

Mustard gains in initial rabi sowing, markets bullish on wheat

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The sowing of rabi crops has started on a healthy note with the area under mustard jumping sharply during the week ended October 14 to around 430,000 hectares, as against 69,000 hectares during the same period last year.

For wheat, the other main rabi crop, traders and market participants are hopeful the area under cultivation will be at least 10 per cent more than that in previous years owing to remunerative prices and favourable weather.

Wheat is usually sown in around 31 million hectares, mostly in the northern belt.

“The possibility of increase in wheat acreage is that in the main growing states of Rajasthan, Madhya Pradesh, and UP, senti-

ment is bullish,” Rahul Chauhan, a commodity analyst with iGrain India, told Business Standard.

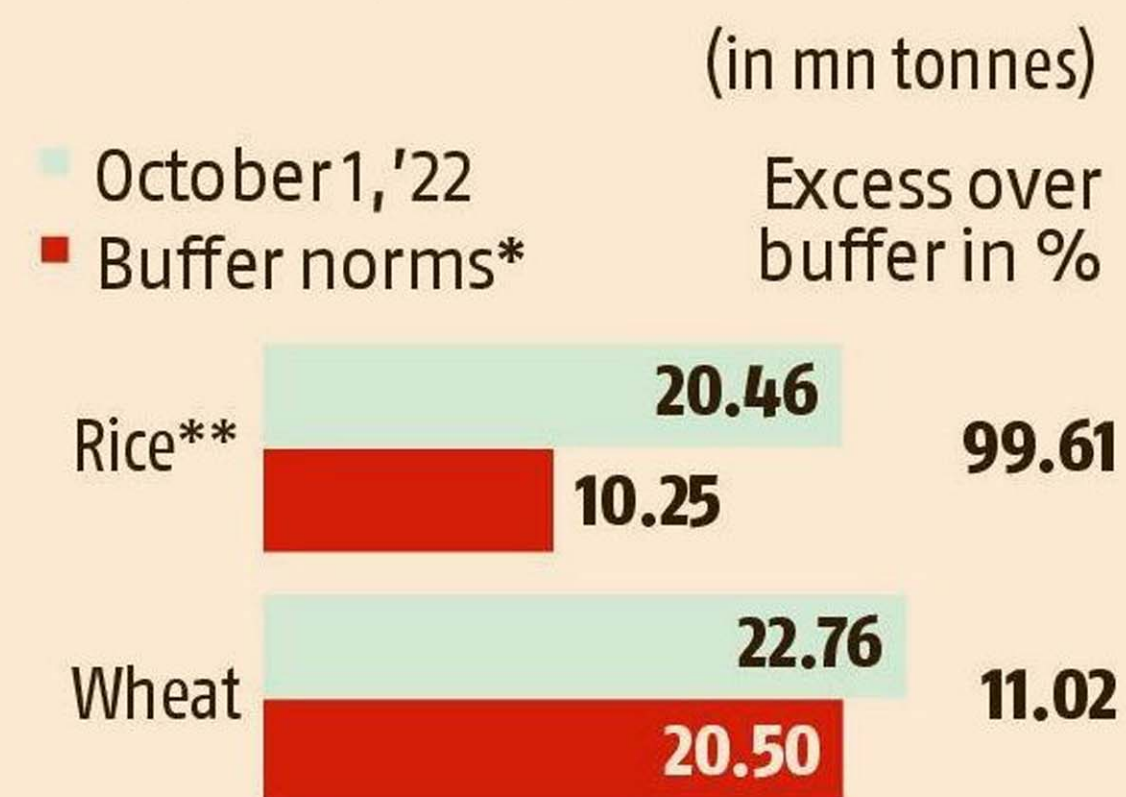
Similarly, mustard is sown in around 6.4 million hectares, which too is expected to increase.

This could come at the expense of chana (gram) because traders say the crop hasn’t fetched as high a price as mustard and wheat for farmers this year.

The recent rain in North India, though harmful for the standing kharif crops, is seen to benefit rabi plantations because it will leave adequate residual soil moisture.

Wheat prices in the open market have largely stayed above the minimum support price (MSP) of ₹2,015 per quintal this year due to favourable demand and drop in production because of a rise in temperature during the critical harvest months of March and April this

FOODGRAIN POOL STOCKS AS ON OCTOBER 1



*Required buffer level as on October 1 each year

**Does Not Include 7.93 million tonnes of unmilled paddy lying with the millers

Source: Food Corporation of India



year. The Russia-Ukraine war has pushed up global wheat demand, which led to a price spike in Indian markets because both the nations are major exporters.

Seeing a sharp spike in prices and a massive drop, almost 57 per

cent, in its procurement, the Central government in May imposed a ban on exports.

However, the move did little to cool prices much and the markets have been trading above the MSP because there are virtually no

pipeline stocks with flour millers.

A drop in procurement also means that the Centre’s ability to intervene in domestic wheat markets to cool prices through open sales is limited.

On October 1, the wheat stocks in the central pool were estimated at 22.76 million tonnes, which is precariously close to its buffer norm of 20.52 million tonnes.

But the rice stocks are sufficient at 20.46 million tonnes, more than the buffer requirement of 10.25 million tonnes. The rice stocks do not include the 7.93 million tonnes of unmilled lying with millers.

In the case of mustard, though edible oil prices have significantly cooled from their highs seen in March to May, traders say market sentiment still remains bullish, which should aid in higher planting.