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Report Highlights:

The early advance of the southwest monsoon and sufficient well-spread rains through July across the country have supported a significantly faster pace of sowing (18 percent increase over last year) of kharif (fall harvested) grain crops (rice, corn, other coarse grains and pulses). The MY 2019/20 rice export estimate has been raised to 11.5 million metric tons (MMT), and the MY 2020/21 export forecast is also higher at 12 MMT on strong export demand due to highly competitive prices of Indian rice compared to other origins, and 'more-than-sufficient' domestic supplies. MY 2019/20 and 20/21 rice ending stocks have been revised lower to 34 MMT and 36 MMT, respectively. MY2019/20 wheat ending stocks have been raised higher to 24.7 MMT based on official estimates.

GENERAL SITUATION

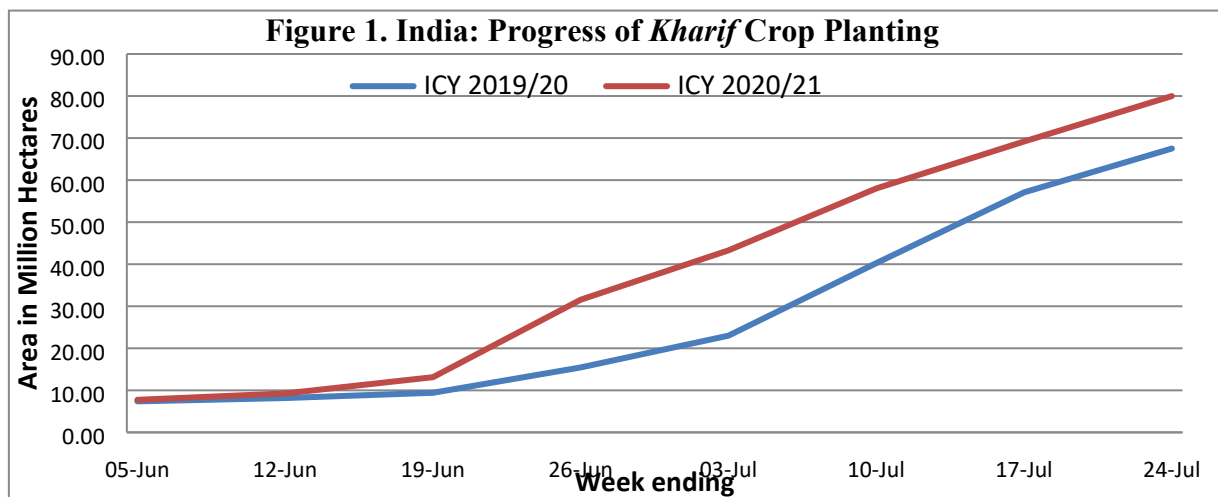
Excellent 2020 monsoon ...

The Southwest Monsoon covered the entire country by June 26, twelve days ahead of the normal date of July 8. The rains were sufficient and well-spread through June and most of July across the country, except for weak rains in some parts of the country in the second week of July (See Appendix 1). The latest update from the Indian Meteorological Department (IMD) indicates the cumulative rainfall for the week ending July 26, 2019 was 4 percent above normal (compared to the 20-year average), with 29 of the 36 weather subdivisions receiving normal/above normal rains, and only 7 subdivisions receiving deficient rains (see Appendix 2). Last year's data suggests that about 21 of the 36 subdivisions received deficient rains by end of [July 24, 2019](#) (page 13). The IMD has forecast good rainfall in the last week of July and normal rainfall in August for most parts of the country, which will further augment planting and early plant setting/growth of *kharif* crops during the ongoing season. However, heavy rains have resulted in floods in the eastern states of Bihar and Assam.

The latest information from the Central Water Commission suggests that the water stored in the major reservoirs as of July 23, 2020 was 66.37 billion cubic meters (BCM), significantly higher than 42.8 BCM last year and 55.82 BCM the 10-year average. However, the reservoir water situation is likely to improve further with the expected normal monsoon in August.

... Bolsters Strong *Kharif* Planting

The early coverage and sufficient 2020 monsoon during June-July has supported a significantly higher pace of planting of *kharif* crops during the current season, with overall planting estimated to be more than 18 percent over last year. The planting has also been supported by increased availability of migrant laborers who returned to their villages from urban areas in May-June due to the economic crisis prompted by COVID19 in urban/industrial areas.



Source: [Ministry of Agriculture and Farmers Welfare](#) (MoAFW), Government of India (GOI)

The Ministry of Agriculture and Farmers Welfare (MoAFW) estimates total area sown through July 24, 2020 at 79.99 million hectares, compared to 67.5 million hectares at the same time last year (weak 2019 monsoon through mid-July 2019). However, the current season's planting is also significantly higher than the 5-year average for area planted till July 24 (76.0 million hectares).

Table 1: India: Planting of *Kharif* Crops in ICY (July/June) as on July 24
(Area in Million Hectares)

Crop	Normal Total <i>Kharif</i> Planting ^{/1}	Normal Planting ^{/1} as on July 24	ICY 2020/21 Progressive Planting till July 24, 2020	ICY 2019/20 Progressive Planting till July 24, 2019
Rice	39.73	20.96	22.02	18.77
Pulses	12.89	9.50	9.97	7.93
Coarse cereals	18.49	13.50	13.71	12.03
Oilseeds	17.81	14.40	16.64	13.36
Sugarcane	4.85	4.83	5.15	5.10
Cotton	12.10	12.10	11.80	9.64
Jute & Mesta	0.79	0.71	0.69	0.68
Total	106.64	76.00	79.99	67.51

Note /1: Average planting of five crop years 2014/15 to 2018/19

Source: [Ministry of Agriculture and Farmers Welfare](#) (MoAFW), Government of India (GOI)

Plantings of almost all the crops are higher by double digits over last year, but the planting of largely unirrigated crops like pulses, oilseeds, and cotton are higher than irrigated crops like rice and sugarcane, and rain-fed coarse grains. Market sources report that planting for most crops will be over by the end of July, meeting the ideal planting window. However, planting for rice in southern India will continue through September.

