



## National Food Policy Capacity Strengthening Program



# An update on **THE FLOOD AND RICE AVAILABILITY**

by

Ciro Fiorillo, CTA, NFPCSP

prepared with the support of

M.J.A. Cortijo and R.K. Talukder, members of the NFPCSP TAT

# Floods' impact on rice planted area

Type of rice	Equivalent of hectares fully damaged by August flood (lakh ha)	Additional equivalent of hectares of fully damaged by Sept. flood (lakh ha)	Total equivalent of hectares of fully damaged by flood (lakh ha)	Area damaged as % of achieved area
Aus	0.7	0.2	0.9	7.3
B. Aman	1.7	0.0	1.7	34.5
T. Aman	0.8	2.9	3.7	7.2
<b>Total aus and aman</b>	<b>3.2</b>	<b>3.1</b>	<b>6.3</b>	<b>9.2</b>

SOURCE: Department of Agricultural Extension

# Estimations of rice production loss

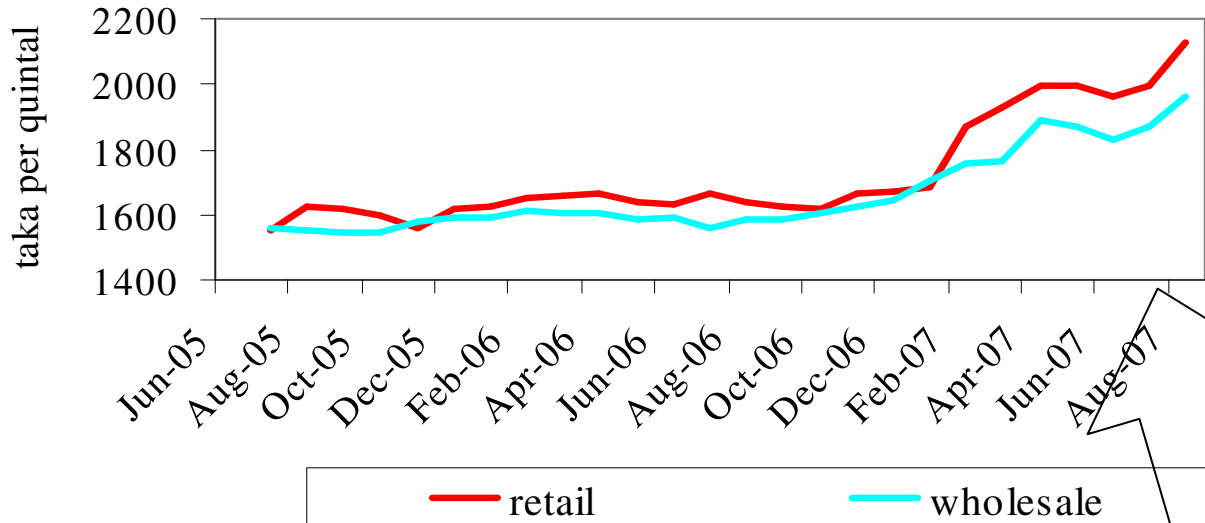
Type of rice	Total equivalent of hectares of fully damaged by flood (lakh ha)	BBS yields	Production losses using BBS yields	DAE yields	Production losses using DAE yields
Aus	0.9	1.7	1.4	2.0	1.7
B. Aman	1.7	1.2	2.0	1.1	1.9
T. Aman	3.7	2.1	7.7	2.3	8.6
<b>Total aus and aman</b>	<b>6.3</b>		<b>11.2</b>		<b>12.2</b>

