI approval to export wheat to Pakistan. However, according to Indian Food Ministry officials, convincing Pakistan to purchase Indian wheat will be difficult. Pakistan has previously raised concerns about the quality of Indian wheat. With Punjab wheat priced at around \$166 per ton FOB at the border, it is doubtful whether Pakistan would be interested in Indian wheat.

## RICE

### Normal Monsoon Forecast

Assuming normal weather, Post forecasts MY 2005/06 (Oct-Sep) rice production at 90 million tons, compared with the MY 2004/05 production estimate of 86 million tons. The Indian Meteorological Department recently predicted a "normal" monsoon this summer. According to its April 20 Long Range Forecast (LRF), rainfall for the country during the 2005 South-West monsoon season (Jun-Sep) will be 98 percent of the long period average (893.3 millimeters), with a model error of plus or minus 5 percent. The LRF will be updated in end-June, at which time rainfall forecasts for the country's four broad meteorological regions will also be made. Last year, the Meteorological Department's forecast was off the mark, as the actual rainfall was 13 percent below the predicted historical average level of precipitation. India's rice crop, planted mostly during the monsoon season, is largely dependent on these rains.

### Procurement Likely To Be Marginally Higher

Through April 18, 2005, the GOI procured about 21.6 million tons of rice, up about one million tons from last year. With rice procurement from Andhra Pradesh likely lower due to high export demand for par-boiled rice, total MY 2004/05 procurement is likely to be only marginally higher than last year's 22.8 million tons.

### Higher Paddy Support Price

Well ahead of the planting season, the GOI recently established the support price for this year's paddy (un-milled rice) and other *kharif* (fall and early-winter harvested) crops. The MY 2005/06 support price for paddy is rs. 5,700 (\$131) per ton for common varieties, and rs. 6,000 (\$138) for Grade A, both of which represent an increase of rs. 100 per ton over last year's support prices. This hike, combined with higher freight rates, will most likely make Indian rice less competitive in the world market.

### Modest Improvement in Stocks

GOI rice stocks improved marginally and reached 13.7 million tons on March 1, 2005, but remain significantly below the 26.0 million tons two years ago. The increase in GOI procurement this year was offset by the increased offtake for the public distribution system. The GOI's revised buffer stock norms for rice are 12.2 million tons as of April 1, 9.8 million tons as of July 1, 5.2 million tons as of October 1, and 11.8 million tons as of January 1. By these standards, the GOI has little surplus for exports, and rice exports will be mostly by the private sector.

### First Quarter Exports Show Strong Trend

Post revises CY 2005 rice exports upward to 3 million tons. Prevailing high world prices have helped India export around 1.3 million tons of rice from January through mid-April; mostly parboiled rice to Bangladesh and African countries, and basmati rice to Saudi Arabia. It is doubtful whether India will be able to sustain this export pace, considering the fact that domestic demand and prices normally increase as the season advances. Exports to Bangladesh, a major destination for Indian rice, are likely to decline in coming months with the harvest of an excellent *boro* (Apr/May harvested) rice crop there. The Indian monsoon will also play a key role in determining export volumes over coming months.

**Table 1: Government Procurement, Stocks, and Offtake of Wheat (year ago)  
(million metric tons)**

	Stocks	Procurement Cumulative	Imports	Offtake *
<b>Apr 1, 2004</b>	6.9 (18.6)			1.3 (1.8)
<b>May 1</b>	19.0 (26.0)			1.2 (2.1)
<b>Jun 1</b>	19.4 (26.6)			1.4 (2.7)
<b>Jul 1</b>	19.2 (24.2)			1.7 (2.6)
<b>Aug 1</b>	17.4 (22.4)			1.6 (1.9)
<b>Sep 1</b>	15.8 (20.7)			1.8 (2.2)
<b>Oct 1</b>	14.2 (18.4)			1.4 (2.0)
<b>Nov 1</b>	12.6 (16.4)			1.4 (1.9)
<b>Dec 1</b>	10.7 (14.6)			1.5 (1.8)
<b>Jan 1, 2005</b>	8.9 (12.7)			1.5 (1.8)
<b>Feb 1</b>	7.3 (11.0)			1.5 (1.8)
<b>Mar 1</b>	5.8 (8.6)	16.8 (15.8) <b>1/</b>		

