FOOD SECURITY SNAPSHOT
- Early prospects for 2017 wheat crop favourable
- Cereal production to rebound in 2016
- Total cereal exports in 2016/17 forecast close to last year's reduced level
- Rice prices stable or decreased, while those of wheat strengthened in November

Early prospects for 2017 wheat crop favourable
Planting of the 2017, mostly irrigated, Rabi (winter) wheat is well advanced. Generally normal monsoon rains benefited soil moisture levels, facilitating planting activities. However, the demonetization of certain bank notes, announced in early November, reduced farmers’ ability to timely access basic agricultural inputs and caused some planting delays. In response, the Government took special measures to support farmers in the ongoing Rabi season, such as the disbursement INR 210 billion (USD 3.07 billion) in farm credit and extended the time limits for the payment of crop insurance premiums. In addition, in mid-November, the Government increased the Minimum Support Prices for 2017 wheat by 6.6 percent from the previous season (FPMA Food Policies). Official estimates, as of 9 December, indicate that 22.6 million hectares were sown with wheat crop, 12 percent above the area planted at the same time in 2016. Early official forecasts put the 2017 wheat production at 93.9 million tonnes, slightly above the 2016 good level. This forecast assumes that favourable growing conditions continue during the remainder of the season.

Cereal production to rebound in 2016
Harvesting of the 2016 main Kharif paddy crop, accounting for over 80 percent of the annual production, is well advanced. The latest official estimate puts the 2016 Kharif rice production at 93.9 million tonnes (milled basis), 3 percent above the reduced level of 2015 and a record high. The increase mainly reflects an expansion of plantings, sustained by State incentives provided in the form of large public sector purchases at a higher Minimum Support Price (MSP) and a favourable performance of the monsoon rains. Prospects also remain favourable for the secondary Rabi crop, currently planted and for harvest from March 2017, due to the strong State support to expand plantings and improved water availability for irrigation. Reflecting expectations of gains in the main and secondary season crops, FAO forecasts the 2016 aggregate paddy production at
161.5 million tonnes (107.7 million tonnes, milled basis), implying a 3 percent recovery from last year’s dry weather-affected output.

The 2016 maize output is officially forecast to recover from last year’s reduced level by almost 20 percent to 25.9 million tonnes, mainly reflecting a large expansion in plantings and higher yields due to favourable weather conditions.

The latest official estimate puts the 2016 wheat production, harvested earlier in 2016, at 93.5 million tonnes, up 8 percent from the 2015 reduced output.

**Total cereal exports in 2016/17 forecast close to last year’s reduced level**

Cereal exports in the 2016/17 marketing year (April/March) are forecast to remain close to the 2015/16 low level at 12.3 million tonnes, around 30 percent below the five-year average. This mainly reflects tight exportable availabilities, owing to the sharply-reduced output in 2015. Wheat exports in 2016/17 are forecast at 700 000 tonnes, almost a third drop from the 2015 sharply-reduced level and significantly below the previous three-year average of 5.4 million tonnes. Although maize exports in the 2016/17 marketing year (September/August) are forecast to double last year’s low level to 1.4 million tonnes, this is still well below the average reflecting low carryovers and increased demand from the feed and starch industry. Rice exports in calendar year 2016 are forecast at 10.1 million tonnes, 10 percent below the 2015 high level due to a combination of subdued demand and tighter exportable availabilities.

FAO forecasts wheat imports in the 2016/17 marketing year (April/March) at 2 million tonnes, the largest since 2006/07. This figure may increase further after Government’s decision at the beginning of December 2016 to eliminate the import duty on wheat, amid high domestic prices (FPMA Food Policies).

**Rice prices were stable or decreased, while those of wheat strengthened in November**

Retail prices of rice were stable or decreased slightly in November reflecting improved supplies from the 2016 main season crop and the overall slow pace of sales abroad. Prices of wheat and wheat flour increased in most markets in November amid worries of reduced supplies due to a drawdown in stock levels. Against this backdrop, the Government is planning to release increased quantities of wheat through the Open Market Sale Scheme.

**Overall food security satisfactory**

The overall food security situation in India is satisfactory given the provision of highly-subsidized rice, wheat and coarse grains through distribution programmes, especially for the below poverty-line families through the National Food Security Act (NFSA). The NFSA was first passed in September 2013 and since then has gradually been rolled out throughout the country, covering all states and territories by November 2016 (FPMA Food Policies). The country is prone to floods during the monsoon season, which normally affect large numbers of people. This year, recurrent floods and landslides in July and August, mostly concentrated in the northeastern parts of the country, affected about 6 million people causing losses of human lives, livestock and flood supplies. Severe damage to housing and infrastructure has also been reported.