Calculation of data from DAE and BBD

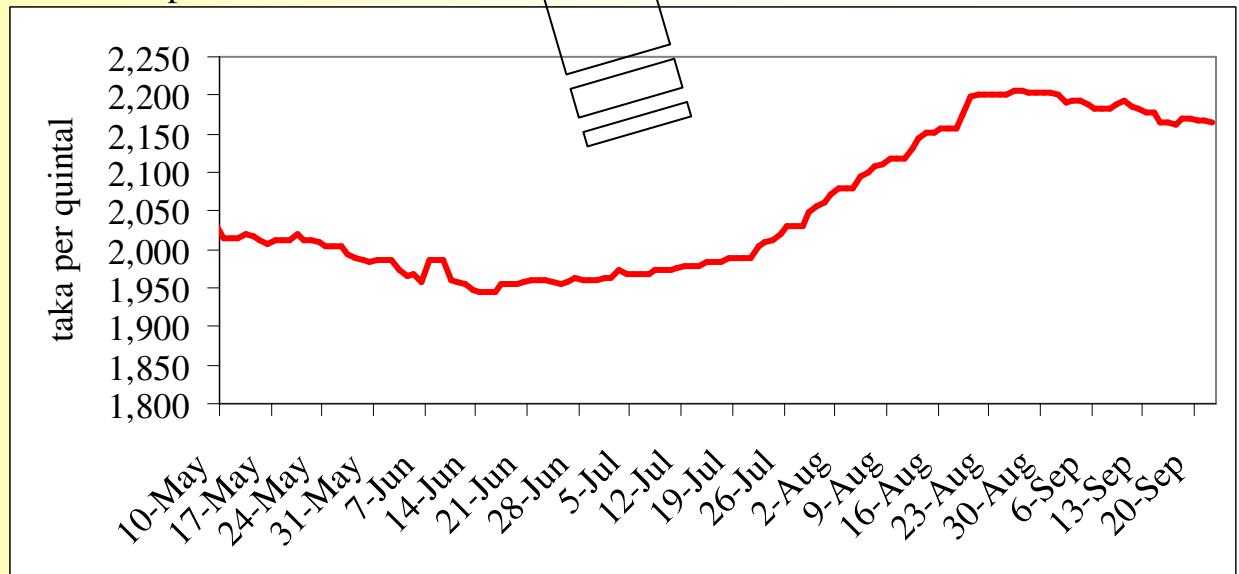
# Impact of the flood

- Production loss: 1.1 – 1.3 M tons
- About 10% of Aus and Aman production OR about 4-5% of total rice production in 2006/7
- Alternative sources of supply:
  - **imports**
  - **off-takes from stocks (private and public)**
  - **substitution of rice with wheat**
- Flood takes place at a time of **high prices**, which impact especially on the poor

# Rice nominal wholesale and retail prices



Source: Retail prices MIS, DG Food; Wholesale prices, DAM



# RICE: domestic vs. int'l prices

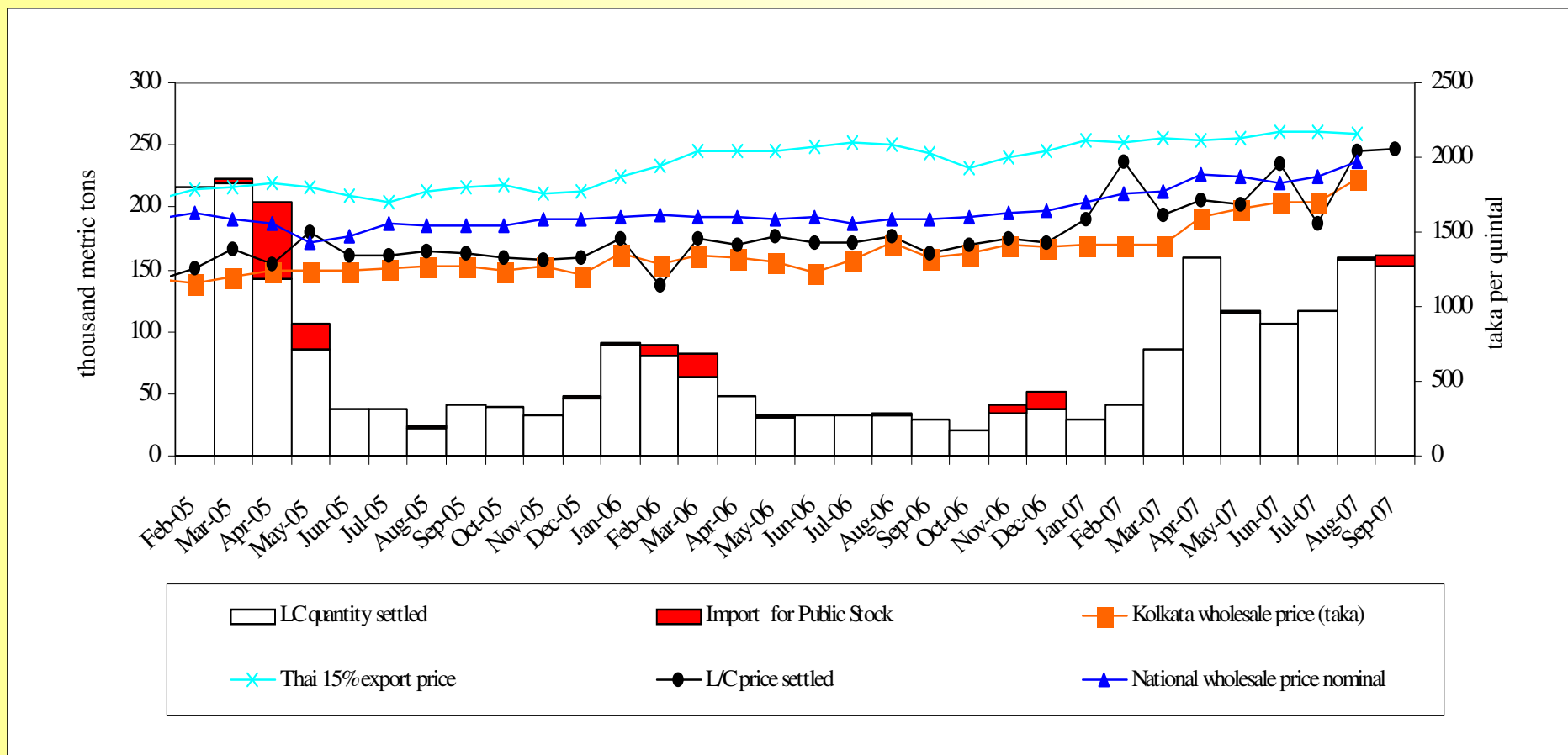
## Domestic Price (wholesale)