Besides timely and sufficient monsoon rains, the record pace of planting has been supported by higher labor availability resulting from the migration of the urban/industrial un/semi-skilled laborers in May/June. Due to the COVID19 lockdown imposed at the end of March, and resultant economic crisis leading to job losses in urban areas, literally hundreds of thousand workers returned to their home village in the late spring/early summer months.

Most farmers will continue to plant rice over other crops wherever they have irrigation water availability due to relatively stable yields and market prices. Relatively higher market prices for pulses and oilseed and timely/sufficient monsoon rains have bolstered planting of pulses and oilseed. Market sources expect higher than previously expected acreage will be mostly coming out of last year's fallow/uncultivated land as these crops need less water. Overall planting prospects for rice and other coarse grains are unlikely to improve from the forecast levels due to the limited scope of acreage substitution between the competing crops.

While the overall planting prospects looks very favorable, sufficient and well distributed 2020 monsoon through August-September will be essential to achieve Post’s MY 2020/21 *kharif* grain area and production forecasts. Prolonged dry spells during August-September could potentially affect yield prospects in the non-irrigated area (nearly half of *kharif* cropped area). Excessive rains and floods in east India, cyclonic incidences in coastal India, and untimely rains in October may cause significant crop damage.

Government Hikes Minimum Support Price (MSP) for Upcoming *Kharif* Crops

[On July 1, 2020, the Cabinet Committee on Economic Affairs \(CCEA\) approved the minimum support prices \(MSPs\)](#) for the mandated *kharif* (fall harvested) crops of the Indian crop year 2020/21 (July-June) that is being planted now. The government have raised the MSPs for the *kharif* crops by 2.1 to 7.5 percent over last year, with higher increases for select coarse grains, pulses, and cotton.

Table 2: India. Minimum Support Price for Kharif Crops for Indian Crop Year
(Value in INR per Metric Tons)

Crops	2016-17	2017-18	2018-19	2019-20	2020-21	% increase over previous year
Paddy (Unmilled Rice) Common	14,700	15,500	17,500	18,150	18,680	2.9
Paddy Grade A	15,100	15,900	17,700	18,350	18,880	2.9
Sorghum	16,250	17,000	24,300	25,500	26,200	2.7
Pearl Millet	13,300	14,250	19,500	20,000	21,500	7.5
Finger millet	17,250	19,000	28,970	31,500	32,950	4.6
Corn	13,650	14,250	17,000	17,600	18,500	5.1
Pigeon pea	50,500	54,500	56,750	58,000	60,000	3.4
Green gram	52,250	55,750	69,750	70,500	71,960	2.1
Black matpe	50,000	54,000	56,000	57,000	60,000	5.3
Peanut InShell	42,200	44,500	48,900	50,900	52,750	3.6
Sunflower seed	39,500	41,000	53,880	56,500	58,850	4.2
Soybean	27,750	30,500	33,990	37,100	38,800	4.6
Cotton medium staple (Unginned seed cotton)	38,600	40,200	51,500	52,550	55,150	4.9

Source: Directorate of Economics and Statistics, MoAFW, GOI.

The government press note reiterates that the MSPs have been fixed as per the National Democratic Alliance commitment in the Union Budget of 2018 to provide MSPs at least 50 percent over the all-India weighted average cost of production, ensuring remunerative prices to the farmers. While the government press release states that the prices of select crops have been raised higher than others to promote crop diversification, sources report that these modest increases are unlikely to cause any significant cropping shift. Market analysts are

concerned that the increasing MSPs will further erode the export competitiveness of Indian agricultural commodities already under pressure due to relatively low international prices.

RICE

Table 3. India: Commodity, Rice Milled PSD						
Rice, Milled Market Year Begins India	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	44160	44160	43600	43600	44000	44000
Beginning Stocks (1000 MT)	22600	22600	29500	29500	35000	34000
Milled Production (1000 MT)	116480	116480	117939	117939	118000	118000
Rough Production (1000 MT)	174737	174737	176926	176926	177018	177018
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	139080	139080	147439	147439	153000	152000
MY Exports (1000 MT)	10420	10420	10100	11500	11000	12000
TY Exports (1000 MT)	9790	9790	10500	12000	11000	12000
Consumption and Residual(1000MT)	99160	99160	102339	101939	104000	104000
Ending Stocks (1000 MT)	29500	29500	35000	34000	38000	36000
Total Distribution (1000 MT)	139080	139080	147439	147439	153000	152000
Yield (Rough) (MT/HA)	3.9569	3.9569	4.0579	4.0579	4.0231	4.0231
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2020/2021 = January 2021 - December 2021						

MY 2019/20 Planting Strong

Buoyed by the early coverage and good 2020 monsoon rains in June-July, the rice area planted through July 24, 2019, is estimated at 22.02 million hectares, more than 17 percent higher from last year, and more than 5 percent higher than the 5-year average. Planting is currently in full swing in most states and will continue through end July/first week of August. Recent floods in Bihar and Assam may require some replanting if the flood water recedes by mid-August. Planting of long-grain Basmati rice in Punjab, Haryana and western Uttar Pradesh, as well as rice in coastal Andhra Pradesh and Tamil Nadu, will continue through late August/early September.

