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POLICY

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Report Highlights:

Crop conditions for rice improved in August due to favorable rains as the monsoon recovered; Post's production forecast for 2012/13 rice is thus raised to 98 million metric tons (mmt). The government of India may sell up to 700,000 metric tons of 2012-crop wheat to Iran from its stockpiles. Export sales of government-owned wheat stocks via multinational traders are underway. The Ministry of Agriculture's unit for price policy has recommended freezing the wheat minimum support price for next season at the current level. The Ministry of Agriculture is examining options for promoting alternative crops to wheat and rice in Punjab and Haryana in light of ground water depletion in those states. Area planted to guar appears to have increased somewhat in 2012 in response to high international prices.

Wheat

Policy

The Commission for Agriculture Costs and Prices (CACP) of the Ministry of Agriculture, chaired by Dr. Ashok Gulati, has recommended that the minimum support price for wheat be left unchanged in the upcoming grain marketing year beginning April 1, 2013. The current MSP of 1,285 rupees per metric quintal (about \$242/metric ton) has led to accumulation of government-owned wheat stocks well in excess of India's food security needs, as well as short supplies on the private domestic market due to overbuying by the government. A final decision on the MSP for the 2013-2014 marketing year will be made by the union cabinet, however, and political pressures may well dictate some increase.

CACP also recommended release of 10 million metric tons (mmt) of wheat from central stocks before government procurement of rice begins in October, in order to free up storage space, with half of that quantity destined for export and half for release to domestic markets under the open market sales scheme (OMSS), on top of [3 mmt previously released](#) for open market sale. In response to that and to pressure from flour millers complaining of short wheat supplies on the domestic market, Minister of Consumer Affairs, Food, and Public Distribution K.V. Thomas has [proposed](#) to the Cabinet Committee on Economic Affairs sale of an additional 3 mmt to domestic users through the end of the fiscal year (March 31, 2013), all of it via OMSS. If Minister Thomas' proposal should be approved, the total volume of government wheat to be released under the open market sales scheme through March 31, 2013, would reach 6 mmt. By the end of August 1.3 mmt of government wheat had been sold via the OMSS at tender, with another 1 mmt due to be sold in September.

A decision on whether to export additional wheat quantities will likely remain in abeyance pending the final outcome of the *kharif* production season.

Table 1. India: Minimum Support Price of Wheat

Year	rupees /metric quintal
2007-08	750
2008-09	1,000
2009-10	1,080
2010-11	1,100
2011-12	1,120 +Rs 50 bonus
2012-13	1,285

Minister of Agriculture Sharad Pawar [plans to meet](#) with the state governments of

Punjab and Haryana the third week of September to explore introduction of alternative crops, including pulses, oilseeds, forage, fruits and vegetables due to depletion of static ground water in those two states.

The Ministry of Consumer Affairs, Food, and Public Distribution [announced](#) on August 14 progress achieved to date on plans to build 18.1 mmt of additional grain storage capacity in 19 states. About 9.7 mmt of storage is under construction under terms of tenders won by private firms, and construction of 2.96 mmt of storage has already been completed by the government-owned Central Warehousing Corporation, state warehousing corporations, state agencies, and private firms.

Trade

Media reports indicate India may export to Iran nearly 700,000 metric tons of 2012 *rabi* wheat from government stocks against the rupee account created by export sales of Iranian petroleum to India. Due to Iranian concerns about Karnal bunt, the Food Corporation of India (FCI) has tested samples prior to approving the sale and limited origination to Madhya Pradesh state, which is free of Karnal bunt. According to Indian media, 198,000 metric tons of wheat from Hoshangabad, Sehore, Vidisha, Harda, Gwalior, Bhopal, Jabalpur and Ujjain districts will be exported in the near term, while another 500,000 may be shipped later. Media reported August 30 that Indian Prime Minister Manmohan Singh urged Iranian Supreme Leader Ayatollah Ali Khamenei to import more Indian wheat during Dr. Singh's August visit to Teheran.