**1/** Cumulative procurement: April 1, 2004, to March 31, 2005

**\*** Includes exports

Source: Government of India

**Table 2: Government Procurement, Stocks, and Offtake of Rice (year ago)  
(million metric tons)**

	Stocks	Procurement Cumulative	Imports	Offtake *
<b>Apr 1, 2004</b>	13.1 (17.2)			1.6 (1.7)
<b>May 1</b>	12.7 (15.3)			1.8 (2.5)
<b>Jun 1</b>	12.3 (13.2)			2.0 (2.9)
<b>Jul 1</b>	10.8 (11.0)			1.9 (3.3)
<b>Aug 1</b>	9.1 (8.1)			1.9 (1.7)
<b>Sep 1</b>	7.1 (7.1)	22.8 (16.4) <b>1/</b>		1.9 (1.9)
<b>Oct 1</b>	6.1 (5.2)			1.8 (1.6)
<b>Nov 1</b>	11.0 (5.7)			1.7 (1.6)
<b>Dec 1</b>	11.1 (10.9)			1.8 (1.6)
<b>Jan 1, 2005</b>	12.8 (11.7)			1.6 (2.1)
<b>Feb 1</b>	14.2 (12.4)			
<b>Mar 1</b>	13.7 (13.6)	20.6 (19.6) <b>2/</b>		

**1/** Cumulative procurement: October 1, 2003, to September 30, 2004

**2/** Cumulative procurement: October 1, 2004, to April 19, 2005

**\*** Includes exports

## STATISTICAL TABLES

Table 1: Commodity, Wheat, PSD

PSD Table							
Country	India						
Commodity	Wheat						(1000 HA) (1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		04/2003		04/2004		04/2005	MM/YYYY
Area Harvested	25,900	24,860	27,300	26,620	-	26,300	(1000 HA)
Beginning Stocks	15,700	15,700	6,900	6,900	5,500	4,500	(1000 MT)
Production	65,100	65,100	72,060	72,060	-	74,000	(1000 MT)
TOTAL Mkt. Yr. Imports	8	8	20	10	-	10	(1000 MT)
Jul-Jun Imports	8	8	20	10	-	10	(1000 MT)
Jul-Jun Import U.S.	-	-	-	-	-	-	(1000 MT)
<b>TOTAL SUPPLY</b>	<b>80,808</b>	<b>80,808</b>	<b>78,980</b>	<b>78,970</b>	<b>5,500</b>	<b>78,510</b>	(1000 MT)
TOTAL Mkt. Yr. Exports	5,650	6,700	1,500	1,800	-	1,000	(1000 MT)
Jul-Jun Exports	5,000	6,400	1,000	1,400	-	1,000	(1000 MT)
Feed Dom. Consumption	600	600	500	500	-	500	(1000 MT)
TOTAL Dom. Consumption	68,258	67,208	71,980	72,670	-	73,000	(1000 MT)
Ending Stocks	6,900	6,900	5,500	4,500	-	4,510	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	<b>80,808</b>	<b>80,808</b>	<b>78,980</b>	<b>78,970</b>	<b>-</b>	<b>78,510</b>	(1000 MT)

Table 2: Commodity, Rice Milled, PSD

PSD Table							
Country	India						
Commodity	Rice, Milled				(1000 HA) (1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Area Harvested	44000	42400	42500	42300	0	44500	(1000 HA)
Beginning Stocks	11000	11000	10800	10900	9900	9900	(1000 MT)
Milled Production	87000	87000	86000	86000	0	90000	(1000 MT)
Rough Production	130513	130513	129013	129013	0	135014	(1000 MT)
MILLING RATE (.9999)	6666	6666	6666	6666	0	6666	(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>	<b>98000</b>	<b>98000</b>	<b>96800</b>	<b>96900</b>	<b>9900</b>	<b>99900</b>	<b>(1000 MT)</b>
TOTAL Exports	3100	3000	2900	3000	0	2500	(1000 MT)
Jan-Dec Exports	3100	3000	3250	3000	0	2500	(1000 MT)
TOTAL Dom. Consumption	84100	84100	84000	84000	0	85000	(1000 MT)
Ending Stocks	10800	10900	9900	9900	0	12400	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	<b>98000</b>	<b>98000</b>	<b>96800</b>	<b>96900</b>	<b>0</b>	<b>99900</b>	<b>(1000 MT)</b>