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Report Highlights:

On February 18, 2020, the Ministry of Agriculture and Farmers Welfare (MoAFW) forecast the second advance estimate for the Indian crop year (ICY) 2019/20 (July/June) grain production at a record 292 million metric tons (MMT), nearly 7 MMT higher than last year's final estimate, and previous record of 285.2 MMT. Due to the above-normal 2019 monsoon, MoAFW has forecast record production of rice and wheat, and near record production of corn and pulses, for the upcoming season. MY 2019/20 rice production is revised higher to a record 117 MMT, ending stocks to 34 MMT, and exports lower to 10 MMT. MY 2019/20 wheat production is raised higher to a record 103.6 MMT, and ending stocks are higher at 22.1 MMT. The Production, Supply and Distribution (PS&D) tables for corn and other coarse grains have been revised to reflect MoAFW's latest estimates.

General Information

Government Forecasts Record Grain Production in 2019/20

On February 18, 2020, the Ministry of Agriculture and Farmers Welfare (MoAFW) released the [Second Advance Estimates of Production of Food Grains for Indian Crop Year \(ICY\) 2019/20](#) (July-June). The press release indicates that MoAFW forecast ICY 2019/20 grain production at a record 292 MMT, nearly 7 MMT higher than last year's record production (final estimate 285.2 MMT), due to above-normal 2019 monsoon. The ICY 2019/20 record production is largely due to expected record production of rice and wheat, and near record production of corn and pulses. According to official sources, the 2019 southwest monsoon (June-September 2019) precipitation was about 10 percent above the 50-year average across the country.

The 2019 monsoon was characterized by relatively heavy rains in the second half of the period (August-September extending through October) that supported late planting of *kharif* (fall harvested) crops and provided optimal soil moisture conditions and improved irrigation water supplies for the *rabi* (winter planted) season crops. Sources report that above normal rains during October at harvest time for several *kharif* crops (rice, corn and coarse grains) caused crop damage, which may not be adequately reflected in MoAFW's second advance estimate. However, and besides adequate soil moisture supporting the planting of *rabi* crops, extended winter conditions and scattered rains during January/February will help improve yields of the upcoming crops, including wheat and other coarse grains.

The ICY 2019/20 grain production forecast includes:

- MY 2019/20 rice, corn, sorghum, millet, and pulse crops already harvested in Oct-Dec 2019 (*kharif*), and yet to be harvested in March-May 2020 (*rabi*)
- MY 2020/21 wheat and barley crops to be harvested in March-May 2019 (*rabi*).

The second advance estimates are based on the provisional area and yield estimates from the field survey of the *kharif* crops' planted area, sample crop cutting surveys for yield estimates by state governments, and provisional area estimates and forecast yields for *rabi* crops based on provisional crop condition surveys by state departments of agriculture. The second advance estimates are subject to further revision as additional information on actual acreage and crop-cutting studies are compiled by state governments, and the final estimate for the ICY 2019/20 is typically ready by February 2020.

ICY 2018/19 Production Finalized

The MoAFW also finalized the grain production estimate for ICY 2018/19 at a record 285.2 MMT, marginally higher than the Fourth Advance Estimate of 284.9 MMT (August 2019). The wheat, corn, rice, and millet production estimates have been raised higher, while the sorghum, barley, and pulses production estimates have been revised lower than initially estimated.

Post largely agrees with the final government estimates for ICY 2018/19, as they are based on the final crop surveys and crop cutting experiments conducted by various state government for both *kharif* and *rabi* season crops, and concurs with the Post assessment of the overall market supply situation.

