

Voluntary Report – Voluntary - Public Distribution

Date: December 17, 2020

Report Number: IN2020-0189

Report Name: INDIA - Grain and Feed Update - December 2020

Country: India

Post: New Delhi

Report Category: Agricultural Situation, Agriculture in the Economy, Grain and Feed, Agriculture in the News, Climate Change/Global Warming/Food Security, SP1 - Expand International Marketing Opportunities

Prepared By: Dr. Santosh K. Singh, Senior Agricultural Specialist and Mariano J. Beillard, Senior Regional Agricultural Attaché

Approved By: Mariano Beillard, Senior Regional Agricultural Attaché

Report Highlights:

The planting of the winter rabi crops for the Indian crop year (ICY) 2020/2021 (July-June) is ahead of last year due to a timely harvest of the kharif (fall harvested) crops, accompanied by optimal soil moisture conditions and adequate irrigation water availability. FAS New Delhi (Post) is raising slightly India's market year (MY) 2019/2020 rice export estimate to a record 12.6 million metric tons (MMT) based on the availability of revised official data. Post is similarly revising India's MY 2019/2020 wheat ending stocks to 24.7 MMT based on newly available official data.

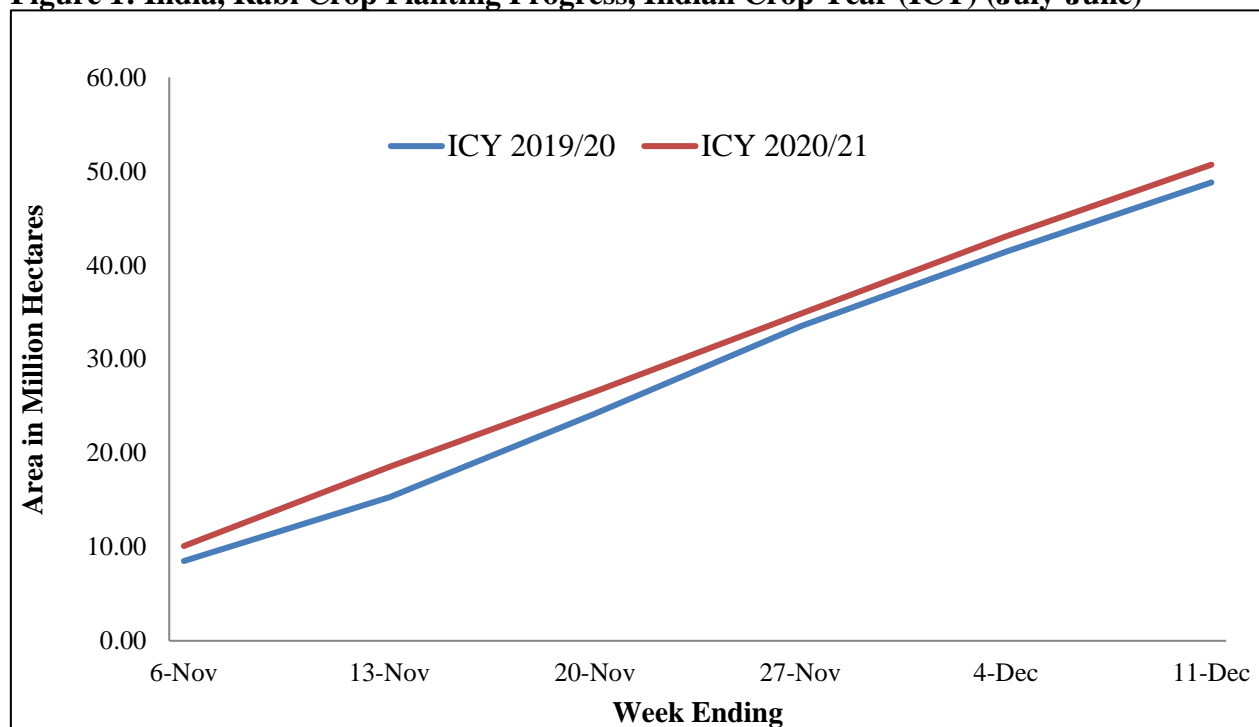
GENERAL INFORMATION:

