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Country: India

Post: New Delhi

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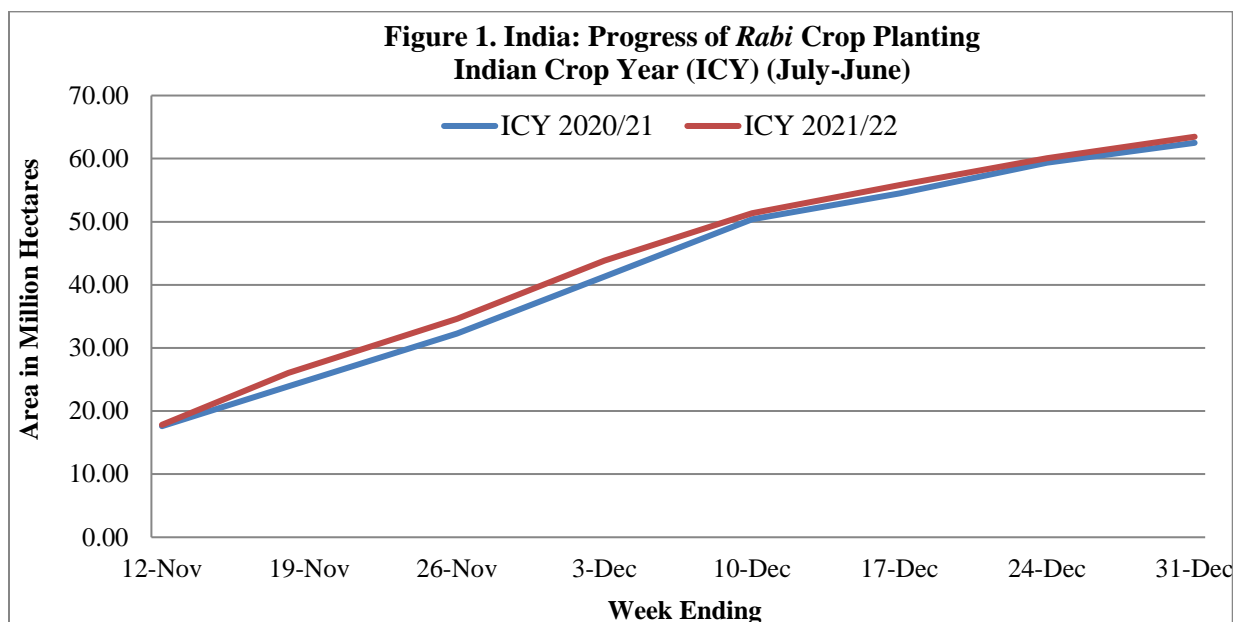
Report Highlights:

On November 24, 2021, the Indian government approved the extension of the additional free food grains scheme through March 31, 2022. With this extension, an additional 16 million metric tons (MMT) of grains will be released from government stocks. FAS New Delhi (Post) is raising the market year (MY) 2021/2022 consumption estimate to 100.3 MMT on the expected higher offtake of wheat under the free food grains scheme. Post's MY 2021/2022 wheat exports estimate is raised to 6.5 MMT due to strong export demand combined with competitive Indian wheat prices in the neighboring markets. Post's MY 2021/2022 wheat ending stocks number is revised lower to 23 million metric tons.

GENERAL INFORMATION:

PLANTING UPDATE

Progress Steady Despite a Delayed *Kharif* Harvest: The late withdrawal of the 2021 Southwest monsoon delayed the 2021 *kharif* (fall harvested) crop harvest. However, the *rabi* season (winter sown, spring harvested) crop plantings are progressing well thanks to adequate soil moisture conditions and irrigation water availability.



The Ministry of Agriculture and Farmers' Welfare (MOAFW) estimates total area sown through December 12, 2021, at 63.5 million hectares, up by 1 million hectares compared to last year's 62.5 million hectares. Despite the 2021 Southwest monsoon's 1-2 week delay this past October 2021, plantings recovered in November picking up the pace of plantings through December. Oilseed plantings in the current *rabi* season are ahead of last year's, supported by high vegetable oil prices during the second half of calendar year (CY) 2021.