	2007	2006	% change
JAN	17.03	15.94	6.8
FEB	17.55	16.11	8.9
MAR	17.65	16.05	10.0
APR	18.86	16.07	17.4
MAY	18.67	15.82	18.0
JUN	18.31	15.93	14.9
JUL	18.70	15.61	19.8
AUG	20.15	15.84	27.2

*average nominal change Jan-Aug 2007 on 2006*

- Domestic wholesale price increase: **+15.3%**
- World All rice price index (FAO): **+13.9%**

# Rice Imports and Prices



**Note: September figures are as of 20<sup>th</sup> of September.**

# Rice Outlook

## INTERNATIONAL

**Supply** ► Global rice production forecast highest on record, fractionally above the 2006/07. But demands high, too.

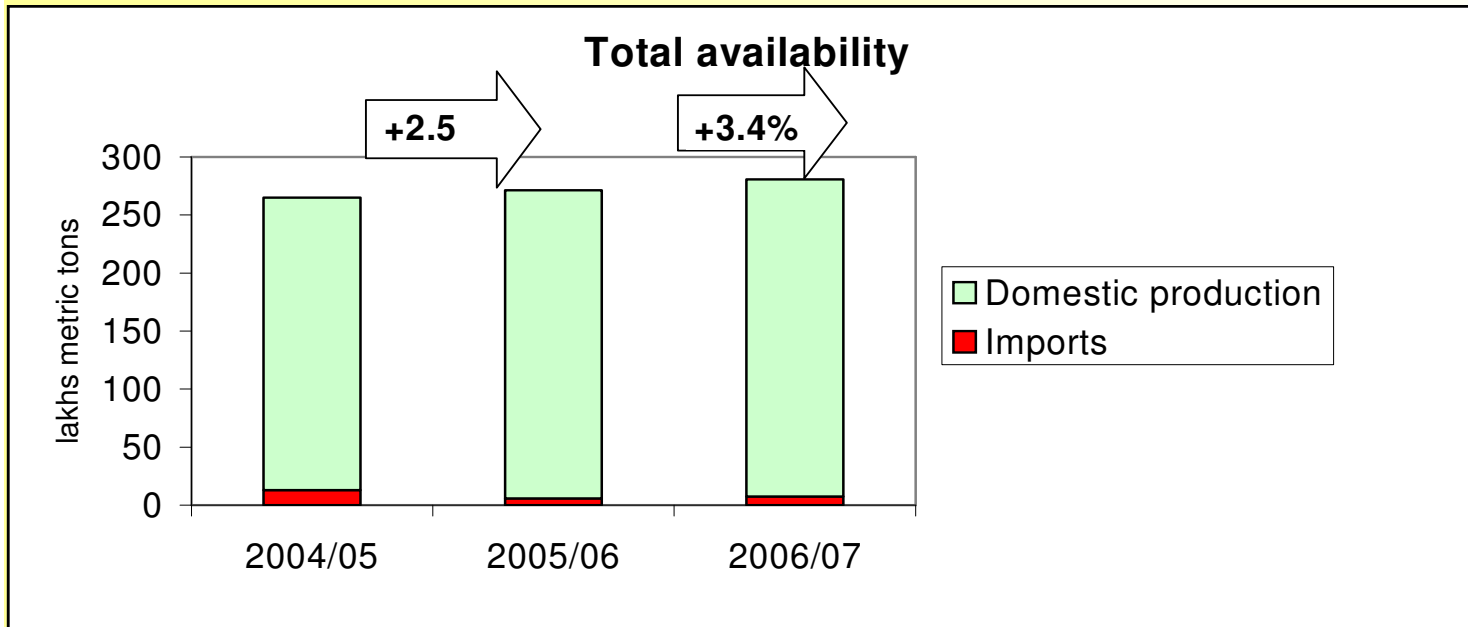
**Prices** ► International rice prices are softening. However, difficult to predict due to small trade relative to production

