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Report Highlights:

FAS New Delhi (Post) lowers the market year (MY) 2022/2023 rice production forecast to 122 MMT on reduced plantings and yields in the major rice growing states in the Gangetic Plains as result of drought-like conditions. On September 8, 2022, the Indian government banned exports of broken rice (HS code 1006.40.00) and imposed an export duty of 20 percent on rice in husk (HS 1006.10.00 and 1006.20.00) and semi- or wholly milled rice (HS 1006.30.90) other than parboiled and basmati rice effective September 9, 2022. MY 2022/2023 rice exports are forecast to decline to 17 MMT compared to the MY 2021/2022 record export volume of 21.5 MMT. Based on the latest official statistics, MY 2021/2022 ending stocks are now lowered to 35 MMT, with MY 2022/2023 ending stocks forecast to decline to about 32 MMT.

GENERAL INFORMATION

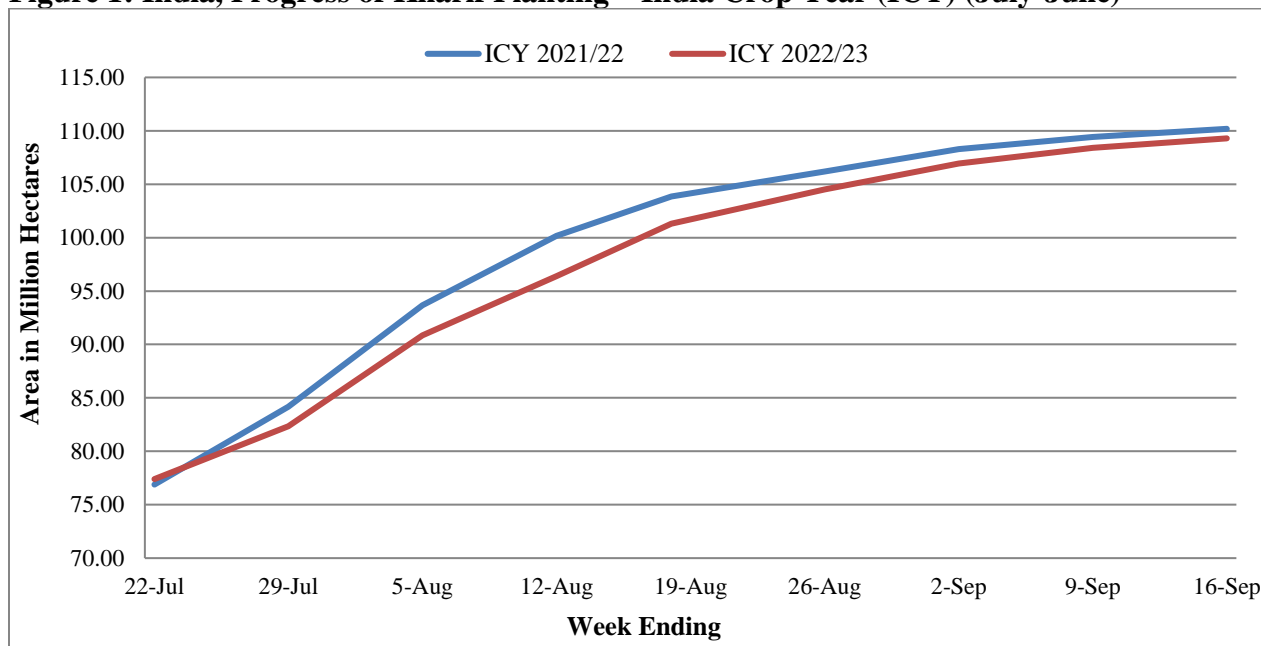
Erratic 2022 Monsoon Affects Kharif Planting

Following the early arrival of 2022 southwest monsoon in southern India at the end of May, the performance of the 2022 monsoon (June-September) has been uneven across the country (see, Appendix I). Despite overall monsoon rainfall being above normal, performance has been uneven across the period (rains were followed by prolonged dry spells) and varied regionally from June through September (see, Appendix II).

While the Indian central and southern states received higher precipitation amounts, particularly starting in mid-August, the major rice production areas in the Gangetic Plains, (which extend from the state of Uttar Pradesh out to West Bengal in the east) have received significantly lower rainfall. This has led to drought-like conditions throughout the region.

Weak monsoon rainfall in July-August affected progress of planting of the *kharif* (fall harvested) crops, and particularly of the key food crop rice. Planting partially recovered from the last week of August onwards, especially in the peninsular (western, central, and southern) states of India. However, the planting window for most crops in northern India had ended by that time.