RICE

Table 1. India: Commodity, Rice Milled, PS&D

(Area in Thousand Hectares, Quantity in Thousand Metric Tons, Yield in MT/Hectare)

Rice, Milled Market Begin Year India	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	43774	43774	43800	44160	43500	43500
Beginning Stocks	20550	20550	22600	22600	29500	29500
Milled Production	112760	112760	116420	116480	115000	117000
Rough Production	169157	169157	174647	174737	172517	175518
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666
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	133310	133310	139020	139080	144500	146500
MY Exports	12041	12041	10420	10420	11200	10000
TY Exports	11791	11791	10000	9850	11500	10000
Consumption and Residual	98669	98669	99100	99160	102500	102500
Ending Stocks	22600	22600	29500	29500	30800	34000
Total Distribution	133310	133310	139020	139080	144500	146500
Yield (Rough)	3.8643	3.8643	3.9874	3.9569	3.9659	4.0349

Production Raised

Post's MY 2019/20 rice production estimate is raised higher to a record 117 MMT, based on higher planting and production prospects of *rabi* rice and higher-than-earlier-anticipated yields of *kharif* rice in India's southern and eastern producing states. Strong government rice procurement in most of the rice producing states during the current season, and the recent weakening of domestic prices due to the expected bumper harvest of the upcoming *rabi* rice supports the estimated record MY 2019/20 rice production. Based on final official estimates, MY 2018/19 rice production has been revised higher to 116.5 MMT on higher-than-earlier-estimated planting.

The MoAFW's latest second advance estimates marginally lower the area planted to *kharif* rice, but estimates higher yields compared to last year, as well as significantly higher planting and yields for the upcoming *rabi* rice. Field reports suggest that excellent late monsoon rains support the higher planting and improved yield prospects for *rabi* rice, compared to last year. However, reports suggest some crop losses in early planted *kharif* rice due to late 2019 monsoon rains in September/October at the time of harvest. This will likely lower the overall production from MoAFW's 'optimistic' second advance estimate of 117.5 MMT. Consequently, Post estimates MY 2019/20 rice production at a record 117 MMT (101.5 MMT *kharif* and 15.5 MMT *rabi*), compared to last year's 116.48 MMT (102.04 MMT *kharif* and 14.44 MMT *rabi*), and MoAFW's 2nd Advance estimate of 117.47 MMT (101.95 MMT *kharif* and 15.53 MMT *rabi*).

Government Set to Procure Record Quantities of Rice

Buoyed by back-to-back record harvest and higher government minimum support prices (MSP), MY 2019/20 government rice procurement is likely to surge even higher than last year's record procurement (44.4 MMT). Relatively weak export demand for coarse rice has also fueled the government rice procurement. GOI rice procurement under the MSP operation as of February 21, 2020, was estimated at 37.5 MMT, compared to 34.9 MMT during the corresponding period last year.

Table 2. India: Government Rice Procurement by States

(Quantity in Million Metric Tons)