## NATIONAL

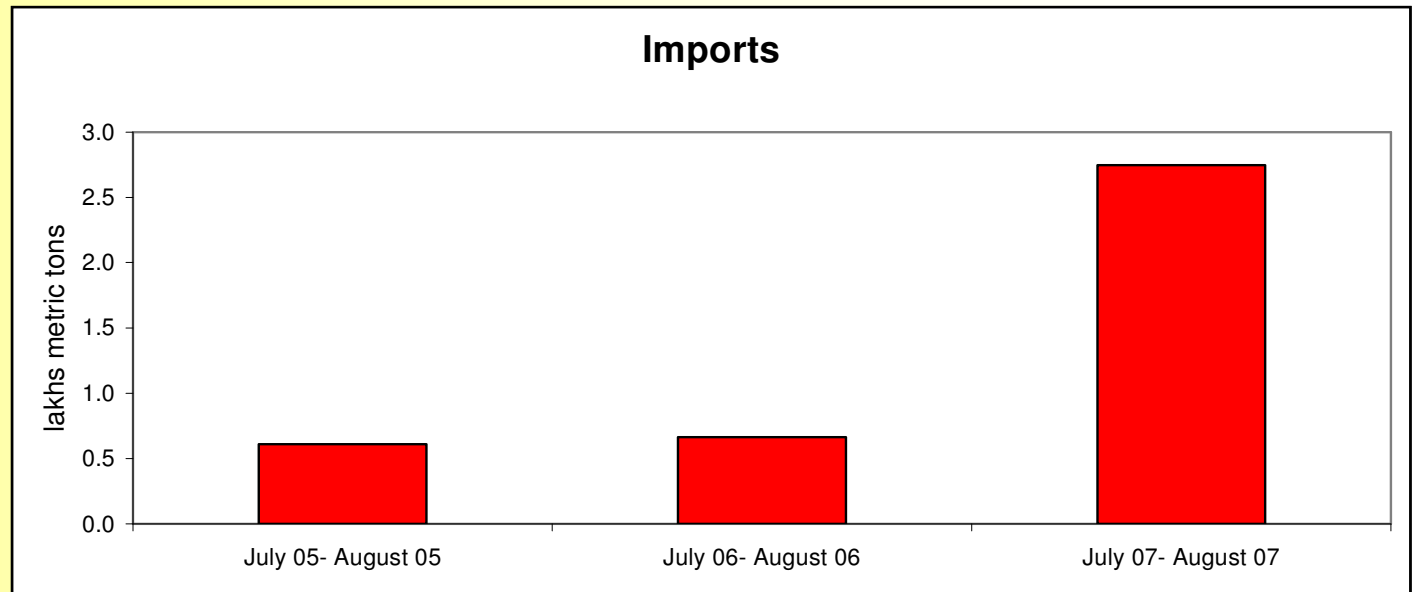
**Supply** ► Negative effect of flood, but, imports very dynamic:  
(1) opportunities from rising international prices and  
(2) demand gap generated by the floods.

**Prices** ► Wholesale and retail nominal prices began soaring in 2007 in line with world prices and kept increasing in line with Indian prices, in particular