Figure 1: India, Progress of Kharif Planting – India Crop Year (ICY) (July-June)



Source: Ministry of Agriculture and Farmers Welfare.

The Ministry of Agriculture and Farmers Welfare (MOAFW) is provisionally estimating [total area sown through September 16, 2022](#), at 109.3 million hectares (MHA) compared to the 110.2 MHA during the same period last year. It is lowering planting area for most crops, except for that of coarse grains and cotton that are cultivated largely in peninsular India.

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

CROP	ICY 2022/23 Progressive Planting (September 16, 2022)	ICY 2021/22 Progressive Planting (September 16, 2021)
Rice	39.90	41.79
Pulses	13.19	13.75
Coarse cereals	18.13	17.41
Oilseeds	19.09	19.22
Sugarcane	5.57	5.50
Cotton	12.72	11.82
Jute & Mesta	0.69	0.69
TOTAL	109.29	110.19

Source: Ministry of Agriculture and Farmers Welfare.

Rice planting area declined significantly due to drought-like conditions in the major production states of the Gangetic Plains. Sufficient rains in the largely unirrigated western, central, and southern states in July-August, however, did support higher planting of coarse grains and cotton and the other less water intensive crops (i.e., pulses and oilseeds).

FAS New Delhi's (Post) field survey work in the northern states of Punjab and Haryana, where rice is cultivated under assured irrigation, show the rice crop is progressing well under adequate soil moisture conditions despite weak monsoon rains. Post sources report that the weak 2022 monsoon rains in the largely unirrigated or semi-irrigated states of the Gangetic Plains led to reduced plantings of water guzzling rice. Yields now will also be lower due to the prolonged dry spell, which induced moisture stress on the crop.

Government Release First Advance Estimates for ICY 2022/2023: On September 21, 2022, India's Ministry of Agriculture and Farmers Welfare released its [First Advance Estimate of Food Grains for Indian Crop Year \(ICY\) 2022/2023](#) forecasting grain production in the upcoming kharif season at 149.9 MMT, compared to last year's kharif grain production volume of 156 MMT. This volume is off from the government's target of 163.2 MMT for this season. Most of the forecast production decline is attributed to lower rice production due to lower plantings (down 2 MHA compared to last year), as well as the result of expected lower yields in the drought affected Gangetic Plains production areas.

Estimate Record Grain Production in ICY 2021/2022: On August 17, the MoAFW released its [Fourth Advance Estimate of Food Grains for ICY 2020/2021](#), raising the forecasted record grain production figure to a record 315.7 MMT. As per the latest official estimates, MY 2020/2021 grain production is estimated 5 MMT higher than the previous year's (ICY 2019/2020) record harvest of 310.7 MMT. The production jump has been fueled by record rice (130.3 MMT), corn (33.6 MMT), and pulses (27.7 MMT) production (due to higher acreage and record yields).

India's fourth advance estimates are based on the state governments' estimates of acreage and yield field surveys of the kharif crops, along with provisional estimates for acreage and yield for the *rabi* crops. The MoAFW will release its final estimates for the ICY 2020/2021 in February 2023, based on the final estimates from the crop surveys. The government's estimates are reasonable for most crops except, that is, for wheat. Post's market and trade sources continue to estimate that the wheat harvest will be much lower than the government's fourth advance estimate indicates.

COMMODITIES:

RICE

Table 2. India: Commodity, Rice Milled, Production, Supply and Distribution (PSD)

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	45769	45769	47000	46380	45500	45000
Beginning Stocks (1000 MT)	33900	33900	37000	37000	36500	35000
Milled Production (1000 MT)	124370	124370	130290	130290	126500	122000
Rough Production (1000 MT)	186574	186574	195455	195455	189769	183018
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)	158270	158270	167290	167290	163000	157000
MY Exports (1000 MT)	20199	20199	21300	21500	20000	17000
TY Exports (1000 MT)	21238	21238	20300	20300	20000	17000
Consumption and Residual (1000 MT)	101071	101071	109490	110790	109250	108000
Ending Stocks (1000 MT)	37000	37000	36500	35000	33750	32000
Total Distribution (1000 MT)	158270	158270	167290	167290	163000	157000
Yield (Rough) (MT/HA)	4.0764	4.0764	4.1586	4.2142	4.1707	4.0671
(1000 HA), (1000 MT), (MT/HA).						
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 2022/2023 = January 2023 - December 2023.						