Export sales of government wheat by government companies under the program announced in July to move 240,000 metric tons got underway in earnest in August. A July tender by parastatal [MMTC Ltd.](#) for export of 50,000 mt of FCI-owned wheat drew six bids by the August 3 close, with offers ranging from \$265 to \$280 per metric ton. A July 25 [tender](#) by parastatal [PEC](#) that closed August 16 garnered 12 bids; J.K. International had the high bid at \$308 per ton for 40,000 mt. On August 3, 40,000 metric tons of wheat was made available in a parastatal [State Trading Corporation](#) (STC) [tender](#) from Food Corporation of India stocks warehoused in Chennai. The tender closed August 24. Ten grain trading houses bid. The highest bid was reportedly \$311.11 per metric ton fob Chennai by Emmsons Gulf, according to media reports. The week of August 20, parastatal enterprise MMTC Ltd. received two bids for a 35,000-ton wheat export tender. Reportedly Louis Dreyfus bid \$301.10 per metric ton and Glencore \$293 per metric ton. On August 24, MMTC Ltd. received five bids for 30,000 mt of wheat to be exported from Vizag port, with the highest bid of \$302 from Cargill.

PEC let a [tender](#) August 13 to export 125,000 mt of wheat from Kandla port in Gujarat, and another [tender](#) August 23 to export 120,000 mt of wheat from

Krishnapatnam port in Andhra Pradesh between October 1 and November 10. The Kandla tender closes September 3 and the Krishnapatnam tender September 13. On August 29, MMTC Ltd. let a [tender](#) for export of 35,000 metric tons of wheat from FCI stocks at the port of Visakhapatnam. This tender closes September 13. An STC [tender](#) for 200,000 tons to be exported from FCI stocks in Mundra port closes September 9.

These tenders are part of an effort to reduce Indian government grain stocks, and come under the July 4, 2012, [announcement](#) of intent to export two million tons of wheat from government stocks through March 2013. Please see [GAIN report IN2015](#) for a list of previous tenders under this announcement.

Prices

Domestic wheat prices rose sharply in August, by nearly 10 percent over July's average price, as millers scrambled for supplies. Flour mills across India complained of short supplies, and wheat prices reportedly exceeded 2,000 rupees per metric quintal (over \$360/mt) in Karnataka and Tamil Nadu. The president of the Karnataka Roller Flour Mills Association held a press conference August 27 to announce that up to half of the flour mills in that state would shut down imminently due to a lack of wheat if the Indian government did not act.

The high minimum support price offered for *rabi* wheat had led last spring to large government procurements, removing much wheat from the open market. This has left mills dependent on the parastatal Food Corporation of India for wheat supplies.

Table 2. India: Wheat Prices, Wholesale, in rupees per metric quintal

State	Prices August,	Prices July, 2012	Prices August,	% Change (Over	% Change (Over
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	2012		2011	Previous Month)	Previous Year)
Andhra Pradesh	2031.03	1192.79	1571.11	70.28	29.27
Assam	1387.10	1321.51	1070.36	4.96	29.59
Chattisgarh	1347.21	1233.81	1143.27	9.19	17.84
Gujarat	1689.76	1590.20	1190.16	6.26	41.98
Haryana	1319.92	1128.95	1121.39	16.92	17.70
Jharkhand	1428.89	1448.42	1413.30	-1.35	1.10
Karnataka	1731.85	1604.33	1618.03	7.95	7.03
Kerala	2416.67	2359.09	2250.26	2.44	7.40
Madhya Pradesh	1484.96	1302.24	1098.53	14.03	35.18
Maharashtra	1832.20	1746.49	1558.52	4.91	17.56
Nagaland	1452.34	1290.63		12.53	
NCT of Delhi	1397.49	1252.50	1140.35	11.58	22.55
Orissa	1348.96	1435.96	1487.47	-6.06	-9.31
Punjab	1286.26	1284.83	1121.96	0.11	14.64
Rajasthan	1501.15	1345.87	1086.34	11.54	38.18
Uttar Pradesh	1306.00	1162.87	1087.82	12.31	20.06
Uttrakhand	1288.74	1221.58	1131.16	5.50	13.93
West Bengal	1233.61	1111.92	1093.70	10.94	12.79
Average	1526.90	1390.78	1304.93	9.78	17.01

