

# Wheat soars to new high of ₹3,000/quintal

**SUPPLY SHORTAGE.** Prices up over 15% from a year ago as UP, small mills in Bihar feel the pinch

**Subramani Ra Mancombu**  
Chennai

Wheat prices have soared to over ₹3,000 a quintal in the National Capital Region and Uttar Pradesh as the eastern parts of the country and small user units in Bihar, besides Uttar Pradesh, are facing a shortage of the cereal, industry insiders and traders said.

Prices are zooming to new highs on a daily basis particularly since the Centre traders feel the Centre has not taken up any initiative to sell wheat in the open market under the open market sale scheme (OMSS).

## PMGKAY IMPACT

“There is no wheat in the open market. Wheat is not available in East India. Since the Centre has stopped the allocation of wheat under the Prime Minister Garib Kalyan Anna Yojana (PMGKAY), demand in the open market has increased,” said Promod Kumar, President, Roller Flour Mills Federation of India (RFMFI).

Prices in Uttar Pradesh are going up on a daily basis as the

northern State is facing a shortage, said an industry source from the South without wanting to identify.

“Uttar Pradesh, the largest wheat producer, has bought wheat from Gujarat,” said Rajesh Paharia Jain, a New Delhi-based exporter.

According to trade sources, wheat prices in Uttar Pradesh have topped ₹3,050 a quintal, while the cereal is quoted at ₹2,800 in Rajasthan. In addition, millers have to spend on transportation.

## RETAIL PRICES UP 18.5%

Data from Agmarknet, a unit of the Ministry of Agriculture, show that wheat prices had surged to ₹2,788 by January 8 and were over 20 per cent higher than a year ago.

Consumer Affairs Ministry data showed wheat prices in the retail market are 15.76 per cent higher than last year at ₹31.17 a kg currently. Flour (*atta*) prices are 18.5 per cent higher at ₹37.03 a kg. W

heat prices have been consistently ruling higher than the minimum support price (MSP) of



₹2,015 fixed for the 2022 rabi marketing season. For the 2023 season, the MSP has been raised to ₹2,125.

## FURTHER SPIKE LIKELY

“There are supply issues with cereals, mainly wheat and rice. It makes one suspect the production data,” said a trade analyst. For example, West Bengal has been able to procure only 2 million tonnes (mt) of the 6 mt targeted cheap grain owing to supply

shortfall, he said. “If you see inflation data, core inflation is not declining because of a spike in cereal prices,” the analyst said.

Trade sources said prices could surge further to around ₹3,300 over the next fortnight since the new wheat crop will likely arrive by February-end or early March in Gujarat.

“In Uttar Pradesh and other northern States, arrivals will take place at the end of March. The Centre may have to sell a portion of its stocks in the Central pool under OMSS,” said RFMFI’s Kumar.

## ADDED PRESSURE

“The Centre is keeping a close watch on the market, particularly in the wake of PMGKAY policies. We have to watch out what it does to tame the prices,” said Jain.

Though the Centre has reportedly said it could sell up to 2 mt of wheat in the open market under OMSS, traders wonder if it has the required stocks to offload.

“We have been hearing this since December-end but nothing has happened yet. It is already

January 16 and if there plans to sell through OMSS, it has to be decided by January 20 and FCI should have begun moving its inventory. It doesn’t seem to be happening,” the industry source said.

“Since wheat has been discontinued in some States under PMGKAY, it has added to the pressure in the open market,” Kumar said.

Jain said well-to-do farmers who had held back their produce looking for higher prices are gaining now. “For holding their wheat until now after harvest, they are gaining at the end of the season with demand being high,” he said.

End users and consumers can hope that prices will cool once the new crop begins arriving in the market.

According to the Ministry of Agriculture, the area under wheat so far this season is 1.4 per cent higher at 332.52 lakh hectares.

Last year, the wheat crop was estimated lower at 106.84 mt from the initial projection of 111.34 mt. In 2021, wheat production was estimated at 109.59 mt.