PRODUCTION

MY 2022/2023 Production Lowered: FAS New Delhi is lowering its MY 2022/2023 rice production forecast to 122 MMT on reduced planting and yields, particularly in the major rice growing states of the Gangetic Plains due to a weak monsoon and consequent drought-like conditions.¹ The MoAFW's latest report indicates rice planting through September 16, at 39.9 MHA, nearly 2 MHA lower than last year.² Field sources report that severe moisture stress in August through the first week of September affected tillering (i.e., the production of lateral shoots from the base of the plant's stem) and the vegetative growth of the transplanted rice, which will affect yield prospects in these northern and eastern states. Post's field travel in the northern Indian states reveals improved yield prospects in the irrigated states of Punjab and Haryana, which may partially offset the expected losses in the Gangetic Plains. However, a recent spell of rains, at the time when the crop is nearing harvest, may mar yield prospects.

¹ India's Gangetic Plains region comprises of the states of Uttar Pradesh, Bihar, Jharkhand, West Bengal, and Odisha, which together accounts for nearly 40 percent of the country's production.

² The ideal planting time for rice in northern India and the Gangetic Plains region is mid-June through August 20. This year's plantings have lagged by over 3 MHA compared to those of last year.

The MOAFW's first advance estimate forecasts MY 2022/2023 kharif rice production at 104.9 MMT, nearly 7 MMT lower than last year's kharif harvest. Post's trade sources report that the upcoming kharif rice harvest is likely to decline by 8-12 MMT compared to last year. However, improved yield prospects in northern India, along with recovery in planting since the last week of August in southern and eastern India, will assist in partially offsetting initial expectations of crop losses. Field sources indicate that the rabi (spring harvested) rice planted area has peaked and production is unlikely to expand further.

Post forecasts MY 2022/2023 rice production at 122 MMT (103 MMT kharif rice and 19 MMT rabi rice from 45 MHA, down from last year's 130.3 MMT (111.8 MT kharif rice and 18.5 MMT rabi rice). Nonetheless, any extended dry spells through the harvest in late October in the already moisture stressed east/northeast Indian crop, as well as the possibilities of cyclones in October-November along the eastern coast, could further affect rice production prospects in MY 2022/2023.

Record MY 2021/2022 Rice Production: The MOAFW fourth advance estimates place MY 2021/2022 rice production at 130.3 MMT (record) from 46.4 MHA on record yields (4.2 MT/HA) thanks to favorable weather conditions. The MY 2021/2022 harvest is supported by market fundamentals suggesting higher supplies as indicated by near record government procurement under the minimum support price (MSP) program, and stable domestic prices most of the year despite record exports.

Up, Up and Away, Government Procurement Near Record Levels: Despite government procurement of rabi rice slowing due to strong export demand since the onset of the harvest in April, MY 2021/2022 procurement is still likely to reach 60 MMT, an amount equal to last year's procurement record level.

Table 3. India: Government Rice Procurement by State (Million Metric Tons)

State	MY 2019/2020	MY 2020/2021	MY 2020/2021	MY 2021/2022
	Oct.-Sept.	Oct.-Sept.	Oct 1- Sept 15	Oct 1- Sept 15
Punjab	10.88	13.59	13.59	12.55
Andhra Pradesh	5.53	5.67	5.59	4.51
Telangana	7.45	9.45	9.46	7.98
Chhattisgarh	5.05	4.67	3.98	6.17
Odisha	4.80	5.26	5.26	4.83
Haryana	4.31	3.79	3.79	3.71
Uttar Pradesh	3.79	4.48	4.48	4.39
West Bengal	1.84	1.89	1.89	2.40
Madhya Pradesh	1.74	2.50	2.50	3.07
Tamil Nadu	2.20	3.05	2.85	2.94
Others	4.23	5.73	5.65	6.73
Total	51.83	60.08	59.02	59.27

Source: Food Corporation of India.

Upcoming Crop Harvest Concerns Drive Prices Up: Rice prices in the domestic market price spiked in August on reports of the kharif crop's lower plantings and continued strong export demand. Prices have now eased somewhat since the government announced various export control measures on broken rice and non-Basmati rice (other than parboiled) on September 8, 2022. Despite the export control measures, Post's sources expect prices to remain strong due to weaker production prospects for the upcoming crop. Strong export demand and high global prices are expected to continue.

Figure 2: India, National Average Prices for Common Rice



Source: Agricultural Marketing Information Network.