Source: Department of Agriculture & Cooperation, Ministry of Agriculture
Exchange rate as of August 30, 2012, INR 55.3 = \$1.00

Rice

Increased [rainfall](#) in the first three weeks of August across much of western India improved the crop outlook for *kharif* (July-September monsoon-season) rice production, as a result of which Post raises its production estimate from 94 to 98 mmt. Despite continued deficiency of rainfall in Punjab (55 percent lower-than-normal rainfall as of August 29) and Haryana (-42%), rice condition is generally excellent in those states due to widespread use of irrigation. Sowing and transplanting of rice in irrigated areas were carried out on schedule due to the strong economic incentive of the [minimum support price](#), which was announced far enough in advance of sowing this year to influence planting decisions. Due to the lower rainfall in western India, disease and pest pressure has been lower than usual, further improving crop conditions. Total [area planted](#) to *kharif* rice as of August 31 was 34.71 million hectares (mha), up from 32.92 the week prior.

The major impact of the reduced monsoon on rice is felt in rainfed areas, particularly Karnataka (-31% rainfall in the north, -22% in the south), western Maharashtra (-39% in the east to -29% in the west) and Gujarat (-46% in the east to -79% in the west). The Ministry of Agriculture's Crop Weather Watch

Group reported at its August 17 meeting, "[Contingency plans](#) for sowing of alternate crops in rainfall deficit areas have been prepared and shared with the States and are being rolled out in Karnataka, Maharashtra, Gujarat and Rajasthan." Alternate crops include pulses, millet, corn, safflower, sunflower, and short- to medium-season rice varieties.

Karnataka

Rice planting in Karnataka has been slow, with only 4.5 million hectares (mha) sown to rice against 7.47 mha normally planted. Most rainfed area planted in June and July withered due to drought and as a result an estimated 2.5 to 2.7 mha is being replanted. Yields will be down, and 2012/13 production in Karnataka is officially forecast at 10.5 mmt, 15 percent below the previous year's level of 12.4 mmt. About 75% of rice area in this state is irrigated.

Andhra Pradesh

Sowing has lagged in Andhra Pradesh with 1.47 mha planted by mid-August compared to 1.75 mha at the same time in 2011, a drop in area of 16%. Yields are not expected to be affected severely due to good rains in August that have improved soil moisture levels; in addition, 97% of rice in this state is irrigated. Some irrigation water shortages may occur over the season due to reduced surface water availability, however, as the headwaters of Andhra Pradesh's rivers are in drought-stricken Karnataka and Maharashtra.

Punjab

As of August 17 area planted to *kharif* rice in Punjab was up slightly compared to 2011, at 3.08 mha versus 2.91 mha the year prior. The cost of production will be significantly higher for farmers forced to rely on Diesel-powered water pumps for irrigation from tube wells, owing to the reduced rainfall, but yields and thus production are expected to exceed 2011's on slightly higher area coupled with lower pest and disease pressure and better pollination during flowering. In addition, basmati rice planting is reportedly down significantly from the 2011 level; since non-basmati rice enjoys higher yields, this will tend to boost output. Some paddies have been infested by leaf rollers but those have been contained by timely application of pesticides, and no other serious biotic stresses have been reported.

Maharashtra

As of the last week of August, Maharashtra reported 1.41 mha planted to rice, compared to 2011's 1.5 mha and a target of 1.52 mha. Area under pulses and cotton is up significantly, and overall area planted to *kharif* crops is up slightly, indicating that sowing of rice is effectively over for this season. Since only 26 percent of rice in this state is under irrigation, the drought has affected yields more severely in Maharashtra than in Punjab or Haryana. Disease and pest pressure is lower than usual due to the drought.

Gujarat

As of mid-August, rice planting was complete on 523,000 hectares, versus 741,000 in 2011, a drop of about 30 percent. About 63% of Gujarat's normal rice area is under irrigation.

Haryana

Area planted to *kharif* rice is estimated at 1.062 mha versus last year's figure of 1.235 mha, a drop of 14 percent. Virtually all rice in Haryana is irrigated.

