

(as on 10.05.2016)

Commodity Profile of Wheat for May 2016

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1. Wheat estimates for India(crop year 2014-15 and marketing year 2015- 2016)

(Quantity in Million Metric Tonnes)

| 2014-15 | 2015-16 (Estimated) | Particulars/Year | Mar,2016 | Source |
|---------|------------------------|---|----------|--------|
| 17.83 | 17.22# | Opening Stock in Central Pool | 16.87 | DoFPD |
| 86.53** | 94.04 | Production | 94.04 | DES |
| 0.03 | 0.01 | Total Imports | 0.51* | DoC |
| 104.39 | 111.27 | Availability | 111.42 | |
| 2.92 | 4.99 | Total Export | 0.61* | DoC |
| 19.80 | 15.47## | Ending Stock in Central Pool | 14.53 | DoFPD |
| 81.67 | 90.81 | Total Availability for Domestic Consumption | 96.28 | |

Sources: Department of Food & Public Distribution (DoFPD); Department of Commerce (DoC); Directorate of Economics & Statistics (DES); Department of Agriculture and Cooperation (DoAC).

**As per 3rd Advance estimates for 2015-16 released on 09.05.2016. Availability: opening stock in central pool plus production plus Imports; Total Availability for Domestic Consumption: Availability minus (total export plus ending stock in central pool)

*The figure of export and import is cumulative for the month of April - Mar, 2015-16.

#: Estimated figure in the beginning of the year. ##: Estimated figure at the end of the year

For preparing estimated figure for 2015-16, Production as estimated by DES, Imports and export have been taken for last three years' average, opening and ending stock as estimated by Department of Food and Public Distribution.

It may be seen that FCI stocks ending in March, 2016 is 14.53 million MT against 17.83million MT in the corresponding period of last year.

2. Wheat estimates for the World

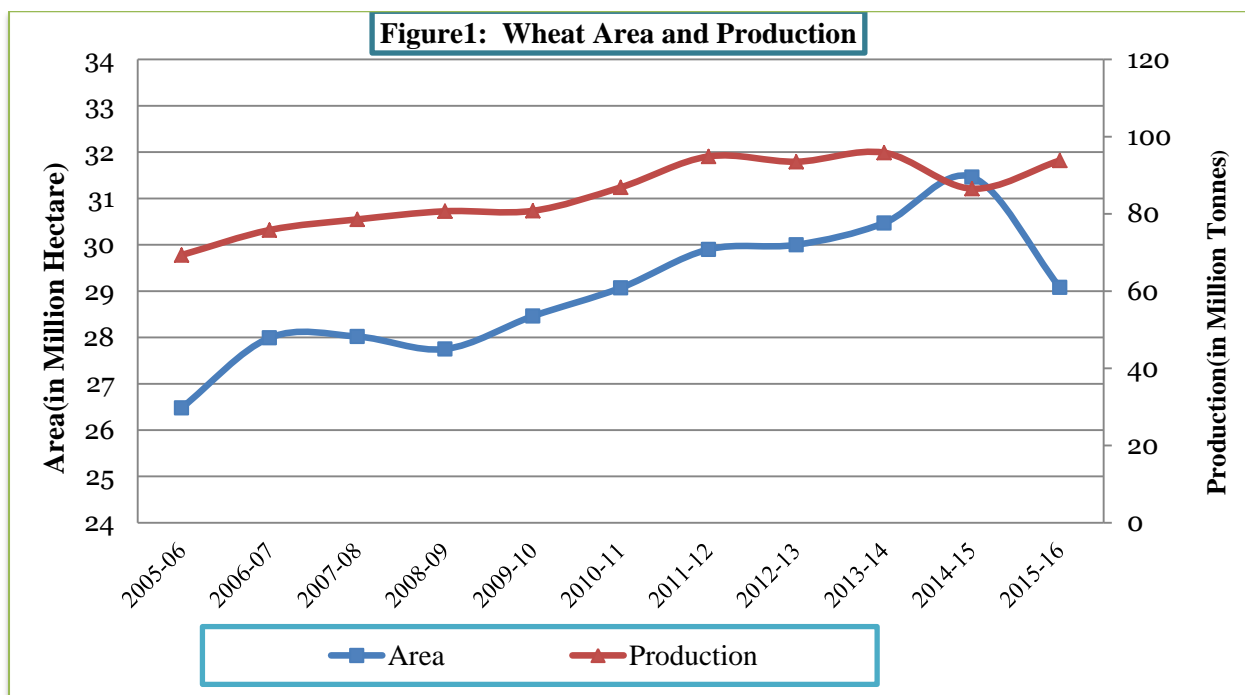
(Quantity in Million Metric Tonnes)

| Particular/Year | 2013-14 | 2014-15 | 2015-16 (Forecasted) |
|------------------|---------|---------|-----------------------|
| Production | 714 | 720 | 720 |
| Trade | 156 | 153 | 148 |
| Consumption | 696 | 707 | 716 |
| Carry Over Stock | 188 | 202 | 206 |

Source: International Grains Council (IGC)

- During 2013-14 and 2014-15, the world production has increased by 1 percent (from 714 million MT to 720 million MT) and world trade decreased by 1.28 per cent, (from 156 million MT to 153 million MT) respectively, and consumption has increased by 1.6 percent (from 696 million MT to 707 million MT).As a result, change in carry over stock has increased by 7.44 percent.