FAS New Delhi's (Post) market sources report that farmers in the largely rainfed (partially irrigated) areas are shifting area away from pulses, coarse grains, and wheat to oilseeds (rapeseed and mustard seed). Rice plantings lagged compared to the previous year because of late season rains in October/ November, that delayed the harvest in the coastal and eastern Indian states. Rice plantings are anticipated to recover in January 2022.

Table 1: India, *Rabi* Crop Planting (million hectares), Indian Crop Year (July-June)

Crop	ICY 2020/2021	ICY 2021/2022
	(Progressive Planting - Dec 31, 2020)	(Progressive Planting - Dec 31, 2021)
Wheat	32.91	32.59
Rice	1.51	1.41
Coarse Cereals	4.62	4.51
Pulses	15.40	15.26
Oilseeds	8.06	9.71
TOTAL	62.50	63.47

Source: Ministry of Agriculture and Farmers' Welfare.

Field sources report that most crop plantings are over, except for late winter planted rice in coastal India. Wheat plantings are just marginally behind those of last year's, with growers again benefitting from assured rates of return thanks to the Indian government's guaranteed minimum support price (MSP) procurement operation in the major growing states. Wheat yields remain stable under irrigated conditions compared to those of other crops.

Benefitting from adequate soil moisture and temperature, the winter planted *rabi* crops are progressing well. However, temperature and precipitation in the January-March months will be critical for good yield realization.

GOVERNMENT EXTENDS ADDITIONAL FREE FOOD GRAINS SCHEME THROUGH MARCH 2022

[On November 24, 2021, India's Union Cabinet approved the extension of the scheme](#) that provides 5 kilograms (kg) of food grains per month free of cost for the beneficiaries under the National Food Security Act (NFSA) for the period running December 2021 to March 2022. This allocation of 5 kg of free food grains per person is in addition to the existing allocation of 5 kg per month under the NFSA to beneficiaries (estimated at 800 million) at highly subsidized prices (India rupees [INR] 2/kg for wheat and INR 3/kg for rice).¹ The government is estimating that 16.3 MMT of additional food grains from government stocks will be distributed under the scheme; this represents an additional food subsidy outlay of INR 533.5 billion (\$7.2 billion).

This announcement heralds the fifth phase (November 2021-March 2022) of the government's scheme (relief measure) since the initial launch back in March 2020 under the backdrop of the COVID-19 national lockdown. Phase 1 ran April-June 2020, followed by Phase 2 that ran July-November 2020. The government subsequently launched two additional phases in 2021 – Phase 3 (May-June) and Phase 4 (July-November). The government estimates that some 54.9 MMT of food grains (out of the total allocation of 60 MMT) has been distributed in the first four phases of the scheme. Market sources expect continued heavy offtake of food grains against the allocation of 16.3 MMT under the Phase 5 of the scheme (see, [GAIN-INDIA -IN2021-0059- COVID-19 in India – Weekly Food Retail Update](#) and [GAIN-INDIA -IN2021-0082- Grain and Feed Update-July 2021](#)).

¹ India's population is approximately 1.3 3billion (Central Intelligence Agency, July 2021 estimate).

COMMODITIES:

RICE

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

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

Rice, Milled Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Area Harvested (1000 HA)	43662	43662	45000	45000	45500	45500
Beginning Stocks (1000 MT)	29500	29500	33900	33900	36000	37200
Milled Production (1000 MT)	118870	118870	122270	122270	125000	124000
Rough Production (1000 MT)	178323	178323	183423	183423	187519	186019
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)	148370	148370	156170	156170	161000	161200
MY Exports (1000 MT)	12520	12520	20165	20427	19000	19000
TY Exports (1000 MT)	14577	14577	20200	20600	18000	18000
Consumption & Residual (1000MT)	101950	101950	100005	98543	103500	103700
Ending Stocks (1000 MT)	33900	33900	36000	37200	38500	38500
Total Distribution (1000 MT)	148370	148370	156170	156170	161000	161200
Yield (Rough) (MT/HA)	4.0842	4.0842	4.0761	4.0761	4.1213	4.0883

(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 2021/2022 = January 2022 - December 2022.