TRADE

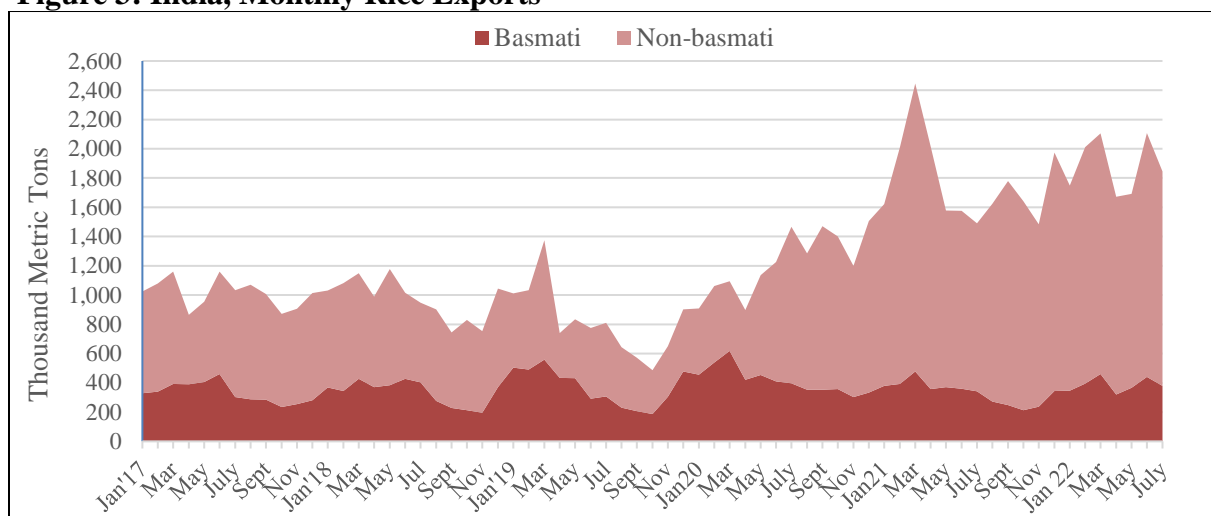
Government Export Controls on Rice: On September 8, the Ministry of Commerce and Industry issued a notification ([No 31/2015-2020](#)) amending the export policy of broken rice, under harmonized tariff system (HS) code 1006.40.00 from the freely exportable to prohibited list effective September 9, 2022. This notification bans the export of broken rice, with exemption being granted to those consignments where vessel loading has commenced, the shipping bill is filed, and the vessel has arrived/berthed/anchored at the Indian port of loading, and/or the consignment has been handed over to the Customs prior to the issuance of the notification. The exemptions initially allowed shipment through September 15, the date of which was subsequently [extended through September 30, 2022](#).

On September 8, the Ministry of Finance issued a notification ([No 49/2022-Customs](#)) imposing an export duty of 20 percent on rice in husk (HS 1006.10 and 1006.20) and semi or wholly milled rice (HS 1006.30.90) other than parboiled and Basmati rice effective September 9, 2022. The export duty will be levied on paddy rice (exported mostly across land borders) and non-Basmati (coarse grain) white rice, other than parboiled rice. The government reported that the export control measures were announced to contain rising domestic rice prices resulting from lower rice plantings and production prospects for the upcoming MY 2022/2023 kharif rice crop.

MY 2022/2023 Rice Exports Forecast Lower: Assuming no major change in the existing export control policies by the Indian government, Post forecasts MY 2022/2023 rice exports to decline to 17 MMT, largely reflecting for the loss in exports of broken rice. Post trade sources report a market loss of 4-5 MMT compared to MY 2021/2022 as India's export taxes may be partially offset by expected higher global prices and weak domestic prices on sufficient domestic supplies and continued supplies of subsidized rice under various food security programs. However, improved export competitiveness of India rice due to the rise in global prices and/or changes in export policy can improve export prospects.

MY 2021/2022 Exports Raised: Based on the pace of monthly exports from the available trade data, India's MY 2021/2022 rice exports are revised marginally higher to a record 21.5 MMT.

Figure 3: India, Monthly Rice Exports



Source: Directorate General of Commercial Intelligence.

Preliminary Indian official trade statistics place MY 2021/2022 rice exports through July 2022 at 18.3 MMT, with monthly exports in the last quarter estimated at around 1.9 MMT. Post trade sources report continued strong exports of rice through August, estimated at around 1.8-1.9 MMT. Despite reports of some white rice shipments being delayed due to the imposition of new export taxes, the extension of the deadline for exports of broken rice is likely to take MY 2021/2022 exports to 21.5 MMT.