Update on India's *Rabi* Plantings, Progress Steady

Thanks to the 2020 monsoon's timely retreat and well-timed harvest of the *kharif* (fall harvested) crops (i.e., rice, corn, other coarse grains, and pulses), planting of the *rabi* season (winter sown, spring harvested) crops commenced on time the third week of October under optimal soil moisture conditions and irrigation water availability. The 2020 monsoon rains arrived on time, improving ground water and reservoir water levels. Good rainfall amounts support the prospects for a higher *rabi* planting in the upcoming season.

Ongoing farmer agitation against the three new farm laws passed since the last week of November 2020 (see, GAIN-INDIA (IN2020-0184) India Farmer Demonstrations Continue Against Historic Agricultural Market Reforms – December 5, 2020) is unlikely to impact the overall planting prospect for *rabi* crops. Most of the protesting farmers are from India's northern states of Punjab, Haryana, and West Uttar Pradesh. These farmers completed planting of wheat, the major *rabi* crop, by mid-November, about 1-2 week ahead of normal. Agriculture operations in these states and other parts of the country is largely unaffected; protest is limited to the borders of Delhi, India's National Capital Region.

Figure 1: India, Rabi Crop Planting Progress, Indian Crop Year (ICY) (July-June)



Source: Government of India, [Ministry of Agriculture and Farmers Welfare](#), FAS New Delhi office research.

The Ministry of Agriculture and Farmers Welfare (MoAFW) estimates total area sown through December 11, 2020, at 50.7 million hectares (MHa) compared to 48.8 MHa planted at the same time last year.

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

Crop	ICY 2019/2020 Progressive Plantings (December 11, 2019)	ICY 2020/2021 Progressive Plantings (December 11, 2020)
Wheat	24.84	25.47
Rice	1.13	1.05
Pulses	11.97	13.06
Oilseeds	6.89	7.39
Coarse Cereals	3.99	3.74
Total	48.81	50.70

Source: Government of India (GOI), [Ministry of Agriculture and Farmers Welfare](#), FAS New Delhi office research.

Planting in the ongoing *rabi* season for wheat, pulses (i.e., gram, lentils, mung beans, and black eye beans) and oilseeds (rapeseed, mustard, and safflower) is significantly ahead of last year's plantings. However, plantings of rice and coarse grains such as corn, sorghum, and barley are lagging.

Field sources report that planting is now progressing well in most states and is likely to continue through mid-December 2020. Market sources report that planting of pulses and oilseeds are supported by high market prices. Wheat counts with assured returns, thanks to the Indian government's Minimum Support Program (MSP) prices and procurement, that supports plantings in the upcoming season.

In market year (MY) 2020/2021 (April-March), the government ensured that Indian wheat farmers confronted less coronavirus (COVID-19) pandemic outbreak lockdown restrictions while marketing the harvest (running from April through May) than other sectors of the economy. Record setting government procurement occurred in MY 2020/2021, thanks to the expansion in the number of procurements centers and the special relaxation for farmers on lockdown restrictions.

Winter temperatures this coming December through February, along with precipitation will be critical. Lower temperatures and scattered rains during the December-January period will support plant growth, and an extended winter in February-March months will help boost yield prospects.

