

With prices ruling higher than MSP, growers hold back wheat from mandis

DESPITE HIGHER OUTPUT. Arrival of foodgrain is slack in markets; millers, traders scour for stocks

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Wheat production this year is seen higher than the past two years. But farmers holding back their produce from mandis (agri terminal markets) in expectation of higher prices is affecting millers and traders. "Though the Ministry of Agriculture has pegged wheat production at 112.01 million tonnes (mt), we expect it to be 105 mt. This is 5-6 mt higher than our estimates last year," said an international trading source.

"Though production is reported to be higher, wheat is not arriving in the markets. It is also not available for procurement," said Pramod Kumar, President, Roller Flour Millers' Federation of India (RFMFI).

RECORD YIELD

The federation had commissioned a survey last month and said wheat production is estimated to increase 3 per cent this year to 105.79 mt. The US Department of Agriculture (USDA) has projected India's



ON THE RISE. Wheat prices have tended to stay elevated despite harvest and arrivals picking up ANI

wheat production at 112.5 mt due to timely sowing and favourable weather. While the Ministry of Agriculture pegged the production last year at 110.55 mt, millers and trade say it is below 100 mt. "The crop this year is good across almost all States barring Madhya Pradesh and, to some extent, Gujarat," said the trading source.

Another trader agreed that production this year is good in Punjab, Haryana, Uttar Pradesh, Rajasthan and Bihar. "Punjab has never seen

such a record yield of 5 tonnes per hectare," said the source.

ARTIFICIALLY JACKED UP?

Kumar said the problem is with prices ruling higher than the minimum support price of ₹2,275 a quintal this year. "Farmers are not willing to offer it to the government for procurement and are holding back," he said.

A source in the milling sector said wheat prices have tended to stay elevated despite harvest and arrivals picking up. "Looks like they are being held

up artificially," the source said.

According to data from Agmarknet, an arm of the Ministry of Agriculture, the weighted average price currently is ₹2,350 compared with ₹2,164 a year ago. Arrivals at the agricultural produce marketing committee (APMC) yards have been pegged at 14.40 mt compared with 14.93 mt a year ago. On the other hand, data from the Central Foodgrains procurement portal showed that wheat procurement so far is 24.29 mt. Last year, it was 26.07 mt and

18.75 mt in 2022. Kumar said 75-80 per cent of the crop in Punjab has arrived and the remaining are being held by small traders and local agents. "The plan is to bring them to the market late to get a better price," he said, adding that prices in Madhya Pradesh, Uttar Pradesh and Rajasthan were higher.

The Food Corporation of India has procured 12 mt from Punjab and at the most could get another 1 mt, the RFMFI President said.

MP YIELD LOWER

"There are a couple of reasons why wheat prices are high. The Uttar Pradesh government has informally banned sales of wheat to private trade and is also not allowing its transportation. The crop is also being held back," said the milling sector source said.

The trading source said in Madhya Pradesh the yield is lower while there is also the problem with the quality.

Kumar said one problem of tackling the issue would be to permit imports. "That will automatically bring down the prices," he said.