

**“Changing politics of
global trade”**

**Indian Grain Market Dynamics
and Outlook 2018-19**

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The Global Policy Context

- **Becoming increasingly complex**
- **Countries / governments face dilemma**
- **How to reconcile domestic socio-economic, political compulsions and international obligations**
- **Often, former scores over latter**

The current setting

- **Global markets characterized by geopolitical concerns, escalating trade friction, looming event risks**
- **Through trade and investment route, Indian market substantially integrated with global market; and subject to global influences**

Indian Grain Production

(million tons)

- | Year | 2015-16 | 2016-17 | 2017-18 |
|-----------------|-------------|-------------|-------------|
| WHEAT | 92.3 | 98.5 | 98.6 |
| PULSES | 16.4 | 23.1 | 24.5 |
| OILSEEDS | 25.3 | 31.3 | 30.6 |
- After El Nino induced crop decline, output rebounded two years in a row. Large harvest + unrestrained imports = price collapse. Farm distress, growers protest; Government was forced to intervene to stem price rout, support growers

Indian Grain Production + Import

(million tons)

• **Year** **Output + Import = Total**

Pulses

2015-16 **16.4** **5.8** **22.3**

2016-17 **23.1** **6.6** **29.7**

2017-18 **24.5** **5.6** **29.8**

Wheat

2015-16 **92.3** **0.5** **92.8**

2016-17 **98.5** **5.7** **104.2**

2017-18 **98.6** **1.6** **100.2**

Indian government's policy response

- Two-pronged: (1) procurement of crops whose prices rule below MSP (2) restrict import of low priced grains (pulses, wheat) and edible oil through trade and tariff measures
- Proof that Indian market has little capacity to handle humungous quantities

Impact of policy intervention

- **Interventions beginning to pay-off; Selectively, domestic prices have moved above MSP (chickpea, wheat, soybean)**
- **Trade and tariff restrictions certainly not permanent. Will be reviewed from time to time. Why and When?**

Food inflation – key focus area

- Inflation control is key policy objective**
- As India moves towards next general elections (H1 2019), greater attention to food inflation**
- Threat from high crude oil prices and weaker Rupee**

Indian agriculture – author's observations

- Fragile and vulnerable; fraught with risks – land constraints, water shortage, GW/CC**
- India is only one bad monsoon away from a farm disaster**
- Instead of choking overseas supplies, India needs to boost consumption
Nutrition security is a challenge**

Outlook 2018-19

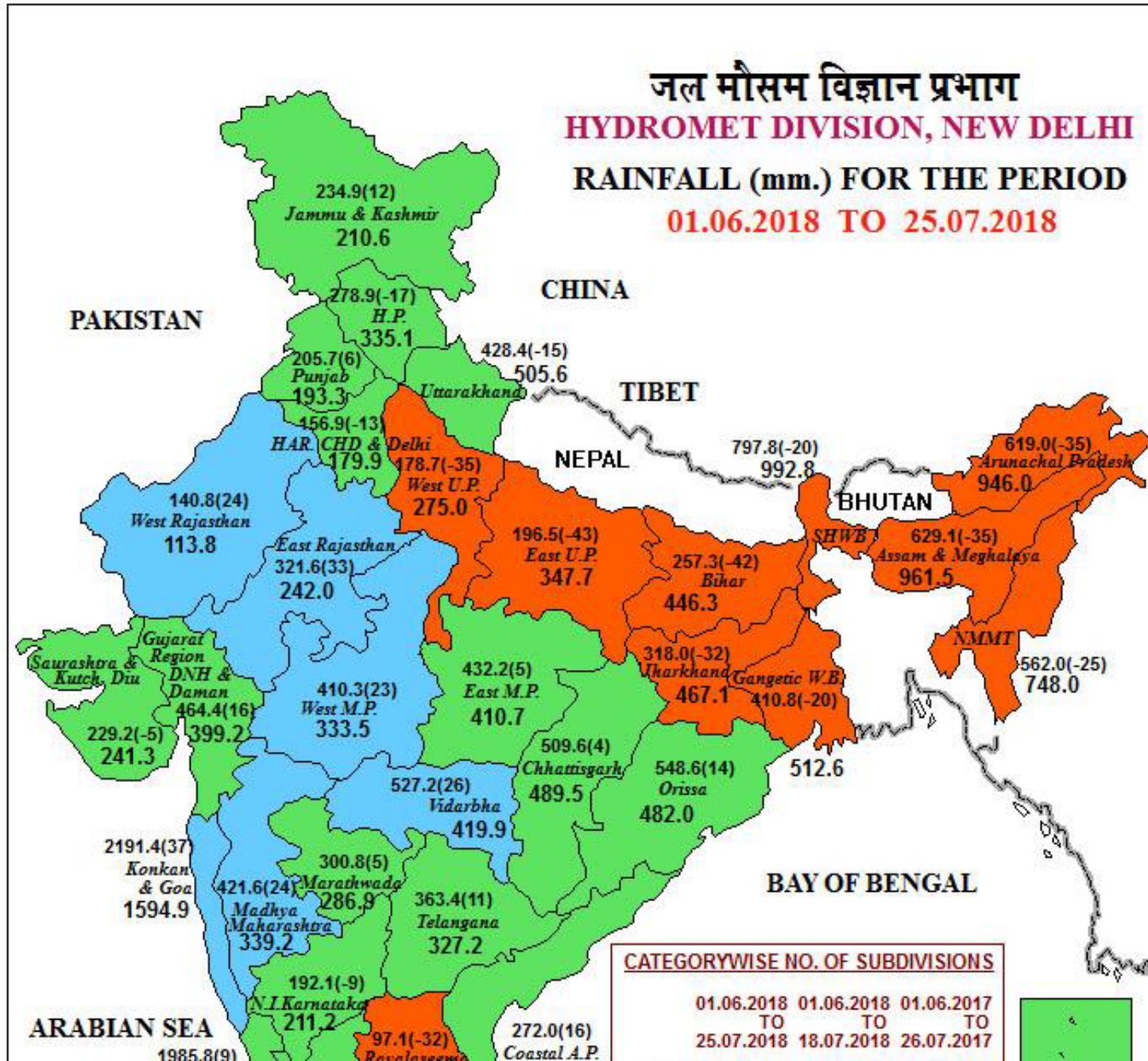
• Crop	<i>2016-17</i>		<i>2017-18</i>		<i>2018-19</i>	
	Actual		Actual		Target	
	Khr	Rb	Khr	Rb	Khf	Rb
Wheat	--	98.5	--	98.6	--	100.0
Pulses	9.5	13.6	9.0	15.5	8.9	15.1
Oilseed	21.5	9.8	20.7	9.9	25.5	10.5

* Wheat, chana: overestimated

भारत मौसम विज्ञान विभाग

INDIA METEOROLOGICAL DEPARTMENT

जल मौसम विज्ञान प्रभाग
 HYDROMET DIVISION, NEW DELHI
 RAINFALL (mm.) FOR THE PERIOD
 01.06.2018 TO 25.07.2018



CATEGORYWISE NO. OF SUBDIVISIONS		
01.06.2018 TO 25.07.2018	01.06.2018 TO 18.07.2018	01.06.2017 TO 26.07.2017

Planting Progress: Kharif season

- No scare; but not encouraging either; lagging last year's levels; harvest size to fall short of target;
- India nurses large buffer stock of wheat (42 ml t), pulses (4 ml t); Needs to work off excess inventory
- India capable of surprising the world !!

Thank You

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