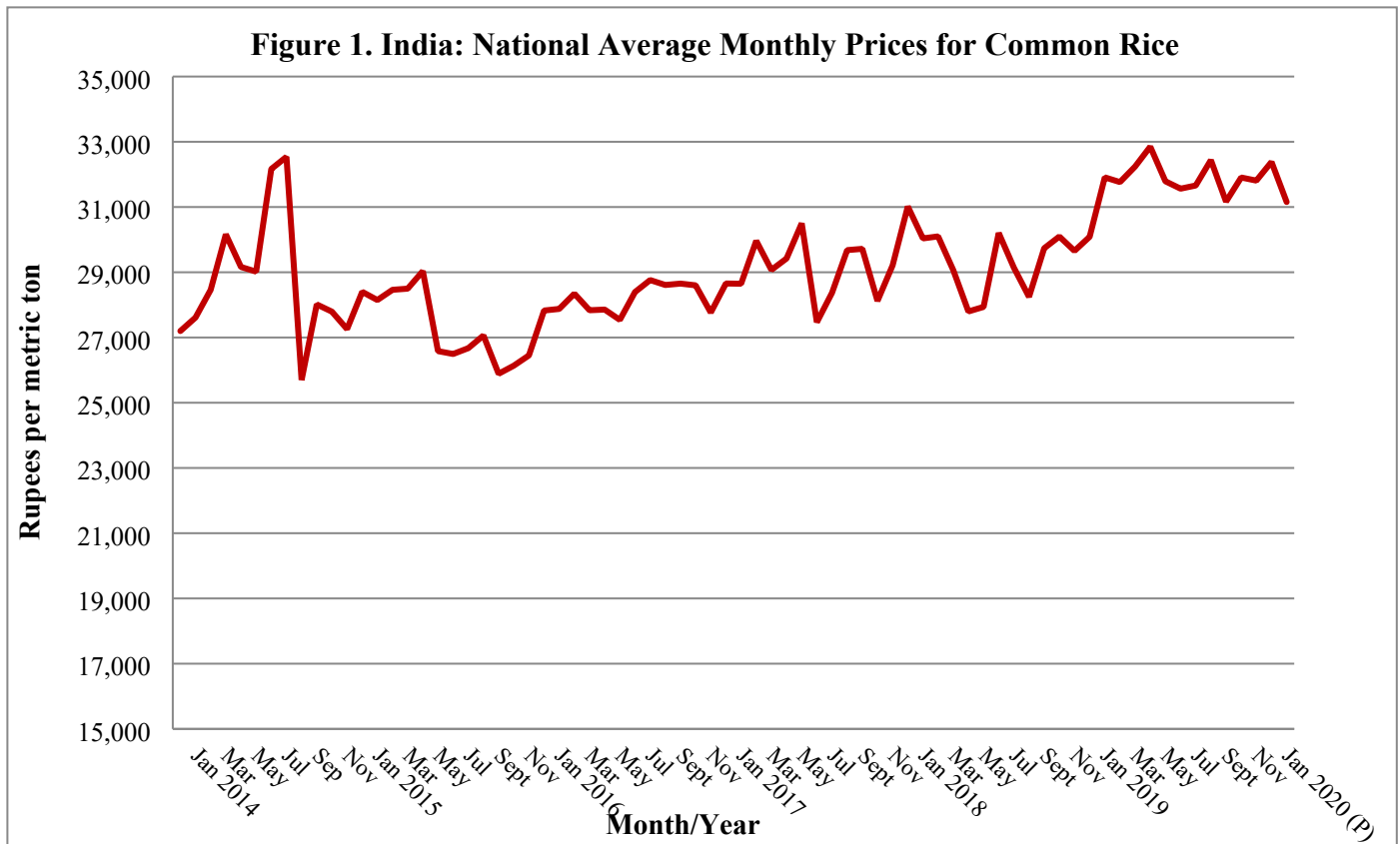
State	MY 2017/18	MY 2018/19	MY 2018/19	MY 2019/20
	October-September	October-September	Oct 1- Feb 21	Oct 1-Feb 21
Punjab	11.83	11.33	11.31	10.88
Andhra Pradesh	4.00	4.81	2.60	2.80
Telangana	3.62	5.19	2.71	3.16
Chhattisgarh	3.26	3.97	3.96	5.50
Odisha	3.29	4.45	3.14	3.06
Haryana	3.99	3.94	3.94	4.30
Uttar Pradesh	2.88	3.23	3.11	3.42
West Bengal	1.67	1.98	1.11	0.85
Madhya Pradesh	1.10	1.40	1.28	1.54
Tamil Nadu	1.01	1.29	0.44	0.30
Others	<u>1.54</u>	2.81	<u>1.31</u>	<u>1.73</u>
Total	38.18	44.40	34.92	37.52

Source: Food Corporation of India, GOI

The procurement gains have been largely accounted for by the peninsular and eastern states. Rice procurement is likely to remain strong during the remaining marketing season on the expected higher *rabi* harvest and weak export demand, with MY 2019/20 procurement likely to exceed 46 MMT.

Prices Ease on Bumper Harvest

Continued weak export demand and the likelihood of a bumper harvest of *rabi* rice have eased domestic rice prices eased in February 2020



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI

Prices are likely to remain weak in the coming months due to the harvest of the upcoming *rabi* crop, which will start arriving from the end of March. Future domestic prices during the marketing year will largely depend on export demand and international price movements.

