



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/31/99

GAIN Report #IN9014

## India

### Grain and Feed

### Grain Update, April 1999

Prepared by:

**Weyland Beeghly**

**U.S. Embassy**

Drafted by:

A. Govindan

---

#### Report Highlights:

**India's approaching wheat harvest is likely to reach a record 70 million tons. With a procurement target of 13 million, government stocks could build to 20 million tons. Barring policy shifts, some private imports could continue, especially in South India where foreign wheat can be landed at a price well below the cost of domestic grain. Significant exports are unlikely as this would require heavy subsidies.**

**Post's estimate of corn imports has been raised to 200,000 metric tons as soaring local prices (\$165/mt) have prompted feed millers to begin imports from Myanmar and Thailand.**

---

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

## Table of Contents

<b>WHEAT</b>	Page 1 of 11
Record Wheat Production Likely	Page 1 of 11
Table 1: Wheat Production by State	Page 1 of 11
Government Prepares for Procurement	Page 1 of 11
Prices Firm, But Expected to Fall	Page 2 of 11
Government Wheat Imports Unlikely but Private Imports Could Continue	Page 2 of 11
Table 2: Government Procurement, Stocks and Off take of Wheat in MMT	Page 3 of 11
Indicative Month-end Prices of Ordinary Wheat/mt:	Page 3 of 11
<b>RICE</b>	Page 3 of 11
Domestic Procurement Declines	Page 3 of 11
Rice Exports to Bangladesh Surge	Page 4 of 11
Table 3: Government Procurement, Stocks and Off take of Rice in MMT	Page 4 of 11
Indicative Month-end Prices of Rice/mt:	Page 5 of 11
<b>CORN</b>	Page 5 of 11
Corn Imports Begin	Page 5 of 11
<b>TABLES, PSD</b>	Page 6 of 11
Commodity, Wheat	Page 6 of 11
Commodity, Rice	Page 7 of 11
Commodity, Corn	Page 8 of 11
Commodity, Sorghum	Page 9 of 11
Commodity, Millet	Page 10 of 11
Commodity, Barley	Page 11 of 11

## WHEAT

### Record Wheat Production Likely

Favorable March weather has bolstered prospects for a record wheat harvest. Major producing areas enjoyed below-normal temperatures and abundant sunshine during much of February and March. Similar conditions in 1997 helped boost yields to a record 2,680 kg/ha and production to 69.4 million tons. As this year's seeded area exceeds 1997 by 3 percent, output is likely to reach a record 70 million tons. However, the average yield is expected to be lower than in 1997 due to increased use of marginal lands, early-season shortages of fertilizer, and drought in Rajasthan.

The government has released revised area and production estimates for the 1997/98 (1997 fall-harvested and 1998 spring-harvested) crops and final figures for the previous year. The PS&D tables reflect these changes.

The following table shows area and production of wheat by state for 1997 and 1998, and Post's estimate for 1999.

**Table 1. Wheat Production by State**

State	1997 Revised		1998 Preliminary		1999 Forecast	
	Area THA	Production TMT	Area THA	Production TMT	Area THA	Production TMT
Uttar Pradesh	9,014	24,050	9,221	23,037	9,250	24,300
Punjab	3,229	13,672	3,301	12,719	3,325	13,900
Haryana	2,017	7,826	2,064	7,554	2,080	8,000
Madhya Pradesh	4,327	7,793	4,520	7,346	4,550	8,100
Rajasthan	2,474	6,782	2,680	6,700	2,500	6,300
Bihar	2,089	4,561	2,081	4,159	2,200	4,400
Gujarat	581	1,336	694	1,647	680	1,600
Maharashtra	799	1,167	747	675	800	1,100
Other	1,357	2,163	1,378	2,070	1,365	2,300
Total	25,887	69,350	26,686	65,907	26,750	70,000

### Government Prepares for Procurement

With record production and a 7.8 percent hike in the support price, the Food Ministry expects 1999/00 wheat procurement to reach a record 13 million tons, compared with 12.6 million last year. (The 1999/00 support price is rs. 5,500 (\$129.50)/mt compared with rs. 5,100/mt in 1998/99.) As the entire marketable surplus of 20-

25 million tons hits the market in a span of just two months, serious logistical problems are expected. The storage problem is likely to be especially serious this year in view of the large stocks already held by the GOI in the major surplus state of Punjab. Government wheat stocks on April 1 are expected to be 9.5 million tons, 5.5 million tons above the desired minimum buffer stock level and 4.5 million above last April's level. Wheat stocks could peak at a record 20 million tons on July 1.