# Rice production and availability



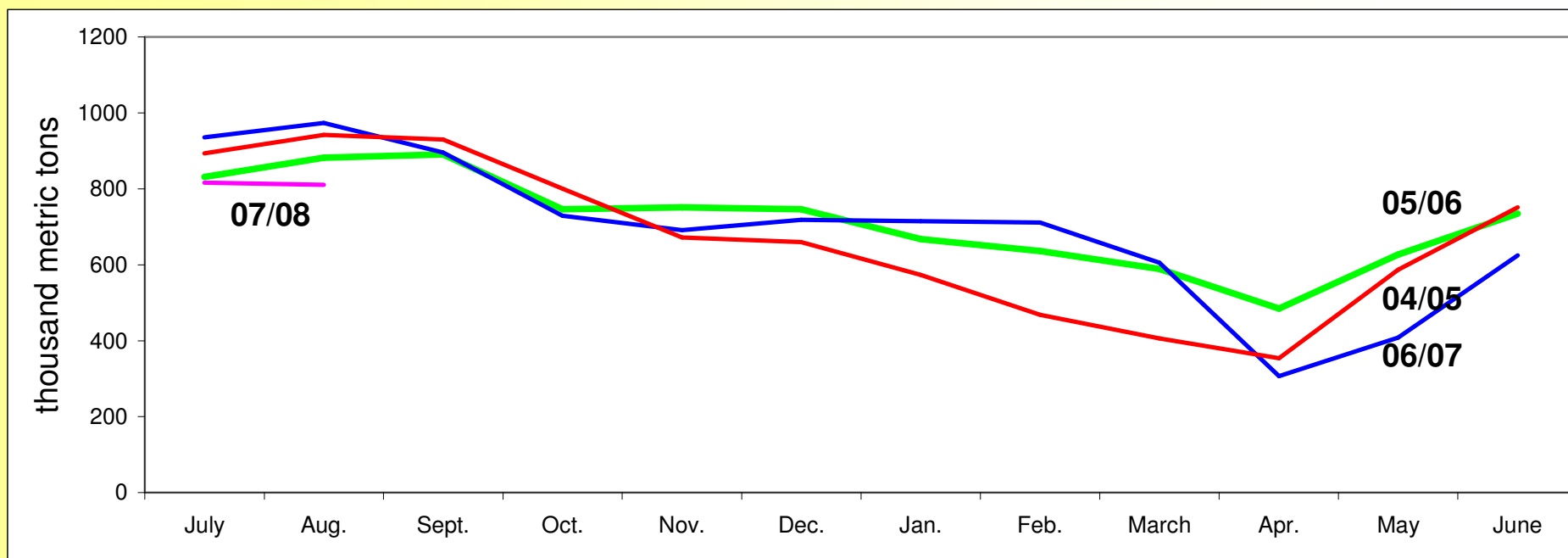
**likely  
increase  
of private  
stocks in  
2007**