STOCKS LOWERED

MY 2021/2022 ending stocks are lowered to 35 MMT based on the government rice stocks estimate. The government rice stocks on August 1 are at 40.99 MMT compared to 44.46 MMT last year. With the government's rice allocation under food security programs in August-September 2022 estimated at 12.8 MMT and additional rice procurement during the period at around 1.5 MMT, government rice stocks on October 1, 2022 (MY 2021/2022 ending stocks) are estimated to have declined to 29.8 MMT, compared to 34.75 MMT at the same time last year.³ Post is lowering MY 2021/2022 ending stocks to 35 MMT, which includes private rice stocks of 5.2 MMT (up from 2.75 MMT last year) as exporters retain higher stock volumes. MY 2022/2023 ending stocks are forecast lower at 32 MMT (28 MMT government rice stocks and 4 MMT stocks with the private trade) on forecasted relatively tight domestic supplies.

CONSUMPTION ADJUSTED

The MY 2021/2022 consumption estimate is raised marginally to 110.8 MMT resulting in lower ending stocks. MY 2022/2023 consumption is revised lower to 108 MMT on lower forecast production.

³ Government monthly rice allocations under various food security programs until September 2022 are estimated at 6.4 MMT per month (see, [GAIN INDIA \(IN2022-0064\) Grain and Feed Update-July 2022](#)).

COMMODITIES:

WHEAT

Table 4. India Commodity, Wheat PSD

Wheat	2020/2021		2021/2022		2022/2023	
Market Year Begins	Apr 2020		Apr 2021		Apr 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	31357	31357	31125	31125	30544	30470
Beginning Stocks (1000 MT)	24700	24700	27800	27800	19500	19500
Production (1000 MT)	107860	107860	109586	109586	103000	99000
MY Imports (1000 MT)	18	18	25	25	25	25
TY Imports (1000 MT)	18	18	17	17	25	25
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	132578	132578	137411	137411	122525	118525
MY Exports (1000 MT)	2561	2561	8033	8033	6500	5500
TY Exports (1000 MT)	3597	3597	10567	10567	4000	4000
Feed and Residual (1000 MT)	6500	6500	7000	7000	6500	6000
FSI Consumption (1000 MT)	95717	95717	102878	102878	98000	98000
Total Consumption (1000 MT)	102217	102217	109878	109878	104500	104000
Ending Stocks (1000 MT)	27800	27800	19500	19500	11525	9025
Total Distribution (1000 MT)	132578	132578	137411	137411	122525	118525
Yield (MT/HA)	3.4397	3.4397	3.5208	3.5208	3.3722	3.2491
(1000 HA), (1000 MT), (MT/HA).						
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 2022/2023 = July 2022 - June 2023.						

PRODUCTION

Post continues to estimate MY 2022/2023 wheat production unchanged at 99 MMT based on the latest market reports and strong domestic prices suggesting tight domestic supplies.⁴

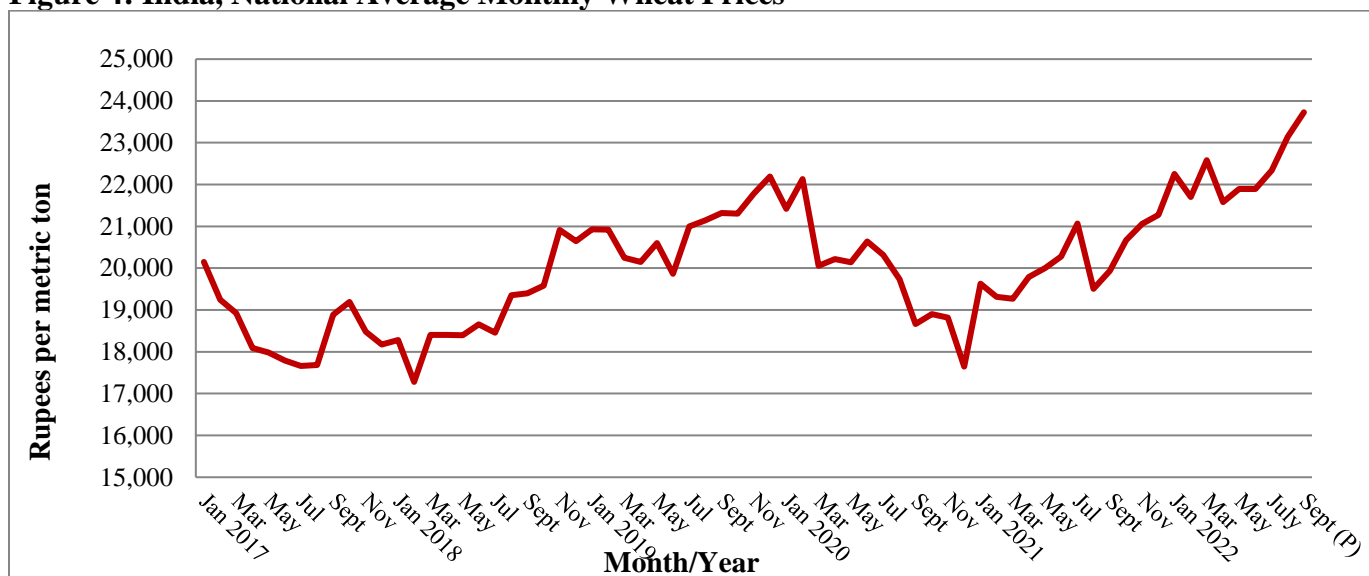
Government wheat procurement under the MSP program in MY 2022/2023 ended with total procurement at 18.8 MMT, nearly 57 percent (about 24.6 MMT) below last year's record procurement. Despite the MoAFW's fourth advance estimates reporting wheat production at 106.8 MMT, Post's trade sources continue to estimate MY 2022/2023 wheat production in the range of 92-98 MMT.