West Bengal

The West Bengal government reported that as of August 17, rice had been planted on 3.45 mha, short of the target of 4.29 mha, and was projecting an outturn of 8.6 mmt, less than the 11 mmt expected if normal rainfall patterns had prevailed. This reduction in area planted was attributed to late transplanting of rice in West Bengal due to the late harvest of the preceding jute crop. While West Bengal may be able to make up the shortfall before the end of the Indian fiscal year through increased rice area in the upcoming winter monsoon period, calendar year 2012 output will be down.

Trade

Table 3. India: Rice Exports, June and July 2012, by type

Year	Basmati		Non-Basmati	
	million metric tons	million dollars	million metric tons	million dollars
June 2012	0.342	330.75	0.521	204.83
July 2012	0.307	303.26	0.472	180.94

Source: Directorate General of Commercial Intelligence & Statistics (DGCIS) and Customs Data.

Prices

Indian rice for export remains price-competitive, with Indian common rice varieties ranging from \$375 to \$435 per ton FOB at the end of August. Domestic prices in rupees were generally up in August relative both to the month and the year prior, but in line with the overall rate of inflation.

Table 4. India: Aggregate Rice Prices, Wholesale, in rupees per metric quintal

State	Prices August, 2012	Prices July, 2012	Prices August, 2011	% Change (Over Previous Month)	% Change (Over Previous Year)
Andhra Pradesh	1869.43	1868.86	2017.86	0.03	-7.36
Arunachal Pradesh			3100.00	—	—
Assam	2336.42	2377.99	2508.24	-1.75	-6.85
Gujarat	2407.72	2362.84	2028.34	1.90	18.70
Haryana	1704.00			—	—
Jammu and Kashmir	4519.40	3139.15		43.97	—
Jharkhand	2281.78	2245.87	2168.54	1.60	5.22
Karnataka	2798.01	2484.15	2086.04	12.63	34.13
Kerala	2680.24	2635.60	3049.37	1.69	-12.11
Madhya Pradesh		1419.96	1080.00	—	—
Maharashtra	4173.07	4019.21	4665.75	3.83	-10.56
Manipur			2484.85	—	—
Meghalaya	3044.32	2918.71	2242.76	4.30	35.74
NCT of Delhi	1710.00	1700.00	1704.65	0.59	0.31
Orissa	1890.76	1888.07	2237.93	0.14	-15.51
Rajasthan	2225.00	2930.00	946.59	-24.06	135.05
Tripura		1854.24	2045.31	—	—
Uttar Pradesh	1665.00	1618.69	1540.62	2.86	8.07
Uttarakhand	1812.86	1585.22	1532.62	14.36	18.29
West Bengal	1964.25	1927.78	1930.69	1.89	1.74
Average	2442.64	2292.73	2187.23	0.65	11.67

Source: Department of Agriculture & Cooperation, Ministry of Agriculture
Exchange rate as of August 30, 2012, INR 55.3 = \$1.00

Table 5. India: Rice Prices, Wholesale, By Variety, By State, in rupees per metric quintal