GRAINS:

RICE

Table 2. India: Rice, Milled - Production, Supply and Demand

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Year Begins	Oct 2018		Oct 2019		Oct 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	44160	44160	43780	43780	44500	44500
Beginning Stocks (1000 MT)	22600	22600	29500	29500	29700	29700
Milled Production (1000 MT)	116480	116480	118426	118426	120000	120000
Rough Production (1000 MT)	174737	174737	177657	177657	180018	180018
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	147926	147926	149700	149700
MY Exports (1000 MT)	10420	10420	12487	12585	13500	13500
TY Exports (1000 MT)	9790	9790	13700	13700	13000	13000
Consumption and Residual (1000 MT)	99160	99160	105739	105641	106000	106000
Ending Stocks (1000 MT)	29500	29500	29700	29700	30200	30200
Total Distribution (1000 MT)	139080	139080	147926	147926	149700	149700
Yield (Rough) (MT/HA)	3.9569	3.9569	4.0579	4.0579	4.0453	4.0453

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 to December 2021
 (1000 HA), (1000 MT)

PRODUCTION:

Production Unchanged: FAS New Delhi (Post) estimates MY 2020/2021 (October-September) Indian rice production at a record 120 million metric tons (MMT), based on early government procurement trends and market arrivals of *kharif* (fall harvested) rice. Although the planting of *rabi* rice is behind last year's level in the southern states, due to delayed withdrawal of 2020 monsoon in the Peninsular coastal region, *rabi* rice planting is continuing now through early January 2021 in the eastern and southern states.

The *kharif* rice harvest is now almost over, except for some late sown rice in the eastern and southern states. Marketing of paddy (unmilled) rice is nearly over in the northern states of Punjab and Haryana but will continue through December in other states.

Government Procurement: The pace of Indian government procurement of MY 2020/2021 rice under the MSP system is ahead of last year's (reaching record levels) thanks to a timely harvest, relatively weak open market prices, and anticipated record harvest. Market year 2020/2021 rice procurement through November 24, 2020, was estimated at 15.6 MMT compared to 13.3 MMT during the corresponding period last year.

Table 3: India, Government Procurement, Rice by States (million metric tons)

State	MY 2018/19	MY 2019/20	MY 2019/20	MY 2020/21
Period	October-September	October-September	October 1-December 11	
Punjab	11.33	10.88	10.87	13.59
Andhra Pradesh	4.81	5.53	0.30	0.34
Telangana	5.19	7.45	1.53	1.80
Chhattisgarh	3.97	5.22	-	0.99
Odisha	4.45	4.80	0.40	0.47
Haryana	3.94	4.31	4.30	3.76
Uttar Pradesh	3.23	3.79	1.82	2.10
West Bengal	1.98	1.84	-	-
Madhya Pradesh	1.40	1.74	0.03	0.34
Tamil Nadu	1.29	2.20	0.04	0.36
Others	2.81	4.23	0.81	0.97
Total	44.40	52.00	20.11	24.72

Source: Government of India, Food Corporation of India.

Rice procurement in Punjab has rocketed to a record level on reports of aggressive procurement by the local state government. The opposition National Congress Party-controlled Punjab state government is seeking to appease farmers protesting the central government's new farm laws (passed by the upper house of parliament on September 20, 2020). The Government of India defends the farm legislations, claiming the reforms will transform Indian agriculture and attract private investment. My 2020/21 rice procurement in Punjab and Haryana was over by end of November. Procurement in other states, however, is anticipated to accelerate in December through January.