A clearer picture of the MY 2020/21 rice planting and production prospects will emerge by the end of August after planting is over in most states and an assessment of the impact of floods is available. Assuming normal rainfall during August-September and weather conditions through harvest (October), Post forecasts MY 2020/21 rice area and production at 118 million metric tons from 44 million hectares.

MY 2019/20 Procurement Surges to a New Record

Record domestic production and relatively weak domestic prices have caused government rice procurement during the ongoing season to grow to a new record, breaching the 50 MMT mark for the first time in the history of government MSP procurement program for rice.

Table 4. India: Government Rice Procurement by State

(Figures in million metric tons)

State	MY 2017/18	MY 2018/19	MY 2018/19	MY 2019/20
	October-September	October-September	Oct 1-Jul 16	Oct 1-Jul 16
Punjab	11.83	11.33	11.33	10.88
Telangana	3.62	5.19	5.19	7.46
Andhra Pradesh	4.00	4.81	4.71	5.32
Haryana	3.99	3.94	3.94	4.30
Chhattisgarh	3.26	3.97	3.97	4.66
Uttar Pradesh	2.88	3.23	3.23	3.79
Odisha	3.29	4.45	4.38	4.73
Madhya Pradesh	1.10	1.40	1.40	1.74
Tamil Nadu	1.01	1.29	1.22	1.82
West Bengal	1.67	1.98	1.72	1.62
Others	1.54	2.81	2.82	4.10
Total	38.18	44.40	43.91	50.41

Source: Food Corporation of India (FCI), GOI.

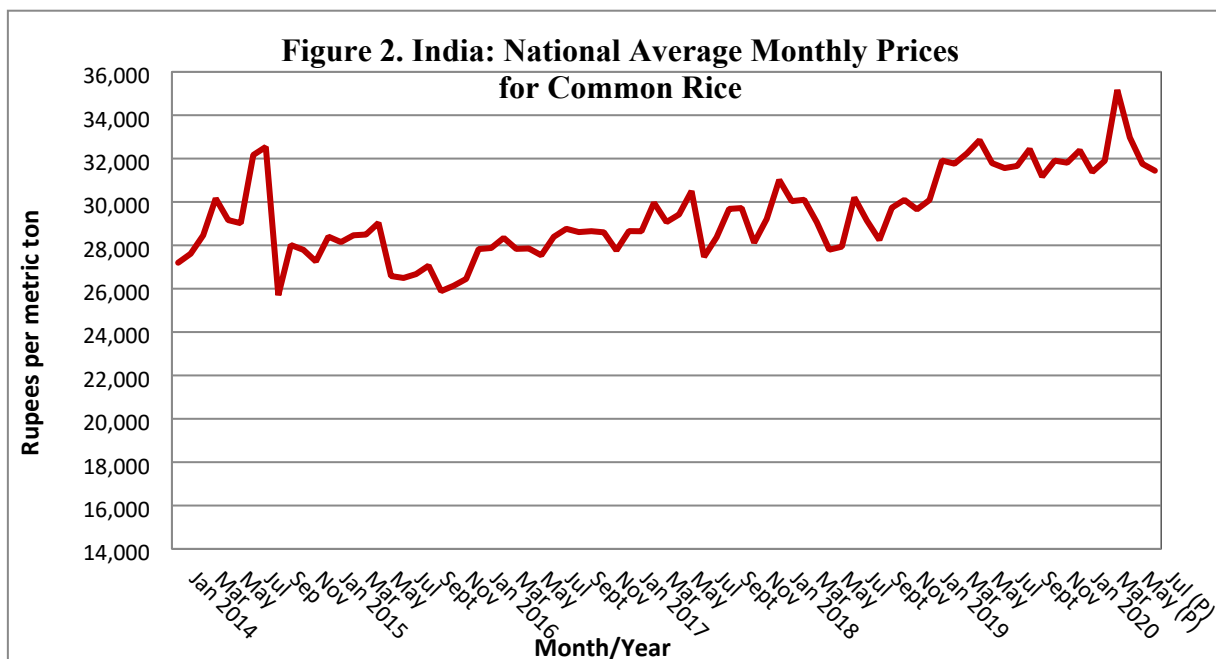
Government estimates MY 2019/20 rice procurement through July 16, 2020 at 50.4 MMT, compared to 43.9 MMT during the same period last year. The COVID19-led lockdown since March 2020 and government release of additional quantities of free grain for distribution to nearly 800 million population affected unmilled rice purchase by private trade, forcing farmers to offer higher quantities at the government purchase centers. Procurement has been significantly higher in most states, except Punjab and West Bengal. With some additional procurement in eastern and southern states to continue through September, total MY 2019/20 rice procurement is likely to reach a record 50.7 MMT, a whopping 14 percent increase over last year's record procurement, and an unprecedented second consecutive double digit growth in rice procurement under MSP program.