PRODUCTION

FAS New Delhi forecasts India's rice (milled) production in MY 2021/2022 (October-September) marginally lower at 124 MMT on reported losses resulting from untimely rains in October-November 2021 during the harvest. Field sources in the major rice production states inform that rice yields are coming in lower than initially expected. Lower yields are being attributed to ill-timed rains rolling in as the crop was ready for harvesting, causing field losses. Improved *rabi* planting prospects will help to offset expected *kharif* rice losses. Post estimates MY 2021/2022 rice production to remain unchanged at 124 MMT, a volume that includes 106 MMT of *kharif* rice and 18 MMT of *rabi* rice (see, [GAIN-INDIA -IN2021-0129- Grain and Feed Update-October 2021](#)).

Procurement Slightly Lags Behind Last Year's Volume: Government MSP rice procurement in MY 2021/2022 (through December 31, 2021) is estimated at 32.2 MMT, just slightly lower than the previous year's volume.

Procurement in the northern Indian states of Punjab and Haryana finalized by mid-December 2021. The slightly lower procurement figures are due to lower harvest volumes in those two rice production states. However, rice procurement in the other producer states remains ongoing and expected to continue throughout February 2022.

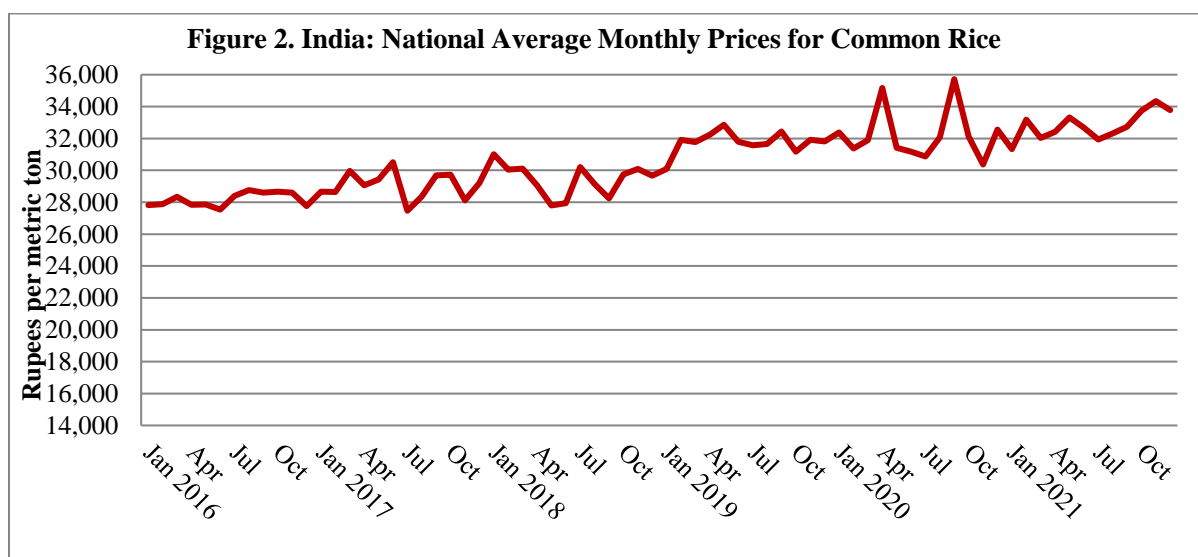
Table 3. India: Government Procurement of Milled Rice by State (million metric tons)

State	MY 2019/2020	MY 2020/2021	MY 2020/2021	MY 2021/2022
	Oct-Sept	Oct-Sept	Oct 1-Dec 31	Oct 1-Dec 31
Punjab	10.88	13.59	13.59	12.52
Andhra Pradesh	5.53	5.67	0.97	0.69
Telangana	7.45	9.45	2.75	4.03
Chhattisgarh	5.05	4.67	3.16	3.56
Odisha	4.80	5.26	1.33	0.81
Haryana	4.31	3.79	3.79	3.71
Uttar Pradesh	3.79	4.48	3.25	2.77
West Bengal	1.84	1.89	0.00	0.27
Madhya Pradesh	1.74	2.50	1.53	1.38
Tamil Nadu	2.20	3.05	0.38	0.46
Others	<u>4.23</u>	<u>5.73</u>	<u>1.50</u>	<u>2.01</u>
TOTAL	51.83	60.08	32.25	32.20

Source: Food Corporation of India.