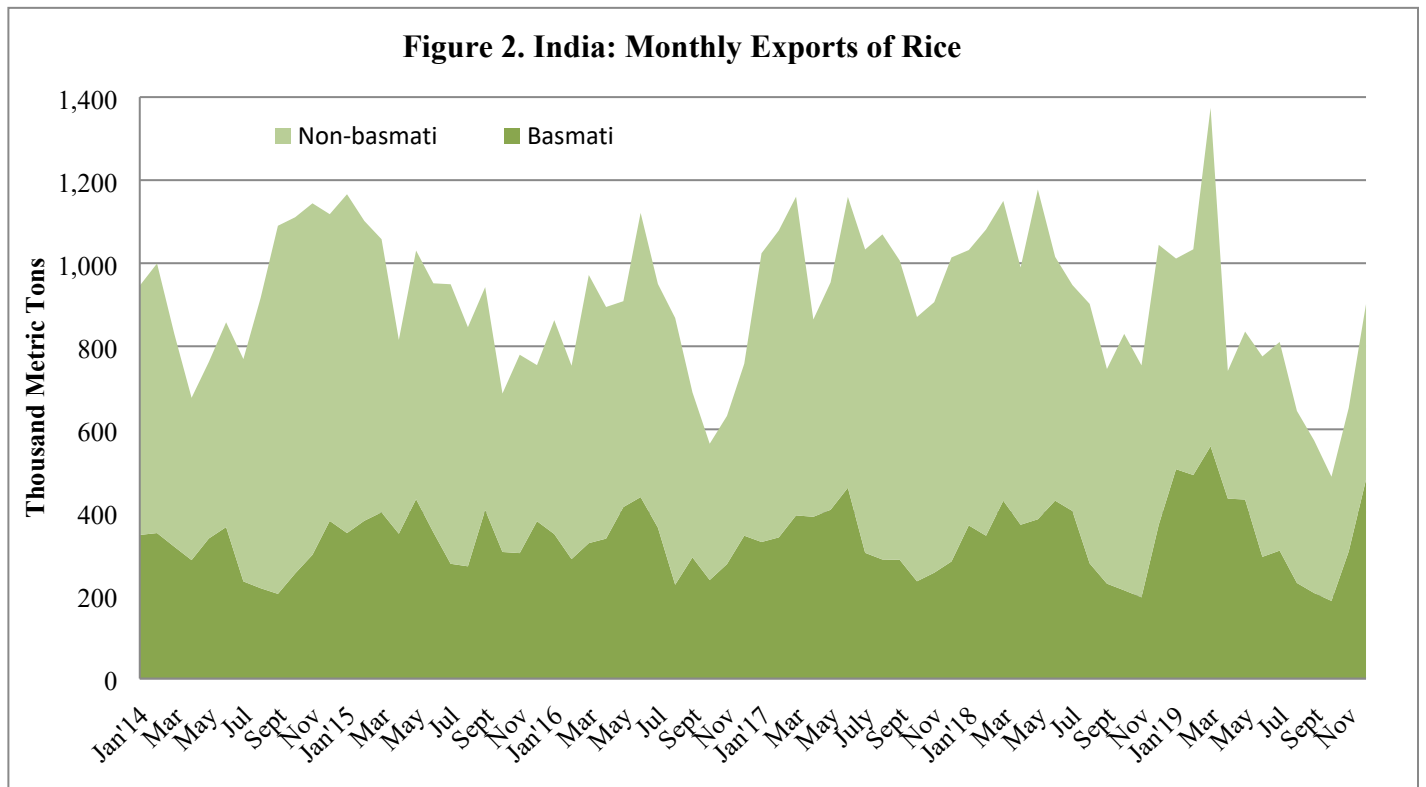
Ending Stocks Raised

Post's MY 2019/20 ending stocks estimate is raised to 34 MMT based on the current higher-than-initially-expected rice stocks and expected higher procurement in the second half of the marketing season. Fueled by strong procurement, government rice stocks on February 1, 2020, were estimated at 44.8 MMT, more than 4.1 MMT higher than last year stocks at the same time, and more than three times the government's peak desired buffer stocks (13.6 MMT on April 1).