Despite the government imposing a wheat export ban (May 13), domestic wheat prices continued to rise following the harvest and marketing season, that ended this past July.⁵

⁴ See, [GAIN-INDIA \(IN2022-0052\) Grain and Feed Update](#).

⁵ See, [GAIN-INDIA \(IN2022-0046\) India Bans Wheat Exports Due to Domestic Supply Concerns](#).

Figure 4: India, National Average Monthly Wheat Prices



Source: Agricultural Marketing Information Network, Ministry of Agriculture and Farmers Welfare.

TRADE

Wheat Products Export Ban: On August 27, 2022, the Ministry of Commerce and Industry issued notifications [29/2015-2020](#) and [30/2015-2020](#) prohibiting wheat product (HS 1101) exports to better manage national food security in light of the spike in global wheat and wheat product prices.

MY 2022/2023 Wheat and Product Exports Lower: Post is lowering the MY 2022/2023 wheat and product exports estimate to 5.5 MMT based on available official trade figures. The Indian government is unlikely to provide export exemption to other countries due to food inflation concerns. Official trade statistics estimate MY 2022/2023 wheat and wheat product exports in April-July at 4.23 MMT (wheat by itself at 3.83 MMT). Export bans were implemented to help manage national food security and that of neighboring and vulnerable countries. India has not granted exemptions to allow for exports to any country. Aiming to ensure its food security, and concerned with food inflation, India is unlikely to grant exemptions. With some spillover exports of wheat exempted under the earlier notification and wheat products in August/September, MY 2022/2023 wheat and wheat product exports may reach 5.5 MMT.

CONSUMPTION

Post estimates MY 2022/2023 wheat feed and residual use at 6 MMT due to low availability of spoiled wheat from government stocks. High prices are driving the feed sector towards more affordable feeds.

STOCKS

The MY 2022/2023 wheat ending stocks are estimated at 9 MMT at the current offtake pace under the food security programs. The government may restrain festive season driven price increases by releasing wheat to millers under the open market scheme after October. Wheat stocks on August 1 are 24.8 MMT, compared to 51.8 MMT last year. The food security programs will receive 13-14 MMT of wheat and private millers will take 3-4 MMT in the balance of MY 2022/2023 (August-March).

COMMODITIES:

CORN

Table 5. India Commodity, Corn PSD

Corn	2020/2021		2021/2022		2022/2023	
Market Year Begins	Nov 2020		Nov 2021		Nov 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9892	9892	10100	10040	9800	10000
Beginning Stocks (1000 MT)	1863	1863	2095	2095	2320	2320
Production (1000 MT)	31647	31647	33600	33600	31500	32000
MY Imports (1000 MT)	25	25	25	25	100	50
TY Imports (1000 MT)	23	23	25	25	100	50
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	33535	33535	35720	35720	33920	34370
MY Exports (1000 MT)	3590	3590	3600	3600	2400	2400
TY Exports (1000 MT)	3677	3677	3600	3600	2400	2400
Feed and Residual (1000 MT)	16250	16250	18000	18000	18500	18500
FSI Consumption (1000 MT)	11600	11600	11800	11800	11500	11600
Total Consumption (1000 MT)	27850	27850	29800	29800	30000	30100
Ending Stocks (1000 MT)	2095	2095	2320	2320	1520	1870
Total Distribution (1000 MT)	33535	33535	35720	35720	33920	34370
Yield (MT/HA)	3.1993	3.1993	3.3267	3.3466	3.2143	3.2
(1000 HA), (1000 MT), (MT/HA)						
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 2022/2023 = October 2022 - September 2023.						