Government Extends Free Grain Supply till November

On March 27, 2020, Finance Minister Nirmala Sitharaman announced [INR 1.7 trillion \(\\$22.3 billion\) relief package](#) aimed at providing a safety net to the weaker classes likely to be hit by the absence of economic activity due to the lockdown focusing on providing free food ration to 800 million people (2/3rd population). The government announced 5 kg of rice or wheat, per person, per month, free of cost for three months (April-June 2020). This will be in addition to the regular food ration quota (5 kg of wheat or rice per person per month with wheat at INR 2/kg, and rice at INR 3/kg) under the [National Food Security Act \(NFSA\) 2013](#). Sources report that most states have been distributing rice under the program as most beneficiary population prefer rice over wheat. On June 30, 2020, the government announced that this free ration scheme will be extended through November 2020.

Prices Weak

Record domestic harvest, particularly *rabi* (winter) rice arrivals, and government releasing additional quantities of free rice since April have depressed domestic prices in recent months.

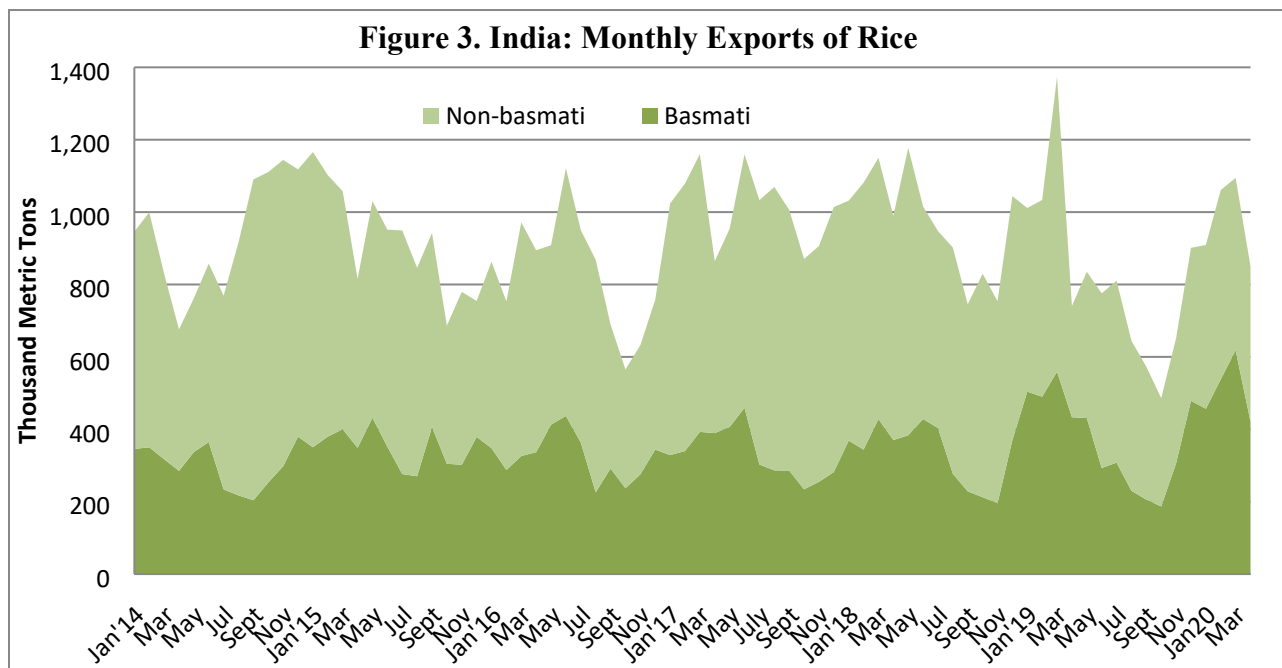


Source: Agricultural Marketing Information Network, MoAFW, GOI

With more than sufficient government food grain (including rice) rice stocks, and the GOI supplying free rice to 800 million people through November, prices are likely to remain weak through first quarter of MY 2020/21, if the production prospects for the upcoming crop are not affected by any major weather calamity. Future prices will depend on harvest prospects of the upcoming crop and international price movements.

Exports Raised

Based on reports of strong pace of exports due to highly competitive prices of Indian rice vis-a-vis competing origins, Post's MY 2019/20 rice export estimate has been raised to 11.5 MMT; and MY 2020/21 export forecast higher to 12 MMT on forecast domestic supplies and current price parity for Indian rice in the international market.



Source: Directorate General of Commercial Intelligence, GOI

Due to the weak domestic prices of rice, and relatively weak value of the Indian rupee vs the USD, Indian rice prices for both long-grain *Basmati* and coarse grain non-*Basmati* rice are very competitive vs. other origins since the beginning of CY 2020. Despite the supply disruptions due to the COVID19-led national lockdown implemented in March, official sources report rice exports in April 2020 at 850,000 MT, against the initial report of 500-600,000 MT. While official estimates are not available for May-June, trade sources report significantly higher exports since May, with the improvement in supply chain operations for exports and continued strong export demand, with exports reported in the range of 2.2 to 2.4 MMT during May-June 2020.

Trade sources report that Indian coarse rice is very competitive (about 10-15 percent lower) than rice from other origins (Thailand, Vietnam, Myanmar, etc.). The domestic rice prices are likely to remain weak through end of CY 2020 on sufficient supplies and the government release of free rice till November 2020. Assuming no significant change in the current price parity of Indian rice vs other origins, and steady international demand, MY 2019/20 rice exports are estimated to reach 11.5 MMT, and CY 2020 exports at 12 MMT.

Assuming steady export demand and no significant changes in the international prices, the MY 2020/21 export forecast has also been raised higher to 12 MMT, given 'more-than-sufficient forecast domestic supplies.

