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## India

## Grain and Feed

## May Update

## 2003

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### Report Highlights:

**The GOI has revised 2003 wheat production upward to 70.3 million tons.**

**Government wheat and rice stocks are significantly down.**

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Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1], IN

## **2003 Wheat Production Up**

The GOI has revised the 2003 wheat production forecast upward to 70.3 million tons, following favorable reports received from major wheat growing states at a recent crop conference convened by the Ministry of Agriculture. Apparently, the impact of moisture-stress on wheat production in some of the wheat growing states was less severe than earlier anticipated, which, combined with prolonged cool weather and favorable harvest time weather, resulted in higher production. The GOI has also revised the 2001 wheat production marginally upward to 69.7 million tons, from its earlier estimate of 68.8 million tons. The 2002 wheat production estimate remains unchanged at 71.81 million tons. The PS&D table has been revised to reflect the latest government estimates.

## **Wheat Procurement Off to a Good Start**

Despite a somewhat lower wheat production this year, wheat procurement by government agencies under the price support operation has been marginally ahead of last year at 9.54 million tons on April 25, compared with 9.30 million tons during the corresponding period of last year. Most of the procurement has been from Punjab (5.85 million tons) and Haryana (3.68 million tons). There have been very few purchases by private trade.

## **Wheat stocks at Three Year Low**

Government wheat stocks on March 1 were 18.6 million tons, compared with 28.5 million tons a year ago and 23.3 million tons two years earlier. The steep decline in wheat stocks was the result of increased allocation for exports (around 5 million tons) and for drought relief operations. Government wheat stocks on April 1, the beginning of the 2003/04 marketing year, are estimated at around 16 million tons, well above the April 1 desired buffer stock level of 4 million tons.

Assuming a domestic procurement of around 18 million tons in MY 2003/03, total wheat availability with the government is estimated at 34 million tons, well above the normal required level of 14 to 15 million tons to meet domestic requirements of the Public Distribution System and other grain distribution programs. Hence, it is likely that the government will continue to make wheat available for exports at subsidized prices, although the level of subsidy is likely to be curtailed in view of the higher procurement cost. The government-constituted High Level Committee for formulating a long-term grain policy had recommended that the government's current export drive should be reassessed as soon as stocks come down to 22 million tons of wheat and 17 million tons of rice.

## **Rice Production Down ...**

The GOI recently revised the 2002/03 rice production estimate downward to 76.9 million tons from its previous estimate of 77.7 million tons. However, the 2001/02 production estimate was revised upward to 93.08 million tons from the earlier estimate of 91.6 million tons. The PS&D table has been revised to reflect the new government estimates.

## **... Procurement Likely Lower**

Government procurement of rice during the 2002/03 marketing year (Oct-Sep) through April 25 was 3 million tons lower at 14.7 million tons, compared with 17.8 million tons during the corresponding period of MY 2001/02. The decline has been mostly in Andhra Pradesh, where the impact of drought on rice production was significant. Government rice stocks on March 1 were 17.6 million tons, compared with 26 million tons a year ago and 23.2 million tons two years ago. Rice exports in April are estimated at around 300,000 tons. With a sharp decline in rice stocks, lower production, and lower procurement, the government is likely to be more conservative in releasing rice stocks for exports. Agriculture Minister Ajit Singh stated recently that the country's foray in the world grain markets will be reconsidered if the monsoon failed for the second consecutive year, since the country's food security is of primary concern to the government.

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

	Stocks	Procurement Cumulative	Imports	Off take *
<b>Mar 1, 2002</b>	28.5 (23.3)	20.6 (16.4) 1/		1.7 (1.6)
<b>Apr 1</b>	26.0 (21.5)			1.1 (1.0)
<b>May 1</b>	38.1 (29.2)			1.3 (1.0)
<b>Jun 1</b>	41.3 (37.6)			1.6 (0.8)
<b>Jul 1</b>	41.1 (37.5)			1.5 (0.7)
<b>Aug 1</b>	39.7 (38.7)			2.4 (0.8)
<b>Sep 1</b>	37.9 (37.9)			2.2 (1.2)
<b>Oct 1</b>	35.6 (36.8)			2.3 (1.4)
<b>Nov 1</b>	33.1 (35.8)			1.7 (1.6)
<b>Dec 1</b>	31.3 (34.0)			2.4 (1.6)
<b>Jan 1, 2003</b>	28.8 (32.4)			2.4 (2.0)
<b>Feb 1</b>	21.3 (30.2)#			2.7 (1.9)
<b>Mar 1</b>	18.6 (28.5)	19.0 (20.6) 2/		