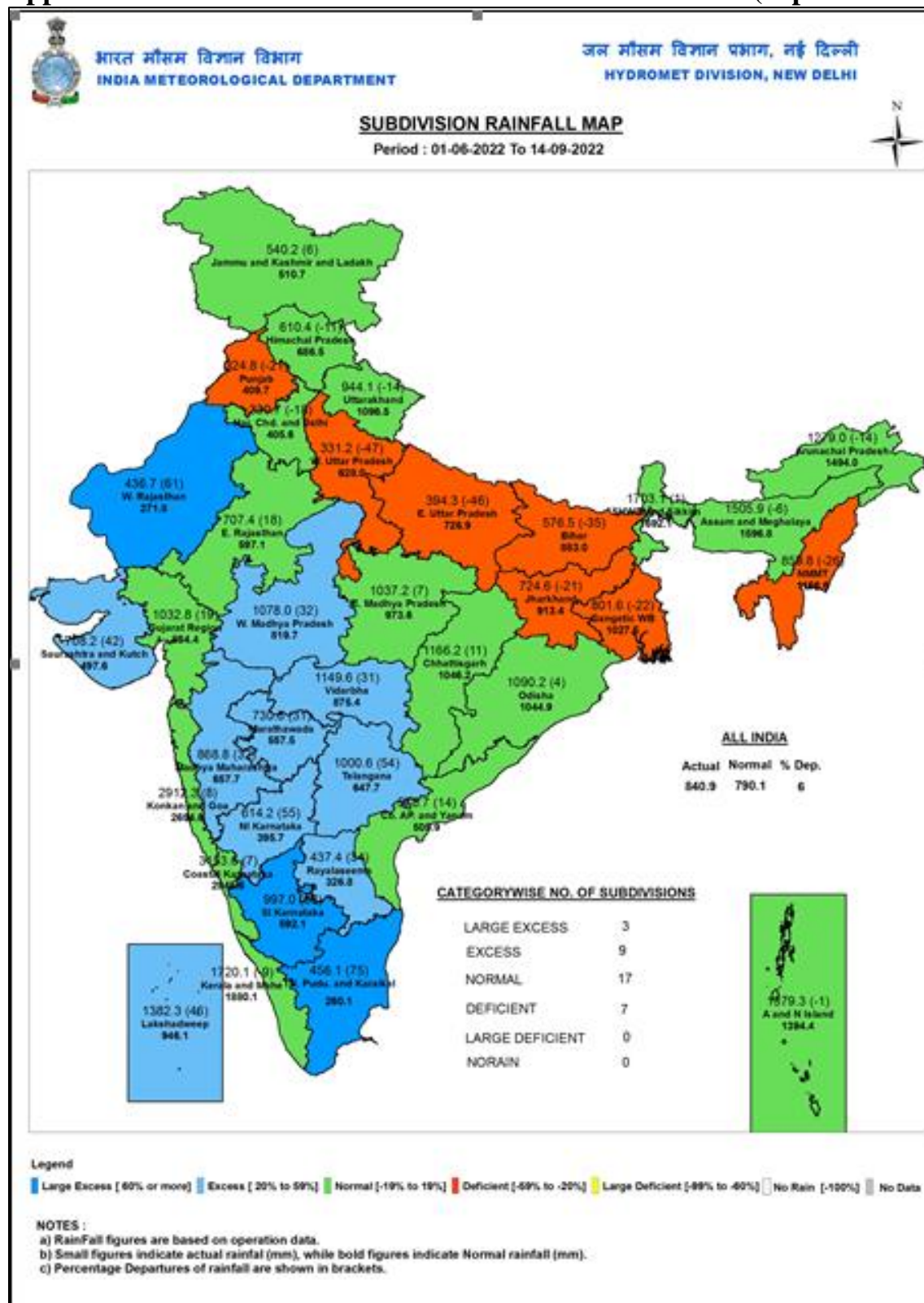
PRODUCTION

Post is raising its MY 2022/2023 corn production forecast to 32 MMT coming from 10 MHA; based on reports of higher planting and yield prospects in the upcoming kharif corn crop thanks to favorable monsoon rains in the major corn growing states of peninsular India (Karnataka, Madhya Pradesh, Rajasthan, Maharashtra, and Tamil Nadu). The latest kharif planting report places corn planting through September 15, 2022, at 8.3 MHA, nearly 0.2 MHA more than last year's area. Post's field sources report that the crop is progressing well under adequate moisture conditions and will likely realize higher yields.

