

# Wheat auction: Govt bars traders from next round

**Prabhudatta Mishra**

New Delhi



**RISING RATES.** The all-India average retail price of wheat in June increased to ₹31.67/kg from ₹31.27/kg in May and this month it has shot up to ₹31.99/kg PTI

The government has barred participation of traders in the next round of e-auction of wheat, scheduled for July 19, after realising that its open market sale policy is helping only middlemen and that there is no visible reduction in retail prices for which the scheme was started. There is also a substantial reduction in the quantity offered for sale from 4.18 lakh tonnes (lt) in the last round to 1.83 lt now.

The quantity had to be reduced as a large section of traders will not participate in the auction, said an official, after there was a 56 per cent reduction in the wheat offered for sale in the fourth round of e-auction. The current offer is based on the offtake seen in last week's auction.

## RISING PRICES

So far, the government has sold 3.93 lt of wheat since June 28 through the weekly e-auctions. On June 12, Food Secretary Sanjeev Chopra announced the plan to sell 15 lt of wheat from Central Pool stocks in the first phase and said that it would be raised further if required.

The main objective of the open market sale is to increase the availability of the grain and reduce its retail price. While the offtake rose with every round, prices too started inching up. The wheat offtake was 21 per cent in the first round of auction and 42 per cent in the third.

According to Consumer Affairs Ministry data, the all-India average retail price of wheat in June increased to ₹31.67/kg from ₹31.27/kg in May and the average price this month has shot up to ₹31.99/kg. Similarly, *atta* prices were ₹36.42/kg in May, ₹36.95/kg in June and ₹37.16/kg during July 1-14. "The

change in the guidelines was necessitated after the results of the third round showed an increase in the average rate despite the claim of allowing actual user participation through the capping clause at 100 tonnes. Unless the government addresses the basic issue of higher physical availability in the market more realistically, and not through policing methods like stock limits, prices may not be contained," said an industry expert.

## SCARCITY SITUATION

The average sold-out price in FCI's third round of e-auction was more than ₹2,150/quintal, whereas that

during the previous two rounds was ₹2,136 and ₹2,137. There seems to be a scarcity in the market as the highest selling rate of ₹2,245/quintal was reported from Uttarakhand, which is a wheat growing State, traders said. Even at ₹2,170/quintal in Uttar Pradesh and ₹2,189/quintal in Rajasthan, the rates were on the higher side compared to that in consuming States like Kerala, Karnataka or Tamil Nadu, the traders said.

Yadav Foods has offered to buy at ₹2,285/quintal from FCI's Haldwani depot in Uttarakhand, which is the highest rate among all States, trade sources said. Even in Delhi, as many as 65 out of 90 successful participants had offered to buy wheat at ₹2,200/quintal or more. But the allocation in the fourth round for Uttarakhand has been reduced by a half of its offtake in the last round whereas the same quantity has been maintained in Delhi, traders said.