Variety	Prices August, 2012	Prices July, 2012	Prices August, 2011	% Change (Over Previous Month)	% Change (Over Previous Year)
Andhra Pradesh					
B P T	2872.71	2825.58	2090.27	1.67	37.43
Other			1918.30	—	—
Rice Floor	1695.24	1200.00		41.27	—
Sona	1996.40	1828.89	2500.00	9.16	-20.14
Sona Fine	3285.29	2954.35	2018.44	11.20	62.76
Sona Mansoori Non Basmati		1900.00	1760.00	—	—
Fine			2650.00	—	—
Boiled Rice	1960.00	1750.00		12.00	—
1009 Kar		1750.00		—	—
AP Raw Rice-1001	1778.44	1750.57	1881.52	1.59	-5.48
BT Sona	2800.00		2270.00	—	23.35
Sona Medium		2437.84		—	—
Assam					
Other	1779.29	1734.87	1676.36	2.56	6.14
Coarse	1624.38	1646.78	1667.53	-1.36	-2.59
Fine	2464.98	2492.59	2633.47	-1.11	-6.40
Fine(Basmati)	2897.64	2883.47	2850.00	0.49	1.67
Medium	1396.83	1323.62	3579.31	5.53	-60.97
Super Fine	3494.96	3565.89	4280.74	-1.99	-18.36
Coarse (I.R.20)			1630.11	—	—
Broken Rice			3200.00	—	—
Gujarat					
Other	3125.23	3119.99	2439.40	0.17	28.11
Fine	2799.15	2703.37	2219.01	3.54	26.14
Masuri	2092.07	2032.91	1909.56	2.91	9.56
Parmal	2053.12	2030.41	2021.43	1.12	1.57
IR-8	2100.00	2100.00	1674.32	0	25.42
Jharkhand					
Other	1981.38	2002.74	1950.76	-1.07	1.57
Coarse	1845.27	1804.1	1732.14	2.28	6.53
Fine	2825.07	2745.05	2665.50	2.92	5.99
Medium	2293.79	2310.48	2191.20	-0.72	4.68
Boiled Rice			2142.12	—	—
Motta (Coarse) Boiled	1525.19	1538.24	1824.77	-0.85	-16.42
Suvarna Medium	2200.00	2212.31	2098.67	-0.56	4.83
Karnataka					

Other	2030.70	2400.95	2431.85	-15.42	-16.50
Sona	3172.91	3045.44	2357.28	4.19	34.60
Sona Fine	3294.18	3169.42		3.94	—
Coarse	1908.92	1736.70	1487.47	9.92	28.33
Fine	3700.42	3284.05	2818.03	12.68	31.31
Medium	3250.10	2746.25	2375.21	18.35	36.83
Masuri	2800.00		2600.00	—	7.69
CR 1009 (Coarse) Boiled	3312.47	3485.18	2983.79	-4.96	11.02
Hansa	2195.13	2119.42	1416.27	3.57	54.99
IR-8	2270.00	2217.63	1900.00	2.36	19.47
Jaya	2529.25	2596.67	1983.00	-2.60	27.55
Kachha Basmati	2311.58	2323.68	1200.00	-0.52	92.63
Kattasambar	2370.00	2301.01	2240.00	3.00	5.80
Pusa Basmati Raw (Old)	2600.00	2284.39	1809.78	13.82	43.66
Pusa Basmati Sela (Old)		2020.00	1723.75	—	—
Rajahamsa		1994.29	1732.06	—	—
Basumathi			6000.00	—	—
Coarse (I.R.20)		2200.00	1532.50	—	—
Dappa	1880.02	1816.41	1700.00	3.50	10.59
Govt. Quality	2950.00		2800.00	—	5.36
IR 20	2450.81	2116.16	1563.42	15.81	56.76
Pusa Basmati Raw (New)	3039.36	2864.79	2370.50	6.09	28.22
Tallahamsa (Bilihamsa)			1520.00	—	—
Broken Rice	1438.53	1303.35	1082.93	10.37	32.84
IR 20 Fine Raw			1517.93	—	—
Sarbati Raw	2390.73	2252.32	1472.27	6.15	62.38
Kerala					
Other	2619.73	2494.92	2270.78	5.00	15.37
Boiled Rice	1828.73			—	—
IR-8	2224.07	2381.71	1935.65	-6.62	14.90
Jaya	2238.42	2521.77	2118.47	-11.24	5.66
Basumathi	5595.30	5980.73	5137.71	-6.44	8.91
Ponni	2232.44	2581.13	2212.52	-13.51	0.90
White Parboiled	2437.50	2423.26		0.59	—
Basmati Charmi			5400.00	—	—
Kesari (Coorg)			1800.00	—	—
Mataa Parboiled	3037.50	2161.49		40.53	—
AP Raw Rice 5293	2121.88	2237.21		-5.16	—
Basmati Super Kohinoor			10300.00	—	—
Basmati Trophy			6200.00	—	—