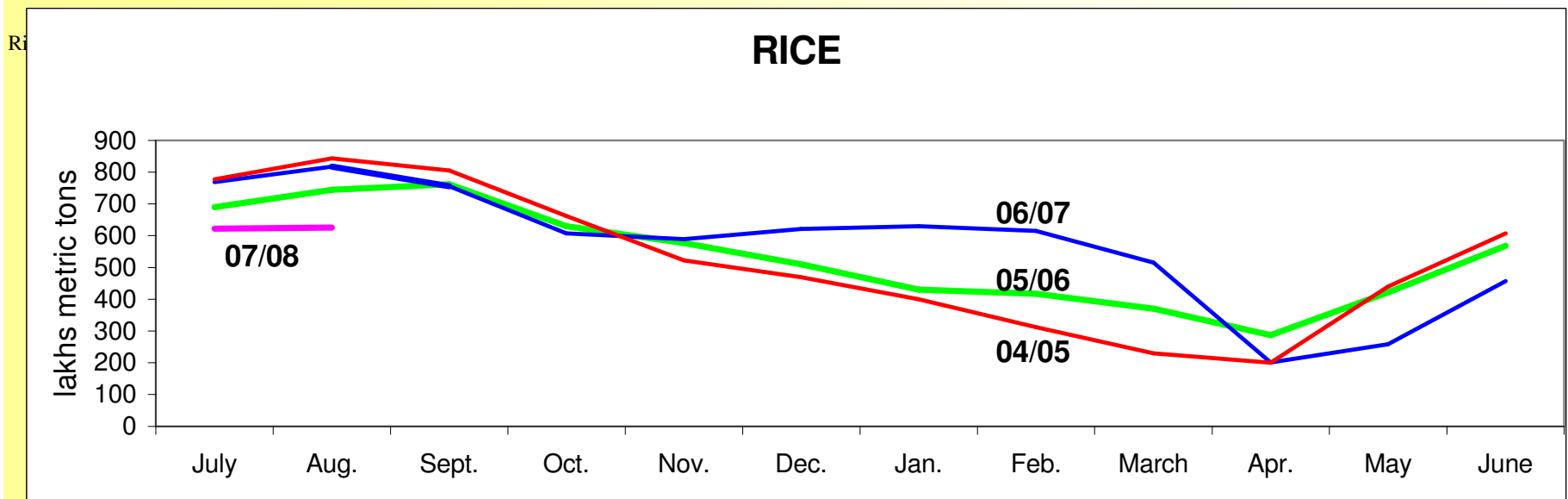
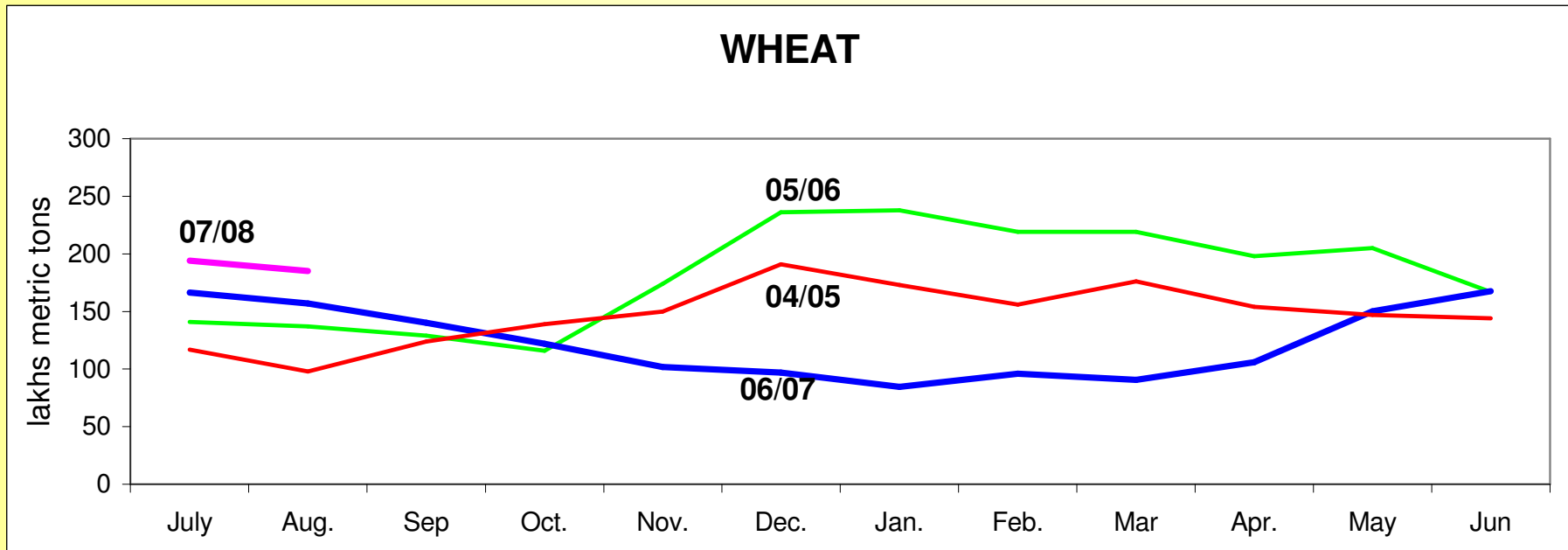
# Imports and stocks

- Private imports have been significantly above average since April, despite quite good Boro harvest: **private stocking?**
- Import cost has significantly increased in line with international market trends: **very important next harvest (and policies) in India**
- Public stocks are below the normal level in this season mainly due to **low domestic procurement** and increased cost of imports

# Closing food grain public stocks (1)



# Closing food grain public stocks (2)



# Wheat outlook: not a convenient substitute

## INTERNATIONAL

**Supply** ► World production declined due to adverse weather. Forecast for next harvest in the Southern hemisphere revised downwards.

**Prices** ► Record nominal prices may continue till June.

## NATIONAL

**Supply** ► Production decreased consistently over the years with shifts to other crops and notably maize.

**Prices** ► Domestic wholesale prices have increased sharply due to change in import sources and global market trends. Further rises may be expected in line with world markets.

# Flood, rice production and the poor

- **Negative impact** for subsistence farmers who produce for self consumption and, due to production losses, have to buy at prices higher than production cost.
- Negative impact on those that **lost production** (especially if they become net buyers) and all those whose income sources (from rice or other) have been disrupted
- Negative impact can be important in regions that switch from net export to net import
- No specific impact for those that buy the rice (e.g. urban poor) **as long as markets are integrated** (e.g. markets are not physically disrupted by the flood) and supply can be assured by imports. **Their main concern is the price level**

**THANK YOU!**