A record harvest, along with weak open market prices resulting from the extension of the free food grains scheme (benefitting two-thirds of the population), MSP procurement for *kharif* and *rabi* rice crops in India’s producer states is strong. Procurement in MY 2021/2022 will surpass last year’s record 60 MMT volume.

Prices Ease as Arrivals Gain: Domestic prices eased in December 2021 with the new *kharif* rice crop’s arrival.

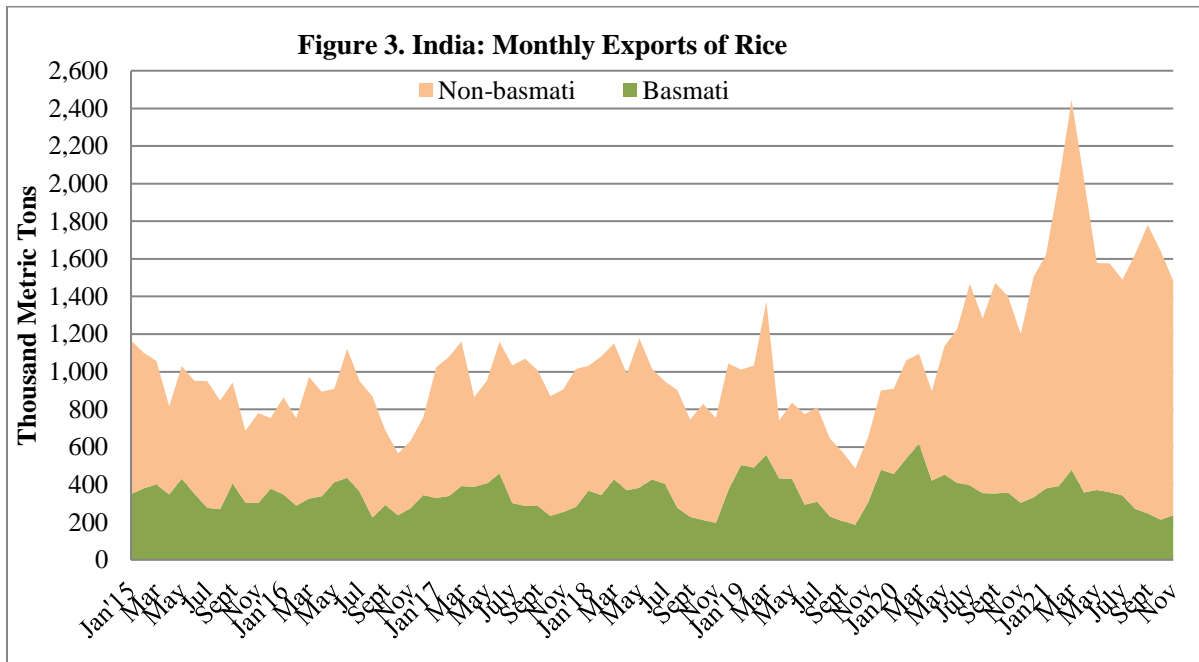


Source: Agriculture Marketing Information Network, MOAFW, and FAS New Delhi office research.

Procurement for un-milled paddy rice is set at the MSP of INR 19,400 (\$262)/MT, up compared to last year’s INR 18,800 (\$254)/MT, bolstering domestic prices. Procurement will run through February 2022. Market prices in the latter half of the year will depend on export demand and the government’s subsidized rice release policy.