Ponni Fine Raw	2453.12			—	—
Madhya Pradesh					
Other		1419.96	1080.00	—	—
Manipur					
Other			2484.85	—	—
Meghalaya					
Other	3044.32	2918.71	2242.76	4.30	35.74
Orissa					
B P T	1800.00	1687.50		6.67	—
Other	1852.28	1862.08	1831.47	-0.53	1.14
Sona Mansoori Non Basmati	2036.28	2003.29	1672.49	1.65	21.75
Coarse	2150.57	1483.29	1451.90	44.99	48.12
Fine		1645.45	2011.38	—	—
Masuri	1774.90	1876.92		-5.44	—
Boiled Rice	1488.89	1800.00	1972.87	-17.28	-24.53
Basumathi			3271.79	—	—
1009 Kar	1550.00	1731.10	2547.87	-10.46	-39.16
Alur Sanna			1587.18	—	—
Sona Raw New	2539.53	2431.06	1786.60	4.46	42.14
Govt. Quality			2200.00	—	—
Milled	1600.00		1700.00	—	-5.88
Broken Rice	1144.44	1152.94	1158.73	-0.74	-1.23
Rajasthan					
Other			946.59	—	—
Coarse	1575.00	1650.00		-4.55	—
Fine	2875.00	3460.00		-16.91	—
Super Fine		3680.00		—	—
Tripura					
Other		1575.72	1860.96	—	—
Fine		2178.42	2357.55	—	—
Medium			2075.60	—	—
Masuri		1834.22	1944.49	—	—
Uttar Pradesh					
Other	1655.64	1623.64	1547.47	1.97	6.99
Coarse	1561.45	1533.12	1589.66	1.85	-1.77
IR-8	1751.49	1731.30	1738.55	1.17	0.74
Coarse (I.R.20)			1416.40	—	—
III	1728.54	1618.25	1490.52	6.82	15.97
Uttrakhand					
Other	1933.57	1609.91	1532.62	20.10	26.16
Coarse	1494.56	1500.00		-0.36	—
Super Fine	1700.81	1582.81		7.46	—
West Bengal					
Other	1826.22	1856.12	1815.32	-1.61	0.60

Sona	1662.47	1595.81	1600.00	4.18	3.90
Sona Fine	1775.00			—	—
Sona Mansoori Non Basmati	1719.01	1663.40	1731.02	3.34	-0.69
Coarse	1717.15	1667.51	1624.24	2.98	5.72
Fine	2042.28	1979.86	2003.76	3.15	1.92
Fine(Basmati)	3031.55			—	—
Medium			1886.99	—	—
Super Fine	2799.76	2695.84	2694.72	3.85	3.90
Masuri	2412.58	2074.76	2117.16	16.28	13.95
Coarse (I.R.20)	1900.00	1877.87	1700.00	1.18	11.76
H.Y.V.	1937.76	1855.32	1885.93	4.44	2.75
Ratnachudi (718 5-749)	2106.23	2082.61	1825.43	1.13	15.38
Sona Coarse	1879.18	1853.21	1834.04	1.40	2.46
Arunachal Pradesh					
Boiled Rice			3100.00	—	—
Jammu and Kashmir					
Super Fine	3125.08	3139.15		-0.45	—
Basmatibar (Raw/Old)	6006.71			—	—
Maharashtra					
Other	5003.98	4702.88	6215.04	6.40	-19.49
1009 Kar	3569.92	3453.24	3261.90	3.38	9.44
NCT of Delhi					
Parmal	1710.00	1700.00	1704.65	0.59	0.31
Haryana					
Other	1704.00			—	—
Average	1935.91	2226.23	2288.16		

Source: Department of Agriculture & Cooperation, Ministry of Agriculture
Exchange rate as of August 30, 2012, INR 55.3 = \$1.00