Assuming a forecast total procurement of 46 MMT, and expected higher rice offtake under the government programs in the remaining 8 months of the marketing season, MY 2018/19 government rice ending stocks are estimated at 31.5 MMT compared to last year's 27.6 MMT. Consequently, Post's MY 2019/20 ending stocks have been raised to 34 MMT (31.5 MMT government stocks and 2.5 MMT private stocks).

Exports Lowered

Based on the current pace of monthly exports, Post's MY 2018/19 export estimate is lowered to 10 MMT on weak export demand, as the higher MSP and relatively firm value of the Indian rupee have made Indian rice relatively uncompetitive in the international market, despite surplus domestic supplies. Based on the latest official data, the trade year (TY) 2018/19 (Calendar Year 2019) rice exports estimate is revised lower to 9.85 MMT.



Source: Monthly exports through January 2019 from Directorate General of Commercial Intelligence (DGCIS), GOI

After the withdrawal of the export subsidy benefit of 5 percent for coarse grain non-*Basmati* rice under the Merchandise Exports from India Scheme (MEIS) on March 25, 2019 (see IN9017), rice exports have continued to lag behind last year's level on weak export demand. Provisional official export data estimates rice exports in the first quarter of MY 2019/20 (Oct-Dec) at 2.04 MMT, compared to 2.63 MMT during the same period in MY 2018/19.

The government has declined to reintroduce the MEIS benefits on coarse grain rice despite industry request. Market sources report some recovery in export demand due to the weakening of the domestic prices, but market sources expect exports to be below last year's level as MSP operations will contain any significant decline in domestic prices. Assuming no significant change in the export competitiveness of Indian rice and a stable value of the Indian rupee *vis-a-vis* the U.S. dollar, MY 2019/20 rice exports are estimated lower at 10 MMT (5.3 MMT of coarse rice and 4.7 MMT of *Basmati* rice) compared to last year's 10.4 MMT (6.2 MMT coarse rice and 4.2 MMT of *Basmati* rice).

WHEAT

Table 3. India: Commodity, Wheat, PS&D

(Area in Thousand Hectares, Quantity in Thousand Metric Tons, Yield in MT/ Hectare)

Wheat Market Begin Year	2017/2018		2018/2019		2019/2020	
	Apr 2017		Apr 2018		Apr 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30785	30785	29651	29651	29850	29319
Beginning Stocks	9800	9800	13230	13230	16992	16992
Production	98510	98510	99870	99870	102190	103600
MY Imports	1166	1166	17	17	20	20
TY Imports	863	863	18	18	20	20
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	109476	109476	113117	113117	119202	120612
MY Exports	569	569	496	496	500	500
TY Exports	517	517	494	494	500	500
Feed and Residual	5000	5000	5000	5000	6000	6000
FSI Consumption	90677	90677	90629	90629	92000	90712
Total Consumption	95677	95677	95629	95629	98000	96712
Ending Stocks	13230	13230	16992	16992	20702	23400
Total Distribution	109476	109476	113117	113117	119202	120612
Yield	3.1999	3.1999	3.3682	3.3682	3.4235	3.5335

MY 2019/20 Production Raised; Set for another Bumper Harvest

Post's MY 2019/20 wheat production has been raised higher to a record 103.6 MMT from 29.32 million hectares, based on the final official estimates from MoAFW, largely on higher-than-earlier expected yields derived from the crop cutting experiments from various states due to extended winter and favorable weather conditions during December 2018 to April 2019.

India is heading towards another bumper wheat harvest in MY 2020/21 due to favorable planting and growing conditions, to date. The higher than normal, late season 2019 monsoon rains provided perfect planting conditions for the wheat crop due to adequate soil moisture and irrigation water availability. Accordingly, MoAFW's second advance estimate for wheat planting for the upcoming crop is 31.05 million hectares, nearly 1.7 million hectares higher (5.7%) than last year. With the winter setting in mid-December, growing conditions for the standing crop remained favorable due to low temperatures. Scattered rains and low temperature from January/February have further benefited the standing crop during the critical vegetative growth, tillering, flowering, and panicle initiation stages of the standing wheat crop.