EXPORTS

MY 2020/2021 Exports Raised: Based on the latest official provisional trade figures, Post estimates MY 2020/2021 rice exports slightly higher at 20.4 MMT; CY 2020 exports are estimated at 20.6 million metric tons. Assuming no significant changes in the price parity for Indian rice compared to rice from other origins, MY 2021/2022 rice exports are forecast to remain unchanged at 19 MMT on more-than-sufficient domestic supplies.



Source: Ministry of Commerce and Industry and FAS New Delhi office research.

Provisional official trade figures estimate MY 2020/2021 (October-September) rice exports at a record 20.4 MMT, including 16.2 MMT coarse grain non-*basmati* rice and 4.2 MMT long-grain *basmati* rice. Large MY 2020/2021 export volumes were driven by shipments of coarse grain rice to the major export markets. Price competitive Indian rice exports outperformed rice from other origins. Provisional official figures estimate rice exports in CY 2021 (January-November) at 19.3 million metric tons. With year's end official trade figures unavailable, trade sources place December 2021 exports at 1.3 MMT, taking to 20.7 MMT CY 2021 exports.

ENDING STOCKS RAISED/CONSUMPTION LOWERED

MY 2020/2021 Ending Stocks: Based on official rice stocks estimate and information on private trade stocks, Post's MY 2020/2021 ending stocks figure is raised to 37.2 million metric tons. The Food Corporation of India estimates for October 1, 2021, place government rice stocks at 34.8 MMT, which includes 25.33 MMT of milled rice and 14.07 MMT of un-milled paddy rice (or 9.42 MMT milled rice equivalent). Market sources report an estimated 2.4 MMT of rice stocks as being held by the private trade at the end of the market year. This volume will help meet export commitments for 45-50 days until the new crop rice is available for milling and exports. Post is consequently raising the MY 2020/2021 ending stocks figure to 37.2 million metric tons.

MY 2020/2021 Consumption: Post is revising down its MY 2020/2021 consumption estimate to 98.5 MMT to account for higher exports and ending stocks numbers.

WHEAT

Table 4. India: Commodity, Wheat - Production, Supply and Distribution
(Area in Thousand Hectares, Quantity in Thousand Metric Tons, Yield in MT/Hectare)

Wheat Market Year Begins	2019/2020		2020/2021		2021/2022	
	Apr 2019		Apr 2020		Apr 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Area Harvested (1000 HA)	29319	29313	31357	31357	31615	31615
Beginning Stocks (1000 MT)	16992	16992	24700	24700	27800	27300
Production (1000 MT)	103600	103600	107860	107860	109520	109520
MY Imports (1000 MT)	20	20	18	18	25	20
TY Imports (1000 MT)	20	20	18	18	25	20
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	120612	120612	132578	132578	137345	136840
MY Exports (1000 MT)	509	509	2561	2561	5250	6500
TY Exports (1000 MT)	595	595	3597	3597	5500	6750
Feed and Residual (1000 MT)	6000	6000	6500	6500	7000	7000
FSI Consumption (1000 MT)	89403	89403	95717	96217	97250	100340
Total Consumption (1000 MT)	95403	95403	102217	102717	104250	107340
Ending Stocks (1000 MT)	24700	24700	27800	27300	27845	23000
Total Distribution (1000 MT)	120612	120612	132578	132578	137345	136840
Yield (MT/HA)	3.5335	3.5343	3.4397	3.4397	3.4642	3.4642

(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 2021/2022 = July 2021 - June 2022

PRODUCTION

MY 2021/2022 Production Unchanged: Post estimate MY 2021/2022 wheat production unchanged at a record 109.5 MMT based on the prevailing market conditions. Despite strong exports, local prices in the major producing states continue to hover around the government procurement prices (MSP).²

MY 2022/2023 Wheat Planting Steady: The Ministry of Agriculture and Farmers' Welfare's latest *rabi* (winter planted) crop planting report estimates planting of the upcoming wheat crop through December 31, 2022, at 32.59 million hectares compared to 32.91 million hectares at the same time last year. Planting has finalized in the major production states, except for some late sown areas in Uttar Pradesh and Bihar where it will continue through the second week of January. Marginally lower plant has been reported in most states as farmers shifted some area to oilseeds.

