

Wheat Price Forecast at Harvest- 2022

Wheat is considered as one of the prime cereal crops grown internationally and an important staple food of nearly 2.5 billion of world population. Wheat is grown on 221 million ha which makes it more widely grown crop than any other staple food crop. It supersedes maize or rice as a source of protein in low- and middle-income nations and is second only to rice as a source of calories. Wheat is the dominant staple food grain in North Africa and West and Central Asia, providing as much as half of all calories consumed in these regions.

During 2020-21, in the world, 221 million ha area was under wheat with a production of 775 million tons, while the same was 216 million ha and 764 million tons during 2019-20. The forecasted production in the world for the year 2021-22 is 780.6 million tons. Major wheat producing countries during 2021-22 included European Union (138.4 million tons), China (137.1 million tons), India (109.5 million tons) and Russia (75.0 million tons). Closing stock of wheat in the world in 2021-22 is estimated to be 287.49 million tons, while, it was 289.92 million tons in 2020-21.

During 2021-22, in India, wheat production was 109.5 million tons as against 107.5 million tons in 2020-21. Exports from India during 2021-22 is estimated to be 5 million tons which stood at 3 million tons during 2020-21. Closing stock of wheat in India is estimated to be 27 million tons during 2021-22, while it was 26 million tons in 2020-21.

Acknowledging the fact that poor families still need food security support due to the situation created by covid pandemic, the Government has decided to extend its free ration scheme, Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), till March 2022. PMGKAY which provides more than 80 crore ration card holders with five kg each of rice or wheat a month free of cost, in addition to the five kg which they are eligible for on a subsidized basis under the National Food Security Act. The extension will entail an estimated subsidy of Rs 53,345 crore, with a total outgo of 16.3 million tons of grain.

During 2021-22 in Gujarat, area under wheat was 12.17 lakh ha with a production of 39.19 lakh tons while the same was 13.66 lakh ha and 43.79 lakh tons during 2020-21.

The minimum support price of wheat has been fixed at Rs 2015 per quintal for 2022-23 which was Rs 1975 last year (2021-22). In the Union Budget for 2022-23, it has been announced that the Government will pay Rs 2.37 lakh crore towards procurement of wheat and paddy under MSP operations.

During March-April, 2021 wheat price was observed between Rs 1818 to 1827 per quintal in the markets of Gujarat while it was between Rs 1876 to 1890 per quintal during March-April, 2020. During January-February, 2022 wheat price was between Rs 2097-2114 per quintal. Despite good exports, local prices in Gujarat continue to hover around the procurement price (MSP).

Given the geographical tensions between Russia and Ukraine, which jointly account for a quarter of the world's wheat export, the wheat prices are likely to go up.

Considering available information and traders views, the research team of NAHEP-CAAST, IABMI, Anand Agricultural University, Anand, analyzed the monthly price data of 17 years for wheat collected from Banaskantha market of Gujarat. The econometric analysis revealed that the prices of wheat during **March-April, 2022 i.e. at harvest** may remain in the range of **Rs 358- 448 per 20 Kg (Rs 1791-2240 per quintal)**.

Note: There may be deviation of the actual prices from the predicted prices due to new developments in the commodity markets such as change in international prices, export or import restrictions, etc. And these price forecasts are based on past market price data & different econometric models and that actual market price may not remain to be the same as forecasted.