

Wheat prices shoot up at government auction

Our Bureau

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Wheat prices at the government's weekly auction on Wednesday spiked abruptly in most of the States, industry sources said.

They attributed it to the relaxation granted to individual processors to lift a higher quantity.

Out of 4 lakh tonnes (lt) wheat offered at the auction as much as 3,99,940 tonnes were sold out on Wednesday against 2,93,110 tonnes out of 3 lt on February 12.

"While the offered quantity was hiked to 3 lt from 1.5 lt two weeks ago, the maximum bidding quantity for processors remained 150 tonnes per auction. But in the current round, the indi-

vidual cap was raised to 400 tonnes and it created a frenzy among millers," said a top industry official.

Traders also attributed the rise in prices of sale under the Open Market Sale Scheme (OMSS) to a rumour in the market that the government may stop wheat auction from March in the producing States, per the guidelines of not conducting the bids once procurement starts.

Besides, there has been apprehension about the size of the new crop as the temperatures are rising, traders said.

DRY SUPPLY CHAIN

At Ratlam and Chhindwara *mandis* in Madhya Pradesh, where the new crop has arrived though in very small



quantity, the average prices were ₹3,000-₹3,300 per quintal for the common variety, said Rahul Chauhan of I-Grain India.

He said it is natural for prices to rise as the supply

chain is dry, and many of the millers are completely depending on the government auction to run their plants.

On Wednesday, the highest bid price at the FCI's e-auction in Uttar Pradesh was ₹3,159/quintal and the lowest was ₹2,958/quintal.

As many as 168 buyers bid above ₹3,000 per quintal, while only 30 processors bid below ₹3,000. In comparison, the highest bid price in the State was ₹3,010/quintal and the lowest was ₹2,520 at the February 12 auction when 42,725 tonnes were sold. Only one buyer — Shri Banke Bihari Ji Industries — out of 332 successful bidders bid above ₹3,000 for 25 tonnes.

NEED FOR BONUS?

"The government has to do

some serious re-thinking on the e-auction if it really wants to bring down prices around the MSP level, otherwise it may have to announce a bonus to achieve the targeted procurement," the industry official said.

All the offered quantity of 62,000 tonnes in Punjab and 58,000 tonnes in Uttar Pradesh got sold out in Wednesday's e-auction.

Other major States where the maximum quantity of wheat was sold include 36,000 tonnes in Haryana, 33,500 tonnes in Rajasthan, 25,000 tonnes in Madhya Pradesh, 24,000 tonnes in Bihar and 23,950 tonnes in West Bengal.

The highest bid price in Karnataka — where all 11,000 tonnes got sold out — was ₹3,019/quintal.