Field travel to the major wheat growing states of central India indicated that the crop is progressing well under optimal weather conditions. Agricultural experts and farmers expect higher yields than last year, assuming the weather remains favorable through harvest (March/April).

The MoAFW's second advance estimates projects the production of the upcoming wheat crop at 106.2 MMT compared to 103.6 MMT last year. However, industry sources estimate the MY 2020/21 wheat harvest higher around 108-110 MMT. However, temperatures during the critical grain filling/ripening stage (March) and

unseasonal rains during harvest (end March/April) could temper the production prospects lower to 103-105 MMT range, while favorable weather through harvest could push MY 2020/21 wheat production to above 110 MMT.

Stocks Raised

Based on the latest official wheat stock estimates, the MY 2019/20 wheat ending stocks estimate is raised higher to 22.1 MMT.

Government wheat stocks on February 1, 2020, were estimated at 30.37 MMT, compared to 23.93 MMT for the same period last year on relatively weak offtake of government wheat due to enough supplies of wheat with private trade. Government sources report the average monthly offtake of government wheat under various programs in MY 2019/20 (till December 2019) at about 2.2 MMT per month compared to more than 2.6 MMT per month in MY 2018/19.

Relatively weak offtake forced the government was forced to lower the sales prices of wheat under the open market sale scheme in January 2020. Assuming some improvement in the offtake of wheat under the various government food programs and private trade in the last quarter, market sources estimate monthly wheat offtake from government stocks in the next two months at about 3.5 MMT per month. Consequently, MY 2019/20 ending stocks are estimated at 23.4 MMT, which is more than three times the government's minimum buffer stock norm of 7.46 MMT.

Consumption

Based on estimated higher ending stocks, MY 2019/20 wheat consumption has been revised lower to 90.7 MMT, marginally higher than last year.

CORN

Table 4. India: Commodity, Corn, PS&D

(Area in Thousand Hectares, Quantity in Thousand Metric Tons, Yield in MT/Hectare)

Corn Market Begin Year India	2017/2018		2018/2019		2019/2020	
	Nov 2017		Nov 2018		Nov 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9380	9380	9200	9027	9500	9100
Beginning Stocks	1337	1337	2329	2254	1061	1271
Production	28753	28753	27230	27715	29000	28500
MY Imports	28	28	221	221	500	400
TY Imports	27	27	212	212	500	400
TY Imp. from U.S.	4	4	0	0	0	0
Total Supply	30118	30118	29780	30190	30561	30171
MY Exports	1089	1164	419	419	500	400
TY Exports	1076	1156	482	482	500	400
Feed and Residual	16200	16200	17300	17300	17500	17500
FSI Consumption	10500	10500	11000	11200	11500	11200
Total Consumption	26700	26700	28300	28500	29000	28700
Ending Stocks	2329	2254	1061	1271	1061	1071
Total Distribution	30118	30118	29780	30190	30561	30171
Yield	3.0654	3.0654	2.9598	3.0702	3.0526	3.1319