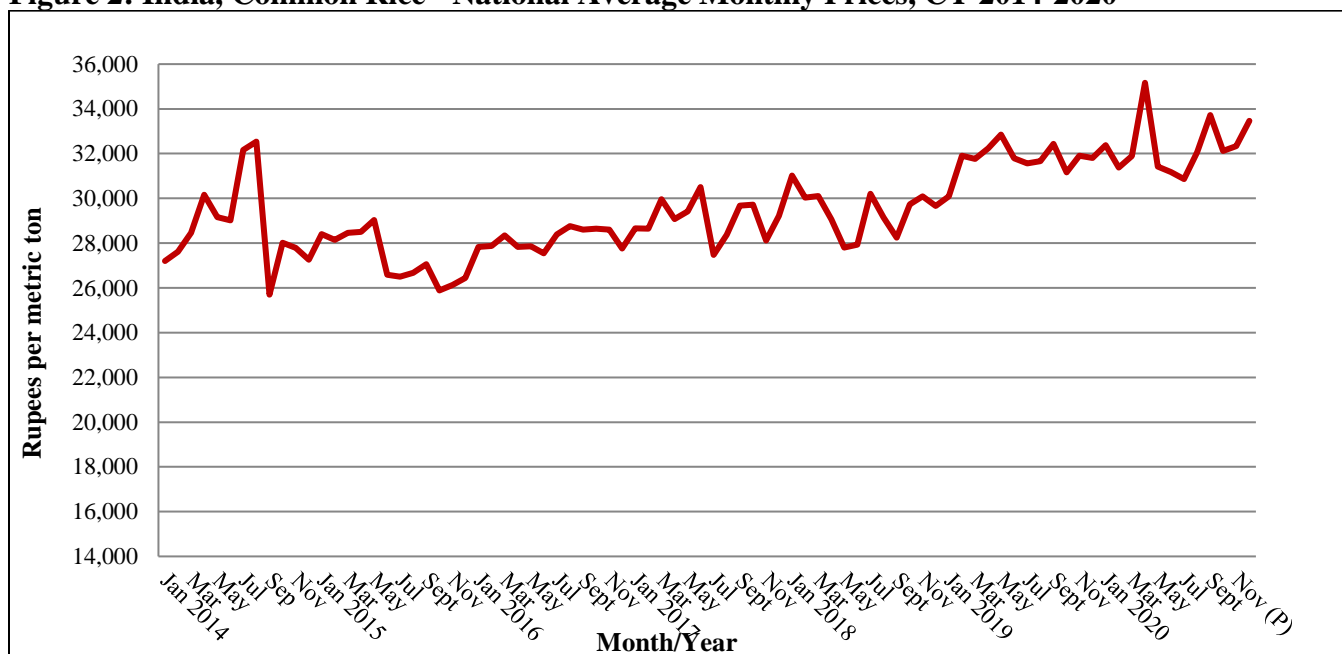
Market sources expect higher procurement levels in most states. Expectations are driven by reports of high production, coupled with weak open market prices due to the government releasing (April through November) high quantities of subsidized rice as part of its COVID-19 food relief program. Overall procurement levels will likely depend on open market price movements over the next three-quarters. Nonetheless, MY 2020/2021 rice procurement is anticipated to surpass last year's record volume of 52 million metric tons.

PRICES:

Domestic Prices: Common rice prices are set to improve in December on expected lower government release of rice through the public distribution system as the COVID-19 food relief program wraps up in November.

Average market prices during first half of December in the major rice producing states range from Indian rupees (INR) 23,750 to 31,200 (\$322 to \$424) per metric ton (MT); barely sufficient to cover milling cost at the government MSP price for unmilled paddy (INR 18,800 or \$255 per metric ton). Expected strong market arrivals are likely to keep prices under pressure over the next couple of months; future price movements will depend on the export demand and international prices. (FOREX: INR 73.65 to \$1.00).