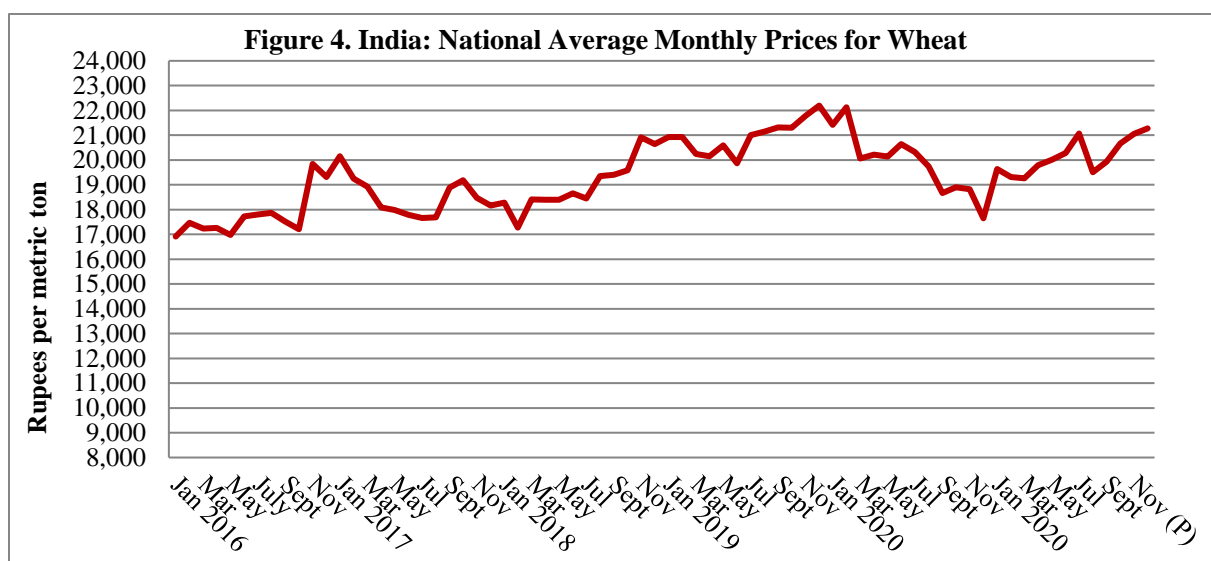
Despite plantings being delayed by 1-2 weeks, planting conditions turned favorable in the major wheat growing states. Plantings have benefitted from adequate soil moisture conditions and irrigation water availability due to rains in October-November 2021. Wheat's standing is progressing well under adequate soil moisture and

² Open market prices typically increase after the major marketing season (April-July) is over, with market prices absorbing the carrying costs. However, this year's prices in the production states remain stagnant, which suggests significant surplus in the open market resulting from the forecast record harvest.

favorable low temperature conditions. Low temperature and regular scattered rains in January, and extended winter conditions through March will help boost yield prospects. Early summer conditions in March, along with untimely rains in March-April during the grain setting and harvest stage may affect the yield prospects.

Prices Steady: Despite continued strong export demand, domestic wheat prices have remained relatively steady in the recent months due to the supply of ‘subsidized’ government wheat under the open market sales.

Prices are expected to remain steady in the coming months on continued supply of additional free wheat through end of the marketing year. Market sources report increased offtake of government wheat under the open market sales available to the millers at the reserve price of INR 21,500 (\$290)/MT for auction sales across India (see, [GAIN-INDIA -IN2021-0082- Grain and Feed Update-July 2021](#)). With surplus grain stocks and prospects for continued strong procurement of the *kharif* rice, the Indian government is likely to continue to release additional wheat to millers, which will keep domestic prices under control.



Source: Agriculture Marketing Information Network, MoAFW, and FAS New Delhi office research.