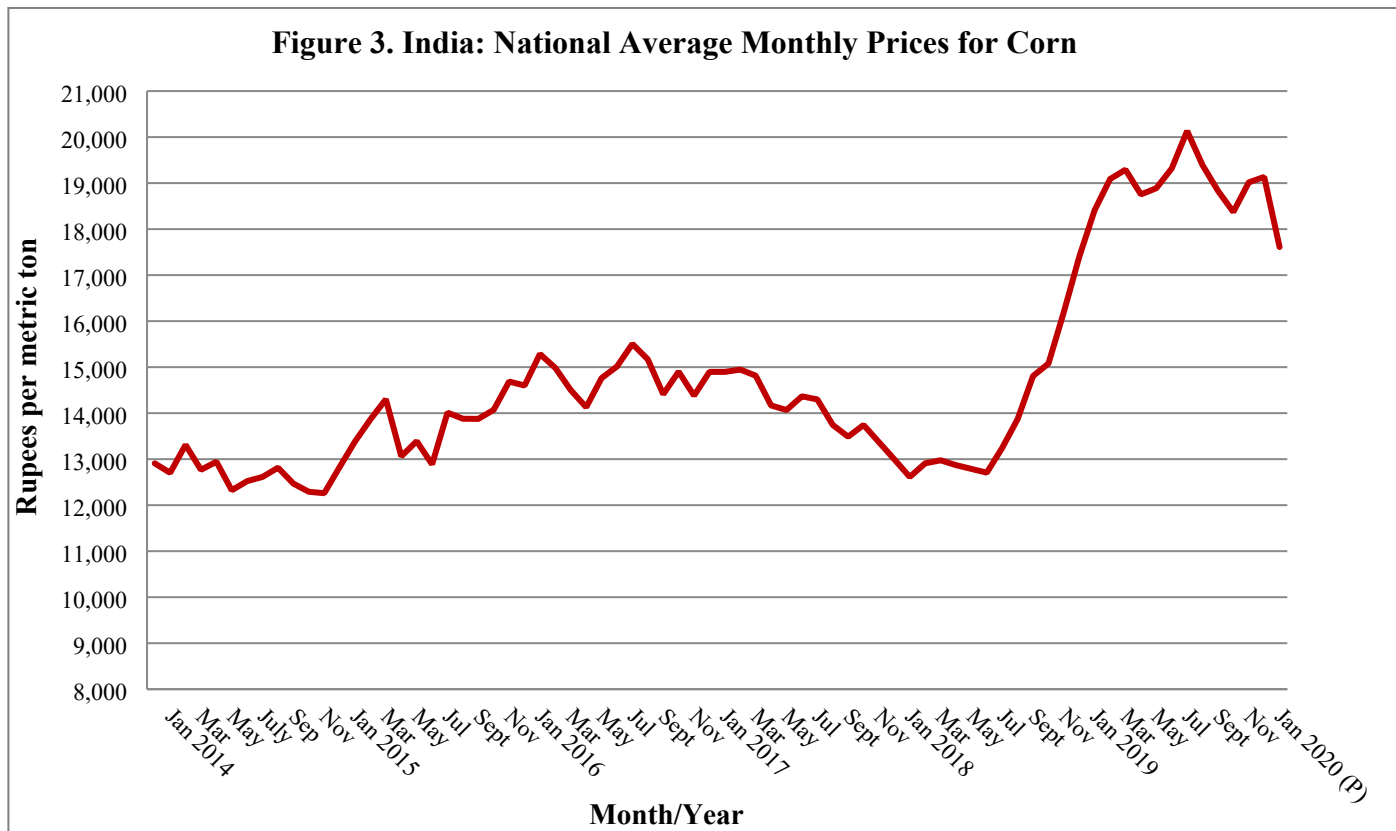
MY 2019/20 Production Lowered

Post's MY 2019/20 production estimate is lowered to 28.5 MMT based on MoAFW's latest planting estimate of 9.1 million hectares, which is lower than previously expected, particularly for *kharif* corn. Sources report that the upcoming *rabi* corn prospects looks extremely good on overall favorable weather conditions from planting to the current maturity stage. If the weather remains favorable through March at the time of harvest, MY 2019/20 yields are expected at near record. Consequently, Post estimates MY 2019/20 corn production at 28.5 MMT, marginally higher than MoAFW's second advance estimate of 28.1 MMT.

Based on the latest official estimates, MY 2018/19 corn production has been revised higher to 27.7 MMT from 9.03 million hectares on reported higher than earlier expected yields.

Domestic Prices Weaken on Expected Bumper Harvest of *Rabi* Corn

Due to the reports of an upcoming bumper harvest of upcoming *rabi* corn, domestic corn prices have eased significantly in February 2020. Market sources report weakening of demand from the poultry sector due to speculation about the outbreak of Corona virus in some states affecting poultry demand.



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI

Market sources expect domestic prices to ease further with the harvest of *rabi* (winter) corn in Bihar and eastern India from end March.

MY 2019/20 Imports/Exports Revised Lower

Post’s MY 2019/20 corn imports estimate is lowered to 400,000 MT as relatively weak domestic prices have limited imports to some duty-free corn coming from less developed countries like Myanmar, and some late season imports under the TRQ at 15 percent import duty.

