

Govt's wheat stocks fall to 16-year low, 30-32 MT of procurement target for the season

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Written by Sandip Das | March 27, 2024



Meanwhile, the government's wheat procurement drive by agencies for 2024-25 rabi marketing season (April-June) has commenced early in Rajasthan and Madhya Pradesh. (Image: Express Photo)

Wheat stocks in the central pool fell to a 16-year low of 7.73 million tonne (MT) due to low procurement for the last two years, and aggressive sale of grains in the open market by Food Corporation of India (FCI) this fiscal.

Sources told FE that the stocks are likely to be precariously close to the buffer of 7.46 MT for April 1. The last time wheat stocks were below the current levels was way back in 2008. It had then dropped to 5.8 MT on April in that year.

After achieving a record procurement 43.3 MT in 2021-22 season (April-June), the purchase by the government agencies under the minimum support price (MSP) operations fell to record low of 18.8 MT in 2022-23 season. However, it rose by around 40% to 26.2 MT in 2023-24 in the rabi marketing season.

“Lower production and robust domestic demand pushed up prices above MSP thus leading to reduction in purchase under MSP operations by the government agencies in the last two seasons,” an official said.

Earlier this month, the government had stopped open market sale of wheat which was carried out since June last year through weekly e-auction with a record ever sales of 9.4 MT to bulk buyers aimed at reducing the retail prices.

Meanwhile, the government's wheat procurement drive by agencies for 2024-25 rabi marketing season (April-June) has commenced early in Rajasthan and Madhya Pradesh. So far 24,338 tonne of wheat has been purchased from farmers in these two states.

Although the wheat purchase usually commences from April 1 for the next marketing season, this year the government had urged states to MSPs operations of wheat early.

Sources said that the agencies are likely to purchase around 30 – 32 MT of wheat from the farmers in the 2024-25 season.

Madhya Pradesh, the second biggest contributor to the central pool wheat stock after Punjab, is aiming to procure 8.2 MT of grain in the 2024-25 rabi marketing season. Madhya Pradesh and Rajasthan have declared a bonus of Rs 125/quintal over the MSP of Rs 2275/quintal for the season.

Punjab and Haryana will start MSP purchase operation from April 1. Punjab is likely to contribute 13 MT of wheat to central pool stock while in Haryana MSP purchase in 2024-25 season is likely to be 5 MT.

Uttar Pradesh has already announced procurement of wheat from farmers at MSP. Punjab is aiming to purchase 13 MT of wheat in the new season.

The agriculture ministry in its second advance estimate of foodgrain productions for 2023-24 crop year (July-June) has projected wheat output at 112 MT, which is marginally higher from the previous crop year.

FCI annually requires around 18 MT of wheat annually for distribution of grain under the free ration scheme – Pradhan Mantri Garib Kalyana Anna Yojana. “We need sufficient stock to carry out open market sale of grain to the bulk buyers next year,” an official said.

Inflation in wheat declined further to only 2% in February from 12% in July,2023 on year because of improvement in supplies due to open market sale being carried out by the FCI.

Source: <https://www.financialexpress.com/policy/economy-govts-wheat-stocks-fall-to-16-year-low-30-32-mt-of-procurement-target-for-the-season-3437424/>