### **Prices Firm, But Expected to Fall**

The Delhi wholesale price for ordinary milling wheat is rs. 6,850 (\$161.2)/mt compared with rs. 6,800/mt a month ago and rs. 6,350/mt a year ago. The government's decision to increase the sale price of wheat supplied to the Public Distribution System and the rs. 80/mt hike in the open market price of wheat supplied to the states have contributed to the price upswing. Farm prices are now well above the government's support price of rs. 5,500/mt. However, harvest pressure, ongoing imports by South Indian flour millers and the availability of wheat from government stocks are likely to push farm prices closer to the support as the harvest approaches.

### **Government Wheat Imports Unlikely but Private Imports Could Continue**

Atop record stocks it is unlikely that the GOI will import wheat during the 1999/00 marketing year. Exports might even be considered except that given the high domestic cost of wheat (estimated at \$193/mt) and depressed world prices, this would require a massive subsidy. Responding to domestic political pressures, the government has priced Indian wheat out of the world market.

It will be interesting to see if the government continues its policy of permitting flour millers to import wheat on private account. If so, private imports could swell as South Indian millers have found imports much less expensive than buying/shipping grain from North Indian warehouses. Trade reports indicate that private imports during 1998/99 reached 465,000 tons, mainly from Turkey, Ukraine and Australia; government imports were 1.42 million tons (from Australia), bringing total MY 1998/99 imports to 1.9 million.

**Table 2. Government Procurement, Stocks and Off take of Wheat in MMT (year ago):**

	Stocks	Procurement Cumulative	Imports	Offtake
Jan 1 98	6.8 (7.1)		0.4	0.8 (1.8)
Feb 1 98	6.4 ( 5.3)		0.3	0.8 (1.6)
Mar 1 98	6.0 ( 3.9)	9.3 ( 8.2)	0.0	0.8 (1.0)
Apr 1 98	5.1 ( 3.2)		0.1	0.5 (0.6)
May 1 98	9.0 ( 4.8)		0.2	0.6 (0.9)
Jun 1 98	15.9 (11.0)		0.2	0.5 (0.5)
Jul 1 98	15.9 (11.4)		0.2	0.7 (0.5)
Aug 1 98	16.4 ( 9.2)		0.3	0.7 (0.5)
Sep 1 98	15.8 (8.8)		0.2	0.7 (0.6)
Oct 1 98	15.2 (8.3)		0.1	0.7 (0.5)
Nov 1 98	14.6 (8.0)		0.1	0.9 (0.5)
Dec 1 98	13.7 (7.4)			0.9 (0.7)
Jan 1 99	12.7 (6.8)			0.9 (0.7)
Feb 1 99	11.6 (6.4)	12.6 (9.3)		

**Indicative Month-end Prices of Ordinary Wheat/mt:**

	Feb 99	Mar 99
Delhi Wholesale Price	rs. 6,850 (\$161.3)	rs. 6,800 (\$160)
Bombay Wholesale Price	rs. 7,450 (\$175.3)	Rs. 7,450 (\$175.3)

**RICE****Domestic Procurement Declines**

Rice procurement through March 18 was only 9.2 million tons compared with 11.7 million in the corresponding period of the 1997/98 marketing year. Most of the decline was in Punjab where procurement has been only 4.4 million tons compared with 5.9 million last year. Moreover, a major share of the paddy procured by the GOI under its price support operation is lying unmilled, as millers are not interested in milling this paddy (which is

extensively rain damaged) unless the government relaxes its milling norms. Further delays will result in further quality deterioration. Government rice stocks remain comfortable at 12.1 million tons (Feb 1, 1999), compared to 12 million a year ago, and 13.5 million on February 1, 1997.

### Rice Exports to Bangladesh Surge

India's CY 1998 rice exports have been revised upward to a record 5.0 million tons, based on heavy surface movement to Bangladesh, as reported by the World Food Program (WFP) office in Dhaka. Exports to Bangladesh continued to surge during the first quarter of 1999, with WFP data putting movement in January and February at 344,305 and 311,790 tons, respectively. March exports are estimated at 271,200 tons, which would raise first quarter exports to nearly 930,000 tons. Although exports are likely to slow following Bangladesh's winter harvest, some movement is expected to continue. In view of heavy first quarter deliveries, our CY 1999 export estimate has been increased to 2.8 million tons.