Despite weaker domestic prices, Indian corn prices are still uncompetitive compared to other origins, and exports will be limited to neighboring Nepal and Bangladesh. Official trade estimates corn exports in November-December 2019 at 82,300 MT compared to 143,250 MT during the same period last year. At the current pace of exports, MY 2019/20 corn exports are estimated lower at 400,000 MT assuming current price parity and stable value of Indian rupees.

Based on the latest official date from Trade Data Monitor, the MY 2017/18 corn export estimate is revised higher to 1.16 MMT.

Consumption and Ending Stocks Revised

MY 2018/19 FSI consumption and ending stocks estimate have been revised higher to reflect the higher final production estimate. MY 2019/20 FSI consumption and ending stocks have been revised lower due to relatively tight domestic supplies.

OTHER COARSE GRAINS

PS&D Revisions

Post's MY 2019/20 and 2018/19 estimates for millet, sorghum, and barley area and production have been revised based on the official second advance estimate for ICY 2019/20 and final production estimates for ICY 2018/19.

Consumption and ending stocks in the PS&D have been adjusted to reflect the production changes.

Table 5. India: Commodity, Millet, PS&D

(Area in Thousand Hectares, Quantity in Thousand Metric Tons, Yield in MT/Hectare)

Millet Market Begin Year India	2017/2018		2018/2019		2019/2020	
	Nov 2017		Nov 2018		Nov 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9221	9221	8347	8450	8500	8250
Beginning Stocks	547	547	687	687	287	323
Production	11640	11640	10200	10236	10700	10900
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	12187	12187	10887	10923	10987	11223
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1500	1500	700	700	900	900
FSI Consumption	10000	10000	9900	9900	9800	9800
Total Consumption	11500	11500	10600	10600	10700	10700
Ending Stocks	687	687	287	323	287	523
Total Distribution	12187	12187	10887	10923	10987	11223
Yield	1.2623	1.2623	1.222	1.2114	1.2588	1.3212

Table 6. India: Commodity, Sorghum, PS&D

(Area in Thousand Hectares, Quantity in Thousand Metric Tons, Yield in MT/Hectare)

Sorghum Market Begin Year India	2017/2018		2018/2019		2019/2020	
	Nov 2017		Nov 2018		Nov 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	5024	5024	4014	4093	5000	4500
Beginning Stocks	196	196	274	274	183	148
Production	4803	4803	3760	3475	4500	4400
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	4999	4999	4034	3749	4683	4548
MY Exports	125	125	51	51	50	50
TY Exports	123	123	53	53	50	50
Feed and Residual	600	600	300	350	400	400
FSI Consumption	4000	4000	3500	3200	4000	3900
Total Consumption	4600	4600	3800	3550	4400	4300
Ending Stocks	274	274	183	148	233	198
Total Distribution	4999	4999	4034	3749	4683	4548
Yield	0.956	0.956	0.9367	0.849	0.9	0.9778

Table 7. India: Commodity, Barley, PS&D

(Area in Thousand Hectares, Quantity in Thousand Metric Tons, Yield in MT/Hectare)

Barley Market Begin Year India	2017/2018		2018/2019		2019/2020	
	Apr 2017		Apr 2018		Apr 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	656	656	661	661	663	576
Beginning Stocks	233	233	240	240	250	250
Production	1747	1747	1781	1781	1750	1633
MY Imports	211	211	135	135	250	250
TY Imports	89	89	258	258	200	250
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2191	2191	2156	2156	2250	2133
MY Exports	1	1	6	6	5	5
TY Exports	1	1	2	2	5	5
Feed and Residual	450	450	450	450	500	400
FSI Consumption	1500	1500	1450	1450	1500	1500
Total Consumption	1950	1950	1900	1900	2000	1900
Ending Stocks	240	240	250	250	245	228
Total Distribution	2191	2191	2156	2156	2250	2133
Yield	2.6631	2.6631	2.6944	2.6944	2.6395	2.8351

Attachments:

No Attachments.