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News: Wheat

- India, the world's second-largest wheat producer, plans to begin wheat imports after a six-year gap to replenish depleted reserves and control rising prices, driven by three consecutive years of disappointing crops.
- India is likely to remove a 40% import tax on wheat, allowing private traders to purchase from countries like Russia, though in small quantities.

Reasons behind India resuming Wheat import

Declining Wheat Production

- India's wheat production has declined in the last 3 years due to unfavourable weather conditions, leading to a sharp drop in wheat output.
- The government estimates this year's wheat crop to be 6.25% lower than the previous year's (2023) record production of 112 million metric tons.

Depletion of Wheat Reserves

- As of April 2024, wheat stocks in government warehouses have dropped to 7.5 million tons, the lowest in 16 years, due to the government selling over 10 million tons from its reserves to control domestic prices.

Shortfall in Wheat Procurement by Government

- The government's target for wheat procurement the year 2024 was 30-32 million metric tons, but it has managed to buy only 26.2 million tons so far.

Surge in Domestic Wheat Prices

- Domestic wheat prices have stayed above the government's minimum support price (MSP) of 2,275 rupees per 100 kg and have been on the rise recently.
- So, the government decided to remove the 40% import duty on wheat to allow private traders and flour millers to import wheat, primarily from Russia.

Possible implication of Wheat Import to India

Domestic Market

- **Enhanced Availability and Price Stability:** Abolishing import duty will likely lead to increased wheat supplies in the domestic market. This can potentially mitigate price hikes.
- **Replenishing Strategic Reserves:** Lower import costs can aid the government in replenishing depleted wheat reserves. This bolsters food security by creating a buffer against unforeseen disruptions in domestic production.

Global Market

- **Potential Upward Price Pressure:** While India's estimated import volume (3-5 million metric tons) is modest, it could contribute to a rise in global wheat prices.
- This is due to the current scenario of high prices driven by production concerns in major exporting nations like Russia.
- **Limited Overall Impact:** India's import requirement is unlikely to significantly influence the global market. Larger players will continue to exert a more substantial influence on global wheat price trends.

Wheat

- Wheat is a Rabi crop requires a temperature 10 to 15° C in sowing time and 21 to 26° C in harvesting time.
- Well drained fertile loamy and clayey soil is favourable to cultivate wheat.
- 75-100 cm of rainfall is good.
- Area under Wheat cultivation is the second highest after Rice.
- Uttar Pradesh stands first in the cultivation of wheat followed by Punjab, Madhya Pradesh, Haryana and Rajasthan.

- India is the second largest producer of wheat (around 13.5% of world share) in the world after China.
- Russia is the world's largest exporter of wheat, accounting for more than 18% of international exports.
- In 2019, Russia and Ukraine together exported more than a quarter (25.4 %) of the world's wheat.
- The top five countries that exported the highest dollar-value worth of wheat include Russia > United States > Canada > France > Ukraine.
- India accounts for even less than 1% in world wheat export. However, its share has increased from 0.14% in 2016 to 0.54% in 2020.
- Egypt is the world's biggest importer of wheat.
- Turkey is also a big spender on Russian and Ukrainian wheat with 74% of its imports coming from those two countries in 2019.
- Wheat is the second most important cereal crop after rice and the main food crop in North and North West India.
- Temperate grasslands of the mid-latitudes produce the greatest quantity of wheat per capita amongst the world's wheat-growing nations.
- The temperate grasslands are ideal for extensive wheat cultivation.
- They are, naturally the greatest wheat exporters.

- Three-quarters of the world's wheat is winter wheat, i.e. wheat sown in winter or late autumn, and is then harvested in the summer.