Figure 2: India, Common Rice - National Average Monthly Prices, CY 2014-2020



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

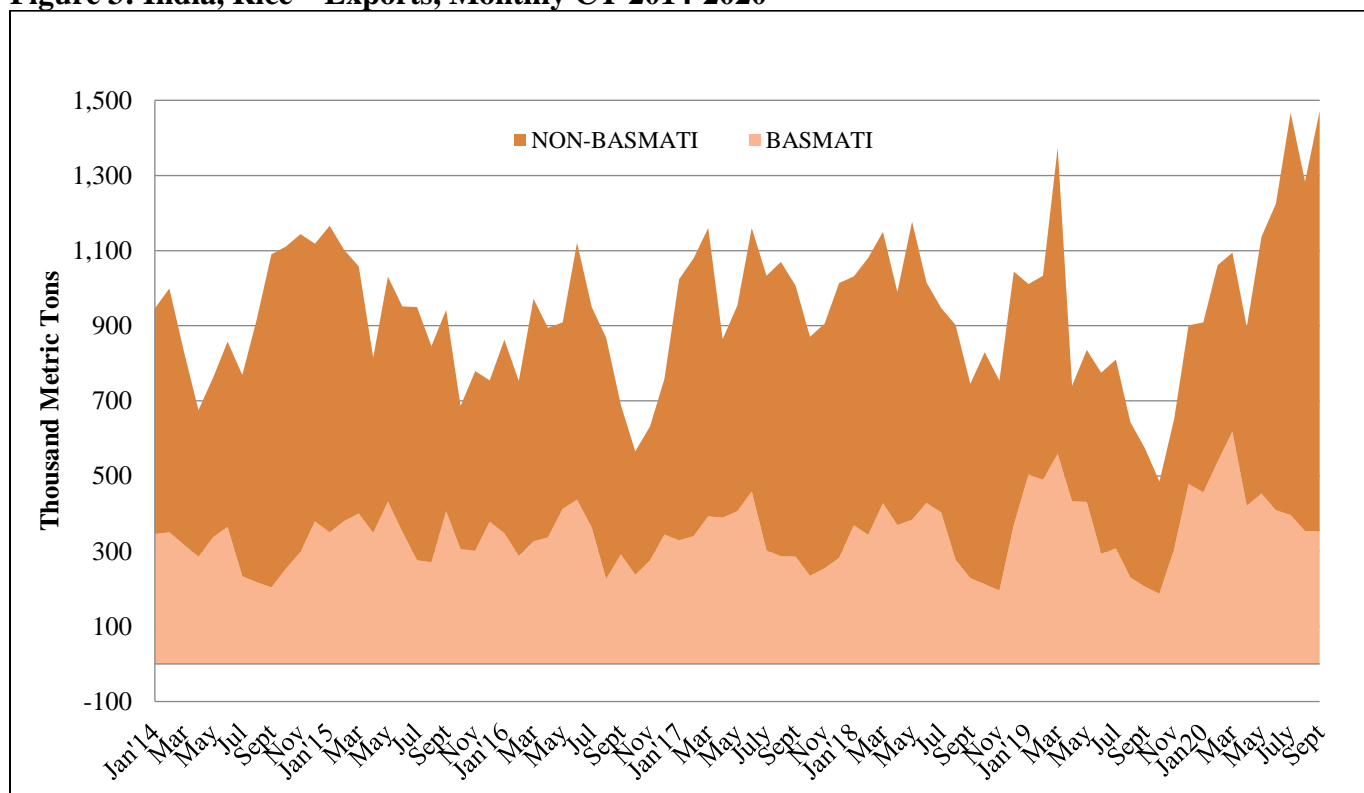
TRADE:

Exports Remain Strong: Based on the latest Indian official trade data available, Post's MY 2019/2020 rice export estimate is marginally raised up to a record 12.6 MMT due to continued strong exports.

Preliminary export figures for the first three quarters of calendar year (CY) 2020 (January-December) estimates India's rice exports at 10.5 MMT compared to 7.8 MMT during the same period last year. Rice exports have remained strong since the beginning of CY 2020, and particularly now in the last quarter, on relatively improved demand and competitive prices for non-Basmati rice.

Market sources report continued strong export demand for non-Basmati rice through the end of CY 2020 with exports set to reach 13.7 million metric tons. Despite the Indian rupee's value appreciating over the last few weeks, sources indicate that Indian rice continues to remain competitive in international markets. Assuming continued price parity for Indian rice with rice from other origins along with steady export demand, Post forecasts India's rice exports in MY 2020/2021 at 13.5 MMT and in CY 2021 at 13 million metric tons.

Figure 3: India, Rice – Exports, Monthly CY 2014-2020



Note: Monthly export figures through September 2020.

Source: Government of India, Ministry of Commerce and Industry's [Directorate General of Commercial Intelligence and Statistics](#).

