

# Maize prices gain on supply-demand mismatch

**KEY DRIVERS.** Factors such as demand for ethanol production, rise in prices of other feedstocks have also contributed to the surge

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Maize prices have increased by 20 per cent since October amidst lower supply and pick in demand from the traditional consuming sectors such as livestock feed makers and starch manufacturing, besides for ethanol production.

The modal price (the rate at which most traders take place) of maize in Davangere (Karnataka), a key market in the South, ruled below the minimum support price (MSP) levels in early October at around ₹1,850 a quintal but is currently hovered around ₹2,309 on Wednesday. Trade sources said maize prices have moved up in other markets across the country and are expected to stay firm going ahead. The MSP for maize for the 2023-24 crop season is ₹2,090 per quintal.

“The price rise in maize will impact the livestock feed sector. The kharif harvest is over and

the arrivals are less by 25-27 per cent as the crop was impacted due to erratic monsoon, resulting in a price surge,” said Naveen Pasupathy, Chairman, Karnataka Poultry Farmers and Breeders Association (KPFBA). Factory delivered prices of maize are ranging between ₹24,000-25,000 a tonne compared with ₹21,000-22,000, a few months ago.

## SEEKING IMPORTS

Further Pasupathy, vice-chairman of the Compound Livestock Feed Manufacturers Association (CLFMA) of India, said the trade was also holding stocks on the assumption that the prices will go up further as the Government has allowed the use of maize for ethanol production. “We at CLFMA have urged the government to allow imports to meet the demand in the short term,” he said. “Due to the drought, the maize yields were impacted hurting the production, while the demand for ethanol production has increased. Also, factors such as in-



**HEAPING PRESSURE.** Due to drought, maize yields were impacted, hurting production, while the demand for ethanol production has increased

crease in prices of alternative grains such as bajra, ragi and rice have also contributed to the price rise,” said MSR Prasad, General Secretary, Karnataka Poultry Farmers and Breeders Association. “We expect the prices to remain firm going forward” he said.

Per the Agriculture Ministry's first advance estimates released in late October, 2023, kharif maize production is estimated to be lower at 22.48 million tonnes, down from the re-

cord 23.67 million tonnes last year.

## LOWER RABI ACREAGE

Santosh Kumar Sharma, a broker in Begusarai, Bihar said the use of maize for ethanol is keeping the prices firm. Feed mills are buying at ₹2,400-2,425 per quintal and prices are expected to stay firm going forward as the new crop in Bihar is about 4-5 months away.

Per the latest rabi sowing data, the maize acreage stood at

18.76 lakh hectares as of January 5, 2024, higher than 18.76 lakh hectares in the same period a year ago. The normal maize area for the rabi cropping season is 20.45 lakh hectares.

The All-India Poultry Breeders Association has recently already approached the Government to open up duty-free imports of maize to meet the future demand. Currently, maize attracts a customs duty of 50 per cent.

“Maize prices are up as the

availability is lower than demand. The kharif output was down due to erratic rains. With the demand coming in from ethanol as the sugarcane season is set to come to an early end early and as prices move up, there is a demand from the poultry sector to open up imports.

## RISING OUTPUT

“The rabi season sowing is currently on and the acreage in Bihar, the major producing State in the season, may go up due to high prices. With prices rising, the Government is under pressure to open up maize imports,” said Rahul Chauhan of IGrain India.

Kharif maize production increased significantly on expanding area across key producing States. From around 16 million tonnes (mt) in 2015-16, the production touched a record 23.67 mt during 2022-23. Overall, maize output in the country has increased from 22.5 mt in 2016-17 to a record 38 mt during 2022-23.