Stocks Lowered; Consumption Adjusted

The latest available official sources report government rice stocks on June 1, 2020 at 41.4 MMT, an increase of 5.8 MMT over last year's level at the same time. With the government releasing an additional 4.0 MMT of food grain (mostly rice) through November 2020, government rice stocks are likely to be drawn down further. Consequently, MY 2019/20 ending stocks have been revised lower to 34 MMT on expected lower government rice stocks.

Post's MY 2019/20 consumption estimate has been adjusted marginally lower to 101.9 MMT to account for the changes in the exports and stocks estimates.

MY 2020/21 ending stocks forecast has been lowered to 36 MMT on higher export forecast and lower opening stocks.

WHEAT

Table 5. India: Commodity, Wheat PSD

Wheat Market Year Begins India	2018/2019		2019/2020		2020/2021	
	Apr 2018		Apr 2019		Apr 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	29651	29651	29319	29319	30554	30554
Beginning Stocks (1000 MT)	13230	13230	16992	16992	24000	24700
Production (1000 MT)	99870	99870	103600	103600	107180	107180
MY Imports (1000 MT)	17	17	20	20	25	20
TY Imports (1000 MT)	18	18	20	20	25	20
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	113117	113117	120612	120612	131205	131900
MY Exports (1000 MT)	496	496	500	500	1000	1000
TY Exports (1000 MT)	494	494	500	500	1000	1000
Feed and Residual (1000 MT)	5000	5000	6000	6000	6500	7000
FSI Consumption (1000 MT)	90629	90629	90112	89412	93000	93000
Total Consumption (1000 MT)	95629	95629	96112	95412	99500	100000
Ending Stocks (1000 MT)	16992	16992	24000	24700	30705	30900
Total Distribution (1000 MT)	113117	113117	120612	120612	131205	131900
Yield (MT/HA)	3.3682	3.3682	3.5335	3.5335	3.5079	3.5079

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2020/2021 = July 2020 - June 2021

Government Procures Record Wheat

Due to the record harvest and relatively weak offtake by private trade due to the COVID19 led national lockdown coinciding with the wheat harvest season, government wheat procurement for MY 2020/21 is expected to reach a record 39 MMT, more than a 14 percent increase over last year, and more than 1 MMT higher than the previous record of 37.9 MMT in MY 2012/13.

Table 6. India: Government Wheat Procurement by State

Figures in million metric tons

State	MY 2018/19	MY 2019/20	MY 2019/20	MY 2020/21
	April-March	April-March	April 1- Jul 16	April 1- Jul 16
Punjab	12.69	12.91	12.91	12.71
Haryana	8.78	9.32	9.32	7.40
Madhya Pradesh	7.31	6.73	6.73	12.94
Uttar Pradesh	5.29	3.70	3.70	3.58
Rajasthan	1.53	1.41	1.41	2.22
Others	0.18	0.06	0.06	0.13
Total	35.80	34.13	34.13	38.97

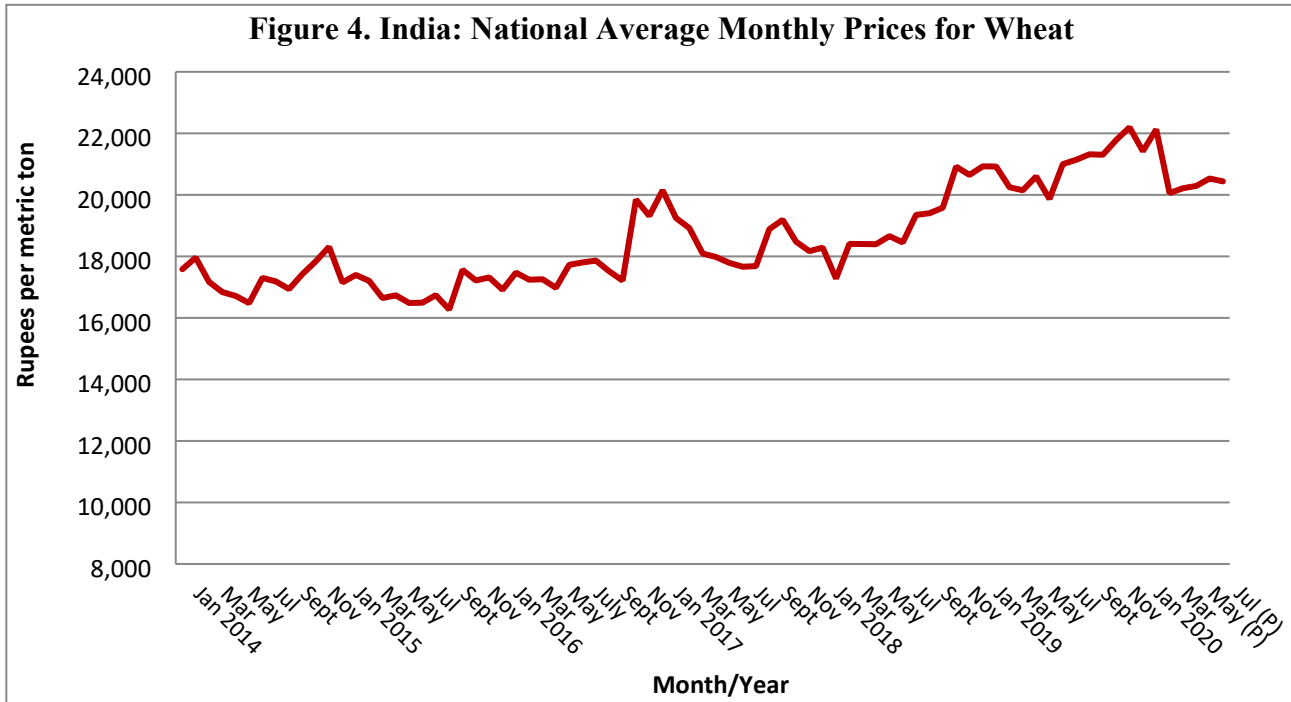
Source: Food Corporation of India, GOI.