WHEAT

Table 4. India: Wheat - Production, Supply and Demand

Wheat	2018/2019		2019/2020		2020/2021	
Market Year Begins	Apr 2018		Apr 2019		Apr 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	29651	29651	29319	29319	31450	31450
Beginning Stocks (1000 MT)	13230	13230	16992	16992	23991	24700
Production (1000 MT)	99870	99870	103600	103600	107592	107592
MY Imports (1000 MT)	17	17	20	20	25	25
TY Imports (1000 MT)	18	18	20	20	25	25
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	113117	113117	120612	120612	131608	132317
MY Exports (1000 MT)	496	496	509	509	1000	1000
TY Exports (1000 MT)	494	494	595	595	1000	1000
Feed and Residual (1000 MT)	5000	5000	6000	6000	6500	6500
FSI Consumption (1000 MT)	90629	90629	90112	89403	93000	93000
Total Consumption (1000 MT)	95629	95629	96112	95403	99500	99500
Ending Stocks (1000 MT)	16992	16992	23991	24700	31108	31817
Total Distribution (1000 MT)	113117	113117	120612	120612	131608	132317
Yield (MT/HA)	3.3682	3.3682	3.5335	3.5335	3.421	3.421

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

(1000 HA), (1000 MT)

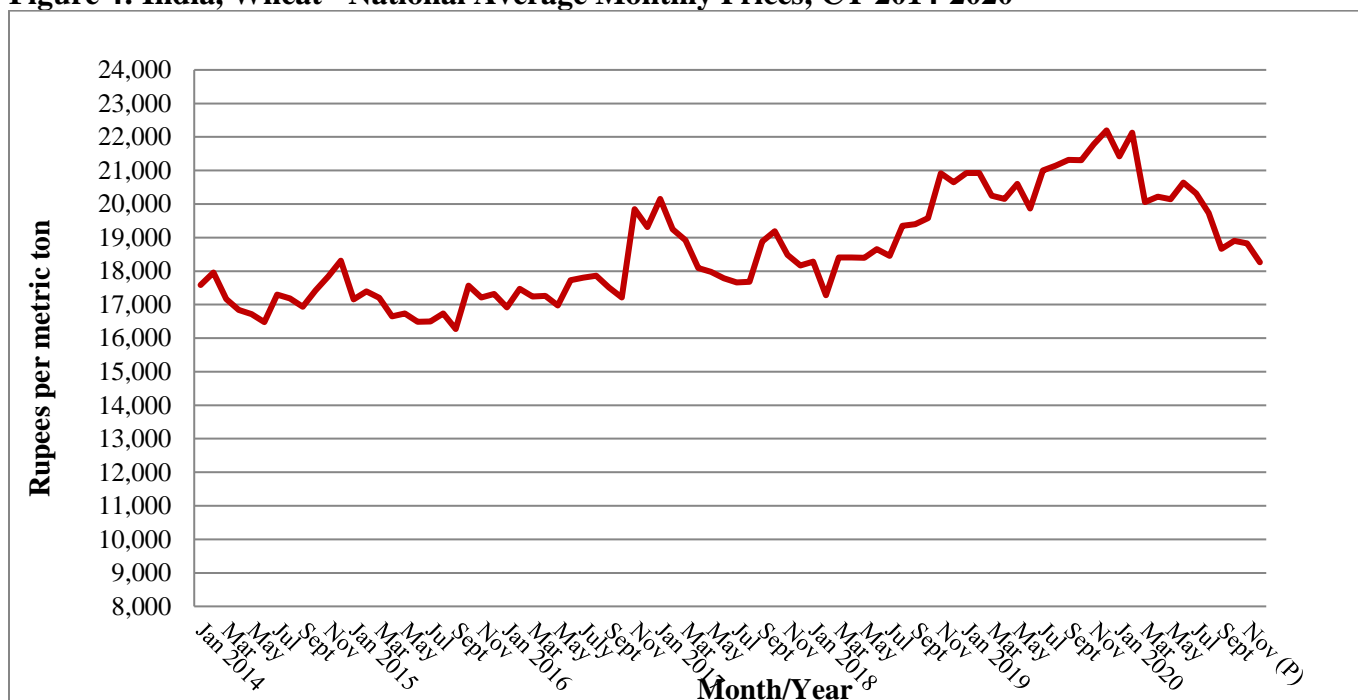
PRODUCTION:

No significant changes in India's production, supply, and demand statistics to report, except for the ending stocks figure being revised to reflect updated official data.