\* Includes exports

1/ Cumulative procurement : April 1, 2001 - March 31, 2002

2/ Cumulative procurement April 1, 2002 - March 31, 2003

# The sharp decline in stocks is attributed to "accounting errors"

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

	<b>Stocks</b>	<b>Procurement Cumulative</b>	<b>Imports</b>	<b>Off take *</b>
<b>Mar 1, 2002</b>	26.0 (23.2)			2.3 (1.0)
<b>Apr 1</b>	24.9 (23.2)			1.7 (0.7)
<b>May 1</b>	24.5 (22.9)			2.4 (0.9)
<b>Jun 1</b>	23.4 (22.9)			2.4 (0.8)
<b>Jul 1</b>	21.9 (22.7)			2.1 (0.9)
<b>Aug 1</b>	20.1 (22.2)			2.5 (1.1)
<b>Sep 1</b>	17.5 (21.6)	21.3 (19.6) 1/		1.9 (1.5)
<b>Oct 1</b>	15.8 (21.5)			2.0 (1.1)
<b>Nov 1</b>	20.5 (26.5)			1.6 (1.2)
<b>Dec 1</b>	20.3 (25.1)			1.8 (1.3)
<b>Jan 1, 2003</b>	19.4 (25.6)			1.8 (1.8)
<b>Feb 1</b>	18.8 (26.1)			
<b>Mar 1</b>	17.6 (26.0)	14.7 (17.8) 2/		

**\* Includes exports**

1/ Cumulative procurement: October 1, 2001 - September 30, 2002

2/ Cumulative procurement: October 1, 2002 - April 25, 2003

**Table 3: Commodity, Wheat, PSD**

PSD Table							
Country:	India						
Commodity:	Wheat						
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		04/2001		04/2002		04/2003	(MONTH/YEAR)
Area Harvested	25,068	25,700	25,680	25,900	24,200	24,200	(1000 Hectares)
Beginning Stocks	21,500	21,500	23,000	23,000	16,500	16,500	(1000 MT)
Production	68,763	69,680	71,810	71,810	67,000	70,260	(1000 MT)
TOTAL Mkt. Yr. Imports	32	32	50	0	0	0	(1000 MT)
Jul-Jun Imports	33	33	50	0	0	0	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	90,295	91,212	94,860	94,810	83,500	86,760	(1000 MT)
TOTAL Mkt. Yr. Exports	3,087	3,087	5,000	5,000	3,000	3,000	(1000 MT)
Jul-Jun Exports	3,234	3,234	5,000	5,000	3,000	3,000	(1000 MT)
Feed Dom. Consumption	500	500	600	600	700	700	(1000 MT)
TOTAL Dom. Consumption	64,208	65,125	66,860	73,310	69,000	69,000	(1000 MT)
Ending Stocks	23,000	23,000	23,000	16,500	11,500	14,760	(1000 MT)
TOTAL DISTRIBUTION	90,295	91,212	94,860	94,810	83,500	86,760	(1000 MT)

**Table 4: Commodity, Rice, PSD**

PSD Table							
Country:	India						
Commodity:	Rice, Milled						
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2001		10/2002		10/2003	(MONTH/YEAR)
Area Harvested	44,790	44,600	40,000	40,000	44,000	44,000	(1000 Hectares)
Beginning Stocks	25,051	25,051	23,000	24,480	13,250	13,250	(1000 MT)
Milled Production	91,600	93,080	77,000	76,910	88,000	88,000	(1000 MT)
Rough Production	137,414	139,634	115,512	115,377	132,013	132,013	(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	116,651	118,131	100,000	101,390	101,250	101,250	(1000 MT)
TOTAL Exports	6,300	6,300	4,250	4,250	3,000	3,000	(1000 MT)
Jan-Dec Exports	6,650	6,650	4,000	4,000	3,000	3,000	(1000 MT)
TOTAL Dom. Consumption	87,351	87,351	82,500	83,890	85,250	85,250	(1000 MT)
Ending Stocks	23,000	24,480	13,250	13,250	13,000	13,000	(1000 MT)