Due to the COVID19 crisis, the state governments made procurement arrangements ensuring proper social distancing - expanding the number of procurement centers and staggering arrivals by issuing tokens to the farmers to bring their produce to the specified market on specified day/time (See [IN2020-0056](#)). Consequently, government wheat procurement in most states continued for 3-4 weeks beyond the normal season - Punjab and Haryana extended through the second week of June (against end May last year), and other states through the third week of July (against third week of June last year).

Due to supply chain constraints and weak demand, private trade has been relatively less active as the government bought most of the wheat in surplus states. Specifically, GOI procurement increased in states like Madhya Pradesh, Uttar Pradesh, Rajasthan, and Gujarat, where normally private trade is more active. Wheat procurement in the state of Madhya Pradesh surpassed the leading wheat supplying state of Punjab for the first time in history, as the government bought most of the wheat (including some wheat from neighboring states reported by trade).

Prices around MSP

Record production and weak private trade offtake have kept domestic prices below the MSP in the major producing states since beginning of the MY 2020/21 harvest season (April-July).



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

Market prices in the major producing states are currently ranging from INR 17,700 (\$239) to 19,100 (\$258) per metric ton, around the government MSP of INR 19,250 (\$260) per metric ton. Market prices during the balance of MY 2020/21 are likely to rule at or below the government’s open market sale prices with the government holding most of the wheat stocks.

Ending Stocks Raised

Based on the latest official grain stocks reported by the Food Corporation of India, MY 2019/20 ending stocks is raised higher to 24.7 MMT due to lower than earlier expected offtake of government wheat in the last quarter of MY 2019/20.

MY 2019/20 FSI consumption and MY 2020/21 ending stocks have been revised to reflect the change in the MY 2019/20 ending stocks in the PSD.

CORN

Table 7. India: Commodity, Corn PSD

Corn Market Year Begins	2018/2019		2019/2020		2020/2021	
	Nov 2018		Nov 2019		Nov 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9027	9027	9270	9270	9000	9000
Beginning Stocks (1000 MT)	2329	2329	1346	1346	2146	2146
Production (1000 MT)	27715	27715	28900	28900	27500	27500
MY Imports (1000 MT)	221	221	400	400	500	300
TY Imports (1000 MT)	212	212	400	400	500	300
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	30265	30265	30646	30646	30146	29946
MY Exports (1000 MT)	419	419	500	500	400	400
TY Exports (1000 MT)	482	482	500	500	400	400
Feed and Residual (1000 MT)	17300	17300	16800	16800	17000	17000
FSI Consumption (1000 MT)	11200	11200	11200	11200	11200	11200
Total Consumption (1000 MT)	28500	28500	28000	28000	28200	28200
Ending Stocks (1000 MT)	1346	1346	2146	2146	1546	1346
Total Distribution (1000 MT)	30265	30265	30646	30646	30146	29946
Yield (MT/HA)	3.0702	3.0702	3.1176	3.1176	3.0556	3.0556
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Corn begins in October for all countries. TY 2020/2021 = October 2020 - September 2021						