MY2020/2021 Production Unchanged: Post's MY 2020/2021 wheat production estimate is unchanged at a record 107.6 MMT based on prevailing market conditions. Domestic prices have eased below the government MSP prices in the major producing states. This strongly suggests that there are 'more-than-sufficient' domestic supplies.

Domestic Prices: Domestic wheat (open market) prices are declining steadily after the Indian government's MSP procurement operation concluded the first week of July 2020. The government had been releasing large volumes of locally procured rice and wheat under its COVID-19 food relief program. Slack demand from the COVID-19 affected hotels and restaurant sectors has also impacted prices. Currently spot prices for wheat in the major markets are ranging from INR 15,915 (\$215) to INR 16,725 (\$226) per metric ton, significantly lower than the government MSP price of INR 18,400 (\$249) per metric ton in MY 2020/2021, and INR 19,250 (\$260) announced for the upcoming MY 2021/2022 season. Prices are likely to remain weak for the remainder of the season, with the government possibly releasing additional wheat at subsidized prices to liquidate rising food grain stocks.

Figure 4: India, Wheat - National Average Monthly Prices, CY 2014-2020



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

MY 2021/22 Wheat Planting Progress: With the timely withdrawal of the 2020 southwest monsoon from north and central India, planting of the 2021 wheat crop commenced 10-15 days earlier than last few years. Farmers began planting wheat in northern states of Punjab and Haryana beginning the last week of October 2020; last year plantings commenced the first week of November. Wheat plantings in the other production states, however, commenced in the first week of November.

India's Ministry of Agriculture and Farmer Welfare as of mid-December 2020 estimates that some 25.6 million hectares have been planted, up by three percent compared to last year's 24.8 million hectares. Field sources report that the planting campaign will largely wrap up around the third week of December.

Field sources also indicate that wheat planting is progressing well in most of the production states under adequate soil moisture conditions. Despite weak prices, overall plantings will be slightly higher than last year's record planting of 31.5 million hectares. Nevertheless production prospects will hinge on winter rains (December-January) and temperatures during the critical crop growth stages when flowering, grain filling, and ripening occur (February-March), as well as with rains and/or high temperature during harvest (March-April).

TRADE:

MY 2020/2021 Exports Unchanged: Post MY 2020/2021 wheat exports estimate is unchanged and remains at 1.0 million metric tons. India exports wheat and some wheat products to neighboring countries by overland routes. Despite weak domestic prices, Indian wheat remains uncompetitive in the international market apart from market in neighboring Nepal and Bangladesh. Market sources report that the private trade contracted some 250,000 MT of wheat for export to Bangladesh during the September-November period when Indian wheat was competitive thanks to weak domestic prices and relatively firm international prices.

There are no government export incentives or export sales of government wheat export contracts. There are no new exports since the third week of November 2020 as international prices weakened and value of Indian rupee improved. Nonetheless, sources comment that Indian wheat is still available for export at \$275-278/MT (cost-and-freight). Wheat exports to Bangladesh could resume if domestic prices and/or the Indian rupee's value declines by 3-5 percent. Exports may again resume if the government announces an export incentive.

STOCKS:

MY 2020/21 Ending Stocks Raised: FAS New Delhi is revising up slightly the MY 2019/2020 wheat ending stock figure to 24.7 MMT based on revised [official wheat stocks estimates](#). Post is revising the MY 2019/2020 consumption figure down to 89.4 MMT and the MY 2020/2021 ending stocks number is raised to 31.8 MMT to account for the 2019/2020 ending stock increase.

CORN

PRODUCTION:

No significant changes in India's production, supply, and demand statistics to report.

Attachments:

No Attachments.