

2. Foreign Exchange Situation

India's foreign exchange reserves stood at \$5,840 million at the end of March 1984. Imports continue to exceed exports resulting in an adverse balance of trade. Major imports comprise crude and refined petroleum products, edible oils, foodgrains, fertilizers, etc. India is a large recipient of both project and non-project aid.

3. Fertilizer Situation

	- - - 000 tonnes - - -		
	Production		Consumption
	1982-83	1983-84	1983-84
Nitrogen	3,430	3,485	5,236
Phosphate	984	1,052	1,757
Potash	No domestic production		799

The consumption of fertilizers is heavily subsidized by the government. Canada is a major supplier of potash to India.

4. Import Mechanism

Foodgrains are imported by means of global tenders by a single government agency - Food Corporation of India. There are no regular imports. Decision to import on ad hoc basis is usually taken depending on the level of indigenous production, the need to build up and maintain adequate buffer stocks, and on economic and political considerations.

5. Grain Industry Infrastructure

Government is not encouraging expansion of the flour milling industry. Large port elevators are in operation to facilitate grain handling. Storage capacity is being expanded. Recurrent bumper crops during the last two seasons have created serious problems of storage. It is proposed to set up additional storage capacity of 4-5 million tonnes over the next five years, mostly in conventional sheds and some silos in which imported content will be minimal.

6. Government Policies Affecting Grain and Agriculture

Government policy is aimed at increasing production to keep supply of foodgrains ahead of population growth. Despite extensive and sustained efforts to provide facilities and inputs to farmers, Indian agriculture is heavily dependent on the monsoon and a buffer stock of 12-15 million tonnes must be maintained to withstand the vagaries of weather. India imported 2.13 million tonnes of wheat from Canada, USA and Argentina and 770,000 tonnes of rice from Burma and Thailand during 1983-84. Government incurs heavy expenditure on food subsidies.

Due to widespread rainfall, increase in the area under high yielding varieties of seed and timely and easy availability of inputs, India has had bumper crops of foodgrains during the last two seasons. The overall foodgrains position is quite comfortable. India is therefore unlikely to import wheat during 1984-85.