EXPORTS

MY 2021/2022 Exports Raised: FAS New Delhi estimates MY 2021/2022 wheat exports higher to 6.5 MMT based on the current strong export demand and relatively competitive Indian wheat prices in the neighboring markets. Provisional official trade figures estimate MY 2021/2022 exports for April through November 2021 at 4.1 MMT, going to Bangladesh, Sri Lanka, Nepal, the Middle East, and South Asian countries. While the official figures for December are not available, trade sources report wheat exports in December at around 800-900 thousand metric tons. Indian wheat is highly price competitive in the neighboring markets thanks to relatively lower domestic prices and freight costs.

Assuming current price parity to continue and expected steady domestic prices on more-than-sufficient supplies, wheat exports should remain strong in the last quarter of the marketing year. MY 2021/2022 wheat and wheat

product exports are likely to reach 6.5 MMT, which include 6 MMT of wheat and 0.5 MMT of wheat products (wheat equivalent).³

ENDING STOCKS LOWERED/CONSUMPTION RAISED

Ending Stocks Lowered: Post is revising down the MY 2021/2022 ending stocks figure to 23 million metric tons. The revision is based on new official wheat stocks estimates and expected higher offtake of wheat with the government now extending the 5 kg free food grains scheme through March 2022. Based on the official government wheat stocks estimate for April 1, 2021 (Food Corporation of India), the MY 2020/2021 ending stock figure is estimated at 27.3 million metric tons. Based on the official government wheat stocks estimate for April 1, 2021 (Food Corporation of India), the MY 2020/2021 ending stock figure is estimated at 27.3 million metric tons.

The Food Corporation of India estimates December 1, 2021, government held wheat stocks at 37.85 million metric tons. With the government extending the additional free food grains scheme through March 2022, market sources expect continued strong offtake of government wheat stocks in December 2021 through March 2022, at a rate of 4 MMT per month. Government MY 2021/2022 wheat ending stocks as a result are likely to be drawn down to below 22 million metric tons. With exporters holding onto stocks of 1 MMT to meet their export commitment for the next 45-50 days, MY 2021/2022 ending stocks are estimated in the 23 MMT range.

MY 2021/2022 Consumption Raised: Post's consumption estimate is raised higher to 100.3 MMT to account for the expected higher offtake of wheat under the free food grains scheme.

³ Exports of wheat flour and of other processed wheat products are converted by a multiplicative factor into wheat equivalent for production, supply, and distribution (PSD) accounting.

CORN

Table 5. India: Commodity, Corn - Production, Supply and Distribution

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

Corn Market Year Begins	2019/2020		2020/2021		2021/2022	
	Nov 2019		Nov 2020		Nov 2021	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9569	9569	9865	9865	9700	9700
Beginning Stocks (1000 MT)	1346	1346	1863	1854	1923	2074
Production (1000 MT)	28766	28766	31510	31510	30000	30000
MY Imports (1000 MT)	327	327	50	50	300	300
TY Imports (1000 MT)	341	341	50	50	300	300
TY Imp. from U.S. (1000 MT)	2	2	0	0	0	0
Total Supply (1000 MT)	30439	30439	33423	33414	32223	32374
MY Exports (1000 MT)	1376	1385	3750	3590	2500	2500
TY Exports (1000 MT)	1125	1132	3677	3677	2500	2500
Feed and Residual (1000 MT)	16000	16000	16250	16250	17200	17200
FSI Consumption (1000 MT)	11200	11200	11500	11500	11400	11400
Total Consumption (1000 MT)	27200	27200	27750	27750	28600	28600
Ending Stocks (1000 MT)	1863	1854	1923	2074	1123	1274
Total Distribution (1000 MT)	30439	30439	33423	33414	32223	32374
Yield (MT/HA)	3.0062	3.0062	3.1941	3.1941	3.0928	3.0928

(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 2021/2022 = October 2021 - September 2022

EXPORTS

Exports Revised: Based on the latest official trade figures derived from trade data monitor, MY 2019/2020 exports are raised marginally to 1.39 MMT and MY 2020/2021 exports lowered to 3.59 million metric tons.

Ending Stocks Adjusted: Ending stocks have been adjusted to reflect the changes in the export estimates.

Attachments:

No Attachments.