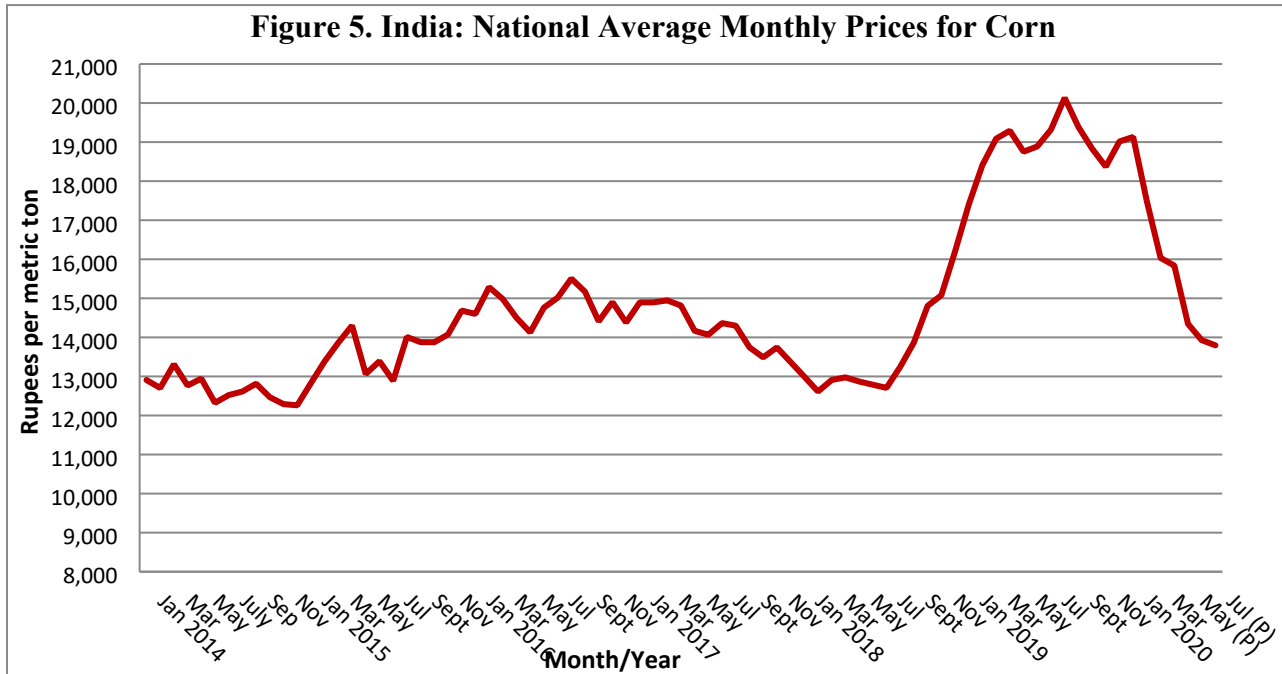
MY 2020/21 Planting

An extremely favorable 2020 monsoon, to date, has supported MY 2020/21 corn planting with total corn planting through July 24, 2020, estimated at 7.13 million hectares, compared to 6.6 million hectares last year. Higher planting has been reported in the major producing states of Madhya Pradesh, Karnataka, Maharashtra, Uttar Pradesh and other states, but lower planting in Rajasthan and Telangana. There have been some reports of locust incidences in north India and fall army worm incidences in central and southern states. However, government sources claim that these incidences are under control with no major crop damage reported from the affected areas.

Post continues to forecast MY 2019/20 corn production unchanged at 27.5 MMT from 9.0 million hectares as weak domestic prices are likely to affect overall planting in the major corn growing belt.

Domestic Prices Weak on Poultry Crisis

Domestic prices have continued to plunge due to the ongoing severe crisis in the poultry industry (see [IN2020-0056](#)).



Source: Agricultural Marketing Information Network, MoAFW, GOI

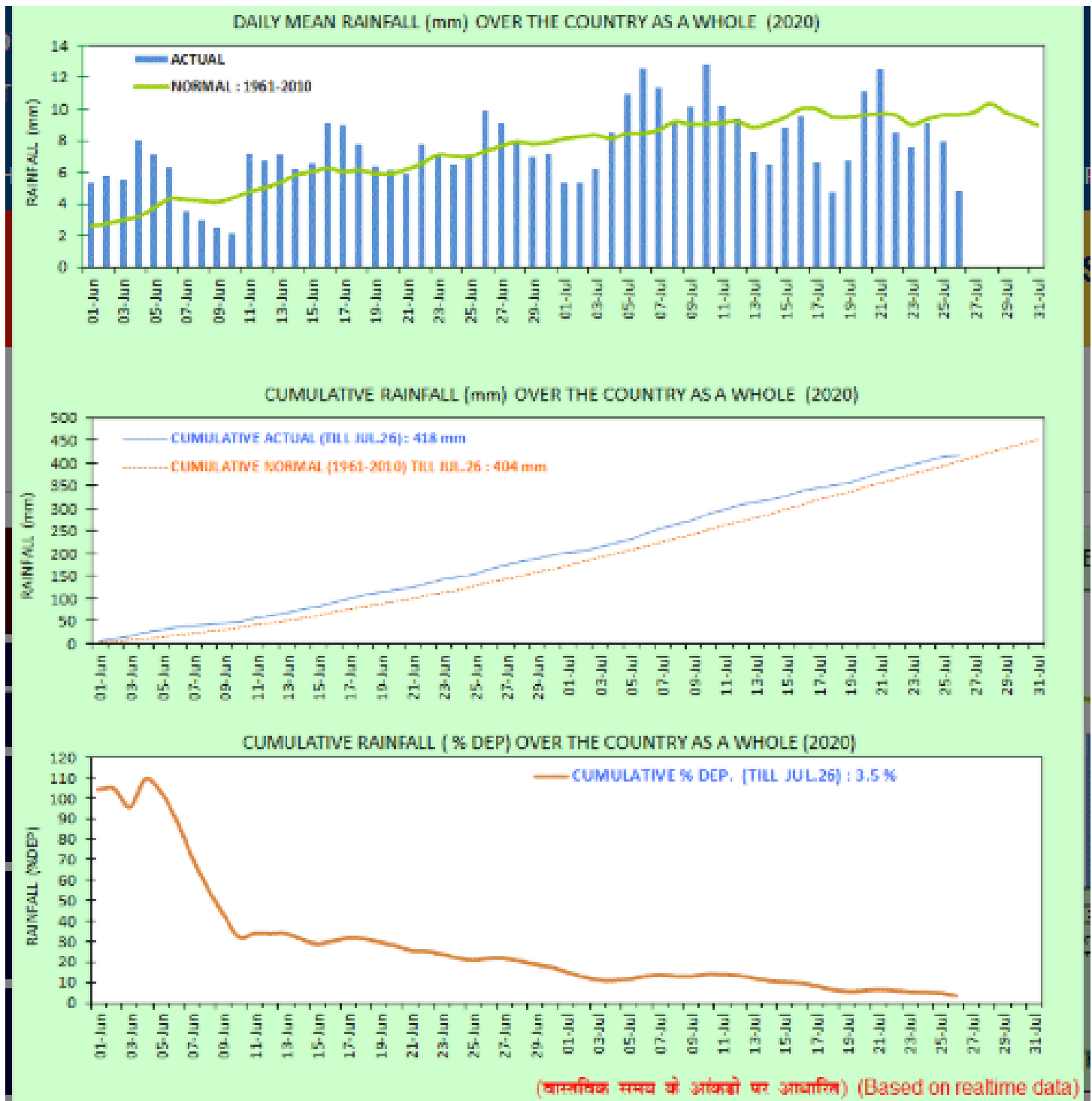
Market prices in the major producing states currently range from INR 11,670 (\$158) to INR 15,360 (\$208) per metric ton (spot), with average prices about 30 percent lower than prices in July 2019 and more than 20 percent lower than the government’s MSP (INR 17,600).