**Table 3. Government Procurement, Stocks and Off take of Rice in MMT (year ago):**

	Stocks	Procurement Cumulative	Imports	Offtake
Jan 1 98	11.5 (12.9)			0.9 (1.1)
Feb 1 98	12.0 (13.5)			0.9 (1.0)
Mar 1 98	12.8 (13.6)			1.0 (1.0)
Apr 1 98	13.0 (13.2)			0.7 (1.0)
May 1 98	12.9 (12.6)			0.9 (0.8)
Jun 1 98	12.7 (11.1)			0.9 (0.9)
Jul 1 98	12.0 (10.9)			1.0 (0.9)
Aug 1 98	11.0 (8.6)			1.0 (1.1)
Sep 1 98	10.0 (7.7)	14.3 (12.2)		1.1 (0.9)
Oct 1 98	9.0 (7.0)			1.0 (0.9)
Nov 1 98	10.7 (10.2)			1.1 (0.9)
Dec 98	11.2 (11.4)			1.1 (1.0)
Jan 99	11.7 (11.5)			1.0 (0.9)
Feb 99	12.1 (12.0)	9.2 (11.7)		

**Indicative Month-end Prices of Rice/mt:**

	Feb 99	Mar 99
Delhi Wholesale Price	rs. 10,000 (\$235)	rs. 9,850 (\$232)
Export Price (25% broken)	\$235	\$235

**CORN****Corn Imports Begin**

Post has raised its MY 1998/99 corn import estimate to 200,000 tons, as high domestic prices have already prompted India feed millers to begin importing. The prevailing corn price in Delhi is over rs. 7,000 (\$165)/mt compared with rs. 4,400 a year ago. Prices typically strengthen during April-July. According to trade sources, millers have so far contracted about 15,000 tons, mostly from Myanmar and Thailand. Additional imports are reportedly being planned. India's starch milling industry is also exploring the possibility of importing corn.

## TABLES, PSD

## Commodity, Wheat

PSD Table							
Country:	India						
Commodity:	Wheat						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		04/97		04/98		04/99	(MONTH/ YEAR)
Area Harvested	25,934	25,887	26,264	26,686	26,400	26,750	(1000 Hectares)
Beginning Stocks	7,000	7,000	10,500	10,500	11,000	11,000	(1000 MT)
Production	69,275	69,350	66,047	65,907	69,000	70,000	(1000 MT)
TOTAL Mkt. Yr. Imports	2,100	2,100	1,800	1,900	500	500	(1000 MT)
Jul-Jun Imports	1,900	1,900	1,200	1,500	500	500	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	100	100	(1000 MT)
TOTAL SUPPLY	78,375	78,450	78,347	78,307	80,500	81,500	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	200	(1000 MT)
Jul-Jun Exports	0	0	0	0	0	200	(1000 MT)
Feed Dom. Consumption	200	200	200	200	200	300	(1000 MT)
TOTAL Dom. Consumption	67,875	67,950	67,347	67,307	69,000	69,000	(1000 MT)
Ending Stocks	10,500	10,500	11,000	11,000	11,500	12,300	(1000 MT)
TOTAL DISTRIBUTION	78,375	78,450	78,347	78,307	80,500	81,500	(1000 MT)



**Commodity, Rice**

PSD Table							
Country:	India						
Commodity:	Rice, Milled						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/1997		10/1998		10/1999	(MONTH/ YEAR)
Area Harvested	43,086	43,420	42,700	42,700	43,000	43,000	(1000 Hectares)
Beginning Stocks	9,500	9,500	10,500	10,500	9,500	9,000	(1000 MT)
Milled Production	82,119	82,300	81,000	81,000	83,000	83,000	(1000 MT)
Rough Production	0	123,462	0	121,512	0	124,512	(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)
TOTAL SUPPLY	91,619	91,800	91,500	91,500	92,500	92,000	(1000 MT)
TOTAL Exports	3,300	3,500	2,850	3,500	2,500	2,500	(1000 MT)
Jan-Dec Exports	4,800	5,000	2,200	2,800	2,500	2,500	(1000 MT)
TOTAL Dom. Consumption	77,819	77,800	79,150	79,000	80,500	80,000	(1000 MT)
Ending Stocks	10,500	10,500	9,500	9,000	9,500	9,500	(1000 MT)