Table 6. India: Rice Production, Supply and Distribution

Rice, Milled India	2010/2011	2011/2012	2012/2013	
	Market Year Begin: Oct 2010	Market Year Begin: Oct 2011	Market Year Begin: Oct 2012	
	USDA Official	USDA Official	USDA Official	New Post
Area Harvested	42,860	44,100	43,000	43,000
Beginning Stocks	20,500	23,500	26,000	26,000
Milled Production	95,980	104,320	98,000	98,000
Rough Production	143,984	156,496	147,015	147,015
Milling Rate (.9999)	6,666	6,666	6,666	6,666
MY Imports	0	0	0	0
TY Imports	0	0	0	0
TY Imp. from U.S.	0	0	0	0
Total Supply	116,480	127,820	124,000	124,000
MY Exports	2,774	8,000	7,000	7,000
TY Exports	4,637	8,000	6,500	6,500
Consumption and Residual	90,206	93,820	95,000	95,000
Ending Stocks	23,500	26,000	22,000	22,000
Total Distribution	116,480	127,820	124,000	124,000
1000 HA, 1000 MT, MT/HA				

Stocks

Table 7. India: 2012 Food Grain Stocks in Central Pool, as of the first day of the month, million metric tons

Commodity	Jan	Feb	March	April	May	June	July	Aug
Rice	29.718	31.826	33.178	33.350	32.923	32.148	30.708	28.503
Wheat	25.676	23.425	21.255	19.952	38.194	50.169	49.808	47.526
Coarse Grains	.095	.095	.093	.093	.094	.094	.053	.076
Total	55.489	55.346	54.526	53.395	71.211	82.411	80.569	76.105

Source: Food Corporation of India, <http://www.fciweb.nic.in/upload/Stock/6.pdf>

Pulses

Minister of Consumer Affairs, Food and Public Distribution K.V. Thomas informed Parliament in August that lower area planted to *kharif* pulses may reduce production, which would lead to higher imports. Minister Thomas declined to speculate by how much imports of pulses might rise, however

Area under *kharif* pulses as of August 24 was 8.83 mha, versus 9.97 mha during the same week in 2011 and the five-year average of 9.94 mha.

Guar

Guar (*Cyamopsis tetragonoloba*), also known as cluster bean or gowar, is an edible bean that until a year ago was a minor crop grown in India primarily as camel and cattle feed in the state of Rajasthan, and as a nitrogen-fixing legume to improve soil fertility. Small quantities of a mucilage processed from the guar bean, guar gum, were exported, mainly for use as a thickener in the food processing industry. In calendar 2011, however, guar emerged as India's largest agricultural export to the United States, with sales of \$915 million to that destination, most of it for use as a gelling agent (viscosifier) or surfactant in hydraulic fracturing of subsurface shale for extraction of petroleum and natural gas ("fracking"). As a result of increased demand in the United States for guar gum, spot guar bean prices spiked to a high of INR 320,000 (over \$6,000) per metric ton in May 2012, before subsiding to the current level of INR 120,000 (approximately \$2,250) per metric ton.

A desert crop, guar bean is produced in areas featuring sandy soils with limited rainfall. Guar is normally planted in arid zones in July, immediately after the first rain of the *kharif* (summer monsoon) season, though it can be planted through the end of August for late November harvest at the cost of reduced yields. Guar offers to producers a highly favorable cost of production with moderate risk of crop failure, hence is popular as a forage crop for livestock in marginal areas. Expansion of area under guar in areas with sandy soils and limited rainfall comes at the expense of other crops, most usually irrigated cotton. Guar planting in India has been facilitated through distribution of free guar seed by B.D. Agarwal, managing director of [Vikas WSP](#), India's largest processor of guar gum. He has reportedly given 2,000 tons of free guar seed to 250,000 farmers this season.

Guar is harvested after about 90 days. Because of its short duration and this year's high prices offered for guar beans, some farmers plan to plant a second crop on the heels of the October harvest, though previous experiments at second guar crops during the winter monsoon have reportedly suffered from very low yields.

Guar is known to have been produced in the states of Rajasthan, Haryana, Gujarat, Punjab, Uttar Pradesh, Madhya Pradesh, Tamil Nadu, Maharashtra, Karnataka, and Andhra Pradesh. The dominant producers are Rajasthan, Haryana and Gujarat. Some historical state-level area, yield and production data are available for Rajasthan, Haryana, Gujarat, Punjab, and Uttar Pradesh. The following Tables 8 and 9 reproduce available published data on and current estimates of guar bean area, yield and production in major production states in India. Recent state-level guar area and production data are not available for other states than those listed, as production volumes in other states have to now been negligible. Given the price incentive of guar beans in 2012, however, other states may become more significant producers this season as well. As of mid-August, area in Rajasthan planted to guar was officially reported at 2.66 mha, up by 2

percent over the same time in 2011, but there were conflicting reports from private traders claiming that planting was up by 50 percent over the year prior.

