

# No plan to cut import duty on wheat: Govt

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**THE GOVERNMENT ON** Thursday ruled out reducing import duty on wheat by stating that there are "sufficient stocks" of the grain to meet the domestic requirements and undertake a market intervention.

While stating that the food and consumer affairs ministry is keeping a close watch on market prices of wheat, an official statement said, "in addition, suitable interventions, as warranted, shall be undertaken to ensure that there is no hoarding by unscrupulous elements and the price remains stable".

There have been concerns that with stocks hovering around the buffer level, the prices could rise.

While according to the statement, "at present there is no proposal to alter the duty structure on imports of wheat", trade sources have said that import of around 4-5 million tonne (MT) by reducing imports duties would help improve domestic supplies while allow-

## ATA GLANCE

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■ Agriculture ministry has projected wheat production in 2023-24 crop year (July-June) at **112 MT**



ing the government agencies to hold on to adequate stock as a buffer. In April, 2019, import duty on wheat was increased to 40% from 30% in April 2019, to boost procurement by agencies

The current wheat stock with the Food Corporation of India (FCI) is 30.23 million tonne (MT) which is above the buffer of 27.58 MT for July 1.

The official note stated that after meeting the requirement for the public distribution system and other welfare schemes,

which is approximately 18.4 MT, sufficient stock of wheat will be available to undertake market interventions, as and when required.

The food ministry had earlier projected procurement of around 27 MT in the 2024-25 marketing season (April-June), against a target of 30-31 MT at the beginning of the season. Till Wednesday, wheat purchases by agencies have crossed 26.58 MT against 26.19 MT in the 2023-24 season and purchase operations

are still on in Rajasthan and Uttar Pradesh.

In FY24, the FCI had sold a record 10 MT of wheat to bulk buyers at tame prices. Inflation in wheat has been relatively stable with inflation in May, 2024 was reported 6.53% on year.

The agriculture ministry has projected wheat production in the 2023-24 crop year (July-June) at 112 MT while a private survey had estimated the output at 106 MT.

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

The government has announced an MSP of Rs 2,275/quintal for the 2024-25 season, which is an increase of Rs 150/quintal over the previous season. In addition, Rajasthan and Madhya Pradesh have announced a bonus of Rs 125/quintal over the MSP.