



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 10/3/2006

GAIN Report Number: IN6090

India

Grain and Feed

Monthly Lockup Report - October

2006

Approved by:

Holly Higgins
U.S. Embassy, New Delhi

Prepared by:

A. Govindan

Report Highlights:

Post revises MY2006/2007 rice production down to 89 million tons, based on an initial government estimate.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

RICE

Initial Government estimates show lower rice production

Post revises the MY (Oct/Sep) 2006/07 rice production downward to 89 million tons. Initial estimates compiled by the government show this year's kharif (fall and early harvested) rice production at 75.7 million tons, 2.3 million tons below last year's production. The lower estimate is ostensibly due to both uneven distribution of rainfall in some of the major rice growing states like Uttar Pradesh, Bihar and Assam as well as floods in some states. Although the decline in *kharif* rice production is likely to be marginally offset by likely higher rice production in the *rabi* (winter season) crop because of improved irrigation availabilities, total rice production might fall short of last year's near record production of 91 million tons.

Despite Higher Procurement, Stocks Remain Low

Despite record rice procurement of 28.1 million tons in MY 2005/06 (Oct-Sep), which is 3.5 million tons above the MY 2004/05 procurement, government rice stocks on September 1, 2006 were 7.6 million tons compared with 6.4 million tons a year ago. The government has advanced the rice procurement operation for this marketing year to September 25, from the normal date of October 1, due to the early rice harvest in some states. The revised minimum support price for paddy for this marketing year is Rs. 6,200 (\$134.8) per ton for common varieties and Rs. 6,500 (\$141.3) per ton for Grade A.

WHEAT

Wheat Import Duty on Private Trade Abolished

Effective September 9, 2006, the government temporarily abolished the import duty on wheat imports by the private trade until December 31, 2006, to encourage private wheat imports. Although there are no firm estimates of 2006/07 wheat imports so far contracted by the private trade, trade estimates range from 550,000 tons to 1 million tons. According to some trade sources, at the prevailing high world price, there is no price parity between imported wheat and domestic wheat. Unless world prices fall or domestic wheat prices further strengthen, further large-scale imports are unlikely. Some trade sources believe that the government might further extend duty free imports beyond December 31, 2006, although the Agriculture Minister had recently stated that no further extension would be granted. Out of the total quantity of 5.5 million tons contracted by the government, about 1.5 million tons has reportedly arrived at various ports through September 30.

Wheat Planting Intentions Uncertain

Although prevailing strong domestic prices support increased wheat planting (which is ongoing), high temperatures and inadequate soil moisture conditions in the major wheat growing states of north India could be a negative factor. However, the non-irrigated wheat growing state of Madhya Pradesh, which received excellent late season rains, should benefit from excellent soil moisture conditions. The government has recently established a production target for 2007/08 of 75.5 million tons of wheat. However, the declining productivity in major wheat growing states such as Punjab and Haryana, and competition from other crops such as rapeseed/mustard and pulses would make achieving this target difficult. India's wheat production, after reaching a record level of 76 million tons in 2000, has fluctuated between 65.8 and 72.8 million tons.

Table 1: Commodity, Rice, Milled PSD Table

PSD Table										
Country	India									
Commodity	Rice, Milled									
	2004		Revised	2005		Estimate	2006		Forecast	UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		10/2004	10/2004		10/2005	10/2005		10/2006	10/2006	MM/YYYY
Area Harvested	42300	42300	42300	43400	43400	43400	44000	44000	44000	(1000 HA)
Beginning Stocks	10800	10800	10800	8500	8500	8500	10520	10520	10520	(1000 MT)
Milled Production	83130	83130	83130	91040	91040	91040	91000	90000	89000	(1000 MT)
Rough Production	124707	124707	124707	136574	136574	136574	136514	135014	133513	(1000 MT)
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666	6666	6666	6666	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	93930	93930	93930	99540	99540	99540	101520	100520	99520	(1000 MT)
MY Exports	4687	4687	4687	3800	4000	3800	4300	4000	4000	(1000 MT)
TY Exports	4687	4687	4687	3800	4000	3800	4300	4000	4000	(1000 MT)
Total Consumption	80743	80743	80743	85220	85020	85220	87500	86500	86000	(1000 MT)
Ending Stocks	8500	8500	8500	10520	10520	10520	9720	10020	9520	(1000 MT)
Total Distribution	93930	93930	93930	99540	99540	99540	101520	100520	99520	(1000 MT)
Yield (Rough)	2.948156	2.948156	2.948156	3.146866	3.146866	3.146866	3.102591	3.0685	3.034386	(MT/HA)