**Commodity, Corn**

PSD Table							
Country:	India						
Commodity:	Corn						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/1997		11/1998		11/1999	(MONTH/ YEAR)
Area Harvested	6,305	6,305	6,100	6,100	6,300	6,300	(1000 Hectares)
Beginning Stocks	400	400	300	200	100	50	(1000 MT)
Production	11,088	10,852	9,800	9,800	10,500	10,500	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	50	200	50	200	(1000 MT)
Oct-Sep Imports	0	0	50	200	50	200	(1000 MT)
Oct-Sep Import U.S.	0	0	25	50	25	50	(1000 MT)
TOTAL SUPPLY	11,488	11,252	10,150	10,200	10,650	10,750	(1000 MT)
TOTAL Mkt. Yr. Exports	30	30	0	0	0	0	(1000 MT)
Oct-Sep Exports	30	30	0	0	0	0	(1000 MT)
Feed Dom. Consumption	3,800	3,800	4,000	4,000	4,200	4,200	(1000 MT)
TOTAL Dom. Consumption	11,158	11,022	10,050	10,150	10,550	10,650	(1000 MT)
Ending Stocks	300	200	100	50	100	100	(1000 MT)
TOTAL DISTRIBUTION	11,488	11,252	10,150	10,200	10,650	10,750	(1000 MT)

**Commodity, Sorghum**

PSD Table							
Country:	India						
Commodity:	Sorghum						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/1997		11/1998		11/1999	(MONTH/ YEAR)
Area Harvested	11,044	10,985	11,500	11,500	11,200	11,200	(1000 Hectares)
Beginning Stocks	300	300	200	100	200	200	(1000 MT)
Production	8,235	7,982	11,300	11,300	11,000	11,000	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	8,535	8,282	11,500	11,400	11,200	11,200	(1000 MT)
TOTAL Mkt. Yr. Exports	20	20	20	20	20	20	(1000 MT)
Oct-Sep Exports	20	20	20	20	20	20	(1000 MT)
Feed Dom. Consumption	1,600	1,600	1,700	1,800	1,800	1,800	(1000 MT)
TOTAL Dom. Consumption	8,315	8,162	11,280	11,180	10,980	10,980	(1000 MT)
Ending Stocks	200	100	200	200	200	200	(1000 MT)
TOTAL DISTRIBUTION	8,535	8,282	11,500	11,400	11,200	11,200	(1000 MT)

**Commodity, Millet**

PSD Table							
Country:	India						
Commodity:	Millet						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/1997		11/1998		11/1999	(MONTH/ YEAR)
Area Harvested	12,963	12,971	13,300	13,300	13,100	13,100	(1000 Hectares)
Beginning Stocks	300	300	200	200	200	100	(1000 MT)
Production	10,516	10,656	9,700	9,700	10,300	10,300	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	10,816	10,956	9,900	9,900	10,500	10,400	(1000 MT)
TOTAL Mkt. Yr. Exports	20	20	0	0	0	0	(1000 MT)
Oct-Sep Exports	20	20	0	0	0	0	(1000 MT)
Feed Dom. Consumption	550	550	600	700	600	700	(1000 MT)
TOTAL Dom. Consumption	10,596	10,736	9,700	9,800	10,300	10,200	(1000 MT)
Ending Stocks	200	200	200	100	200	200	(1000 MT)
TOTAL DISTRIBUTION	10,816	10,956	9,900	9,900	10,500	10,400	(1000 MT)

**Commodity, Barley**

PSD Table							
Country:	India						
Commodity:	Barley						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		04/1997		04/1998		04/1999	(MONTH/ YEAR)
Area Harvested	760	757	859	854	850	850	(1000 Hectares)
Beginning Stocks	20	20	20	20	20	20	(1000 MT)
Production	1,436	1,462	1,674	1,669	1,700	1,700	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1,456	1,482	1,694	1,689	1,720	1,720	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	130	130	150	150	150	150	(1000 MT)
TOTAL Dom. Consumption	1,436	1,462	1,674	1,669	1,700	1,700	(1000 MT)
Ending Stocks	20	20	20	20	20	20	(1000 MT)
TOTAL DISTRIBUTION	1,456	1,482	1,694	1,689	1,720	1,720	(1000 MT)