MY 2020/21 Imports and Ending Stocks Lowered

MY 2020/21 corn imports are revised lower to 300,000 MT on weak domestic prices and demand from the poultry sector.

MY 2020/21 ending stocks have been revised lower to 1.35 MMT to reflect the forecast lower imports.

Appendix 1: India Daily Mean Rainfall over Normal Rainfall until July 26, 2019



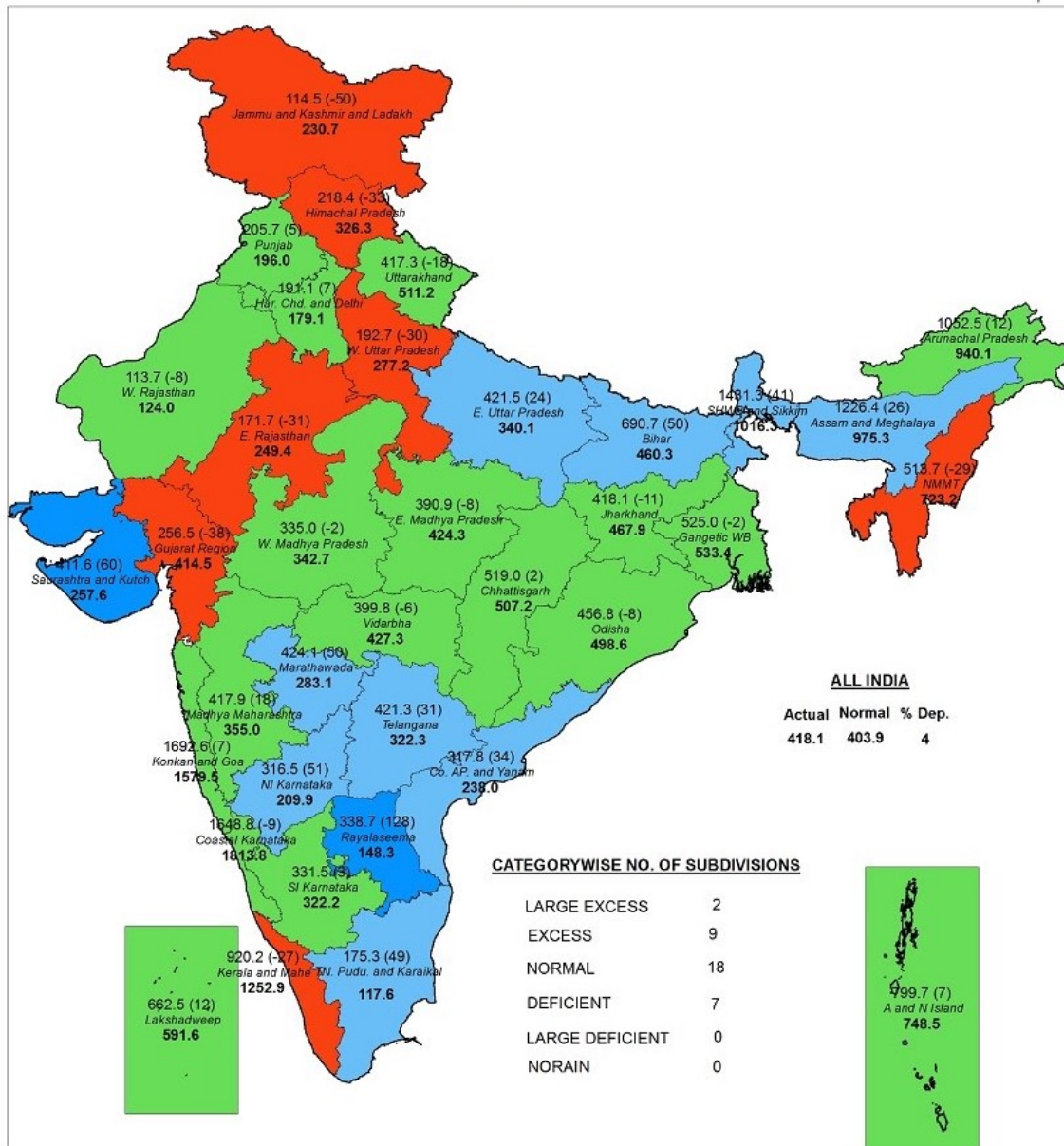
Source: [Indian Metrological Department](http://www.imd.gov.in), GOI

Appendix 2: India: Cumulative Southwest Monsoon Rainfall Until July 26, 2020.



SUBDIVISION RAINFALL MAP

Period : 01-06-2020 To 26-07-2020



Legend

■ Large Excess [60% or more]
 ■ Excess [20% to 59%]
 ■ Normal [-19% to 19%]
 ■ Deficient [-59% to -20%]
 ■ Large Deficient [-99% to -60%]
 ■ No Rain [-100%]
 ■ No Data

NOTES :

- Rainfall figures are based on operation data.
- Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).
- Percentage Departures of rainfall are shown in brackets.

Source: Indian Metrological Department, GOI

Attachments:

No Attachments