CONSUMPTION AND STOCKS

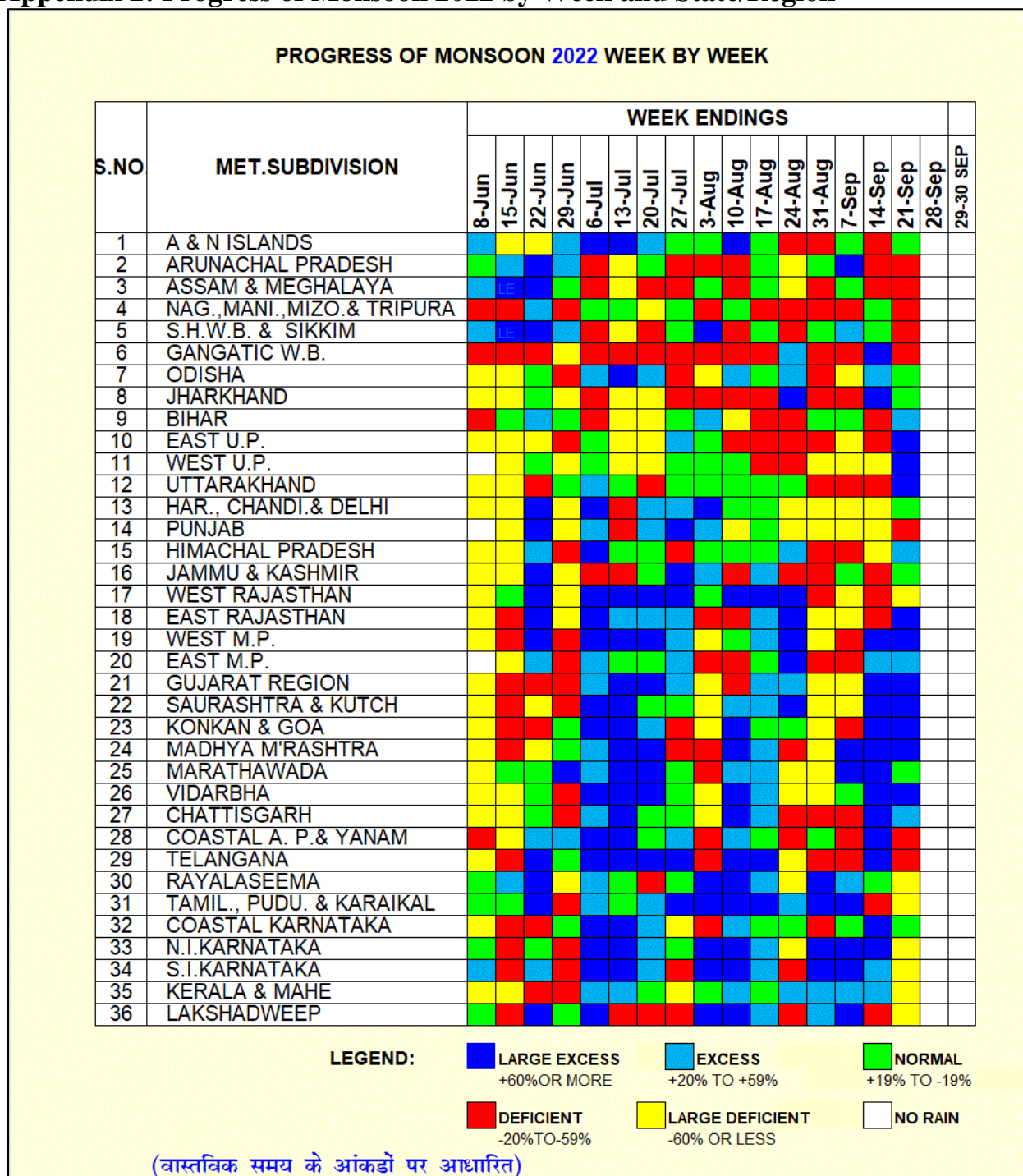
Post is adjusting its MY 2022/2023 consumption and stocks numbers higher to account for increases in forecast production.

Appendix 1: Cumulative 2022 Southwest Monsoon Rainfall (September 14, 2022)



Source: Indian Metrological Department.

Appendix 2: Progress of Monsoon 2022 by Week and State/Region



Source: Indian Metrological Department.

Attachments:

No Attachments.