Table 8. India: Area Planted to Guar Bean, in thousand hectares, selected states of India

	2011 Final	2012 Estimate
Rajasthan	3,094	3,100
Punjab	n/a	20
Gujarat	124.6	178
Haryana	215	341
TOTAL	n/a	3,639

Sources: Department of Agriculture of Rajasthan, Department of Agriculture of Punjab, Gujarat Department of Agriculture and Cooperation, Department of Agriculture of Haryana, FAS Delhi estimates

Guar bean yields vary widely. At the statewide level, Punjab unofficially expects about 1.5 metric tons per hectare in 2012. In 2011, Haryana's average yield was 1.35 mt/ha; in Gujarat the average yield was 590 kg/ha and in Rajasthan 597 kg/ha. Within Rajasthan, 2011 yields varied from a low of 261 kg/ha in Barmer District to a high of 1,284 kg/ha in Bharatpur District. The major determinants of yield are timing and volume (neither too little nor too much) of precipitation. Applying statewide average yields for 2011 to estimated planted area in 2012, one can derive a rough current-year guar bean production estimate for major producing states as follows:

Table 9. India: Guar Bean Estimated Area, Yield and Production, selected states of India, 2012

State	Area (1,000 hectares)	Yield (mt/ha)	Production (1,000 mt)
Rajasthan	3,100	0.6	1,860
Punjab	20	1.5	30
Gujarat	178	0.6	107
Haryana	341	1.3	443
Uttar Pradesh	1	1.0	1
TOTAL	3,639	0.7	2,441

Sources: Official statistics of state departments of agriculture, press reports, and FAS New Delhi estimates.

Table 10. India: Guar Bean Area, Yield and Production, 1997-2009, selected states¹

	Area (1,000 hectares)	Yield (kg/ha)	Production (1,000 mt)

1997-98	2,301.2	418	962.7
1998-99	1,922.1	254	488.5
1999-00	2,933.9	128	375.1
2000-01	3,497.4	188	658.8
2001-02	2,903.1	375	1,089.9
2002-03	974.1	208	202.6
2003-04	2,854.0	530	1,513.4
2004-05	2,867.4	315	903.3
2005-06	2,955.5	358	1,059.0
2006-07	3,343.7	350	1,169.3
2007-08	3,471.6	515	1,788.5
2008-09	3,862.5	501	1,935.8
2009-10	2,989.6	198	593.1

Source: India Stats (www.indiastats.com) based on information from the Indian Ministry of Agriculture

¹ These official data include only Rajasthan, Haryana, Gujarat, Punjab and Uttar Pradesh, and exclude other known producing states.

Table 11. India: Guar Prices, Wholesale, in rupees per metric quintal

State	Prices August, 2012	Prices July, 2012	Prices August, 2011	% Change (Over Previous Month)	% Change (Over Previous Year)
Andhra Pradesh			3954.13	—	—
Gujarat	2050.07	3055.45	3056.26	-32.9	-32.92
Haryana	12546.57	14651.16	4272.14	-14.36	193.68
Karnataka	1895.35	1811.99		4.6	—
Madhya Pradesh	669.12	484.76	2047.56	38.03	-67.32
Maharashtra	766.71	876.44	1256.17	-12.52	-38.96
NCT of Delhi	1126.49	1145.54	1152.59	-1.66	-2.26
Punjab	1756.33	1800.96	1812.18	-2.48	-3.08
Rajasthan	7949.54	13583.95	3988.73	-41.48	99.3
Average	3595.02	4676.28	2692.47		

Source: Department of Agriculture & Cooperation, Ministry of Agriculture
Exchange rate as of August 30, 2012, INR 55.3 = \$1.00