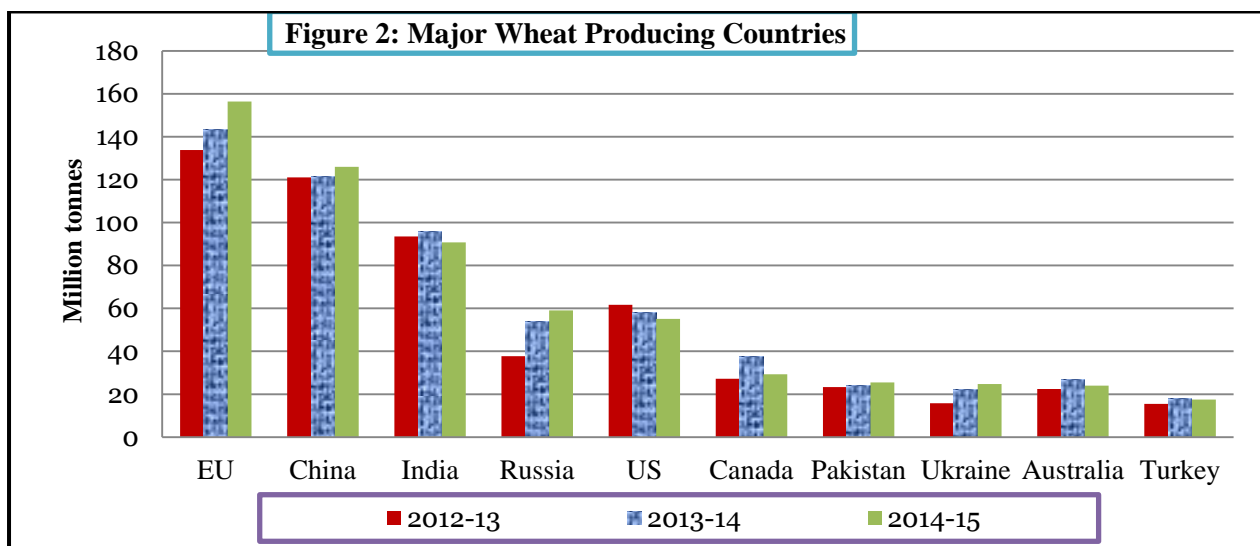
3. India's Wheat Area and Production during 2005-06 to 2015-16



Source: Directorate of Economics & Statistics

- India's wheat production has increased in last 10 years at CAGR of 3.07 percent
- Area under wheat cultivation has also increased in last 10 years at CAGR of 0.94 percent.

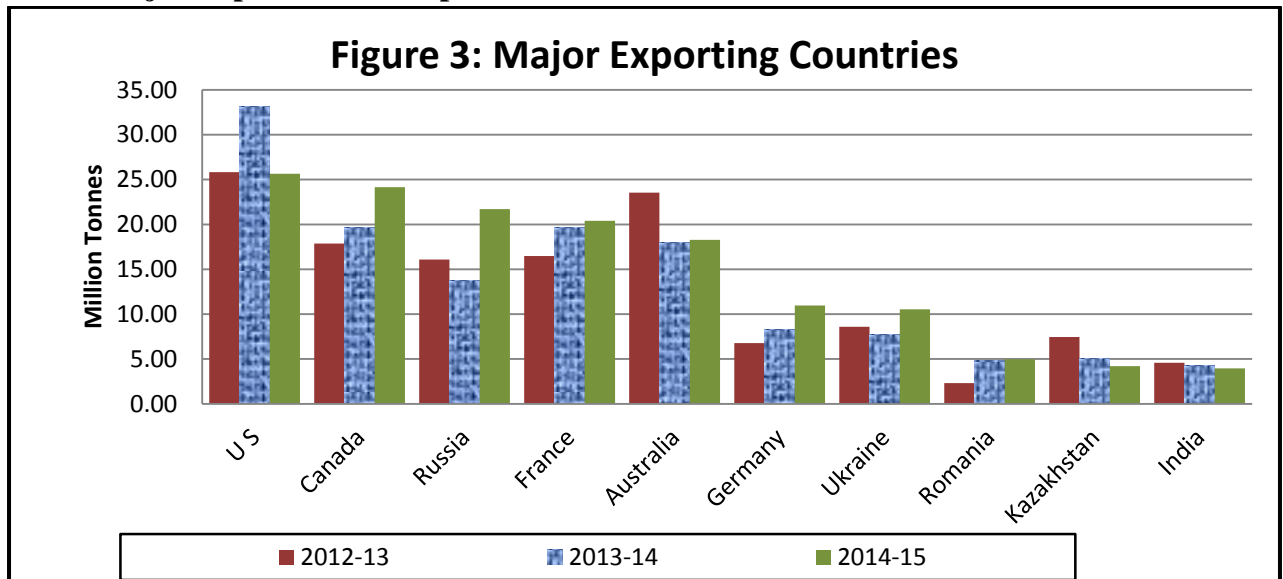
4. Global Production



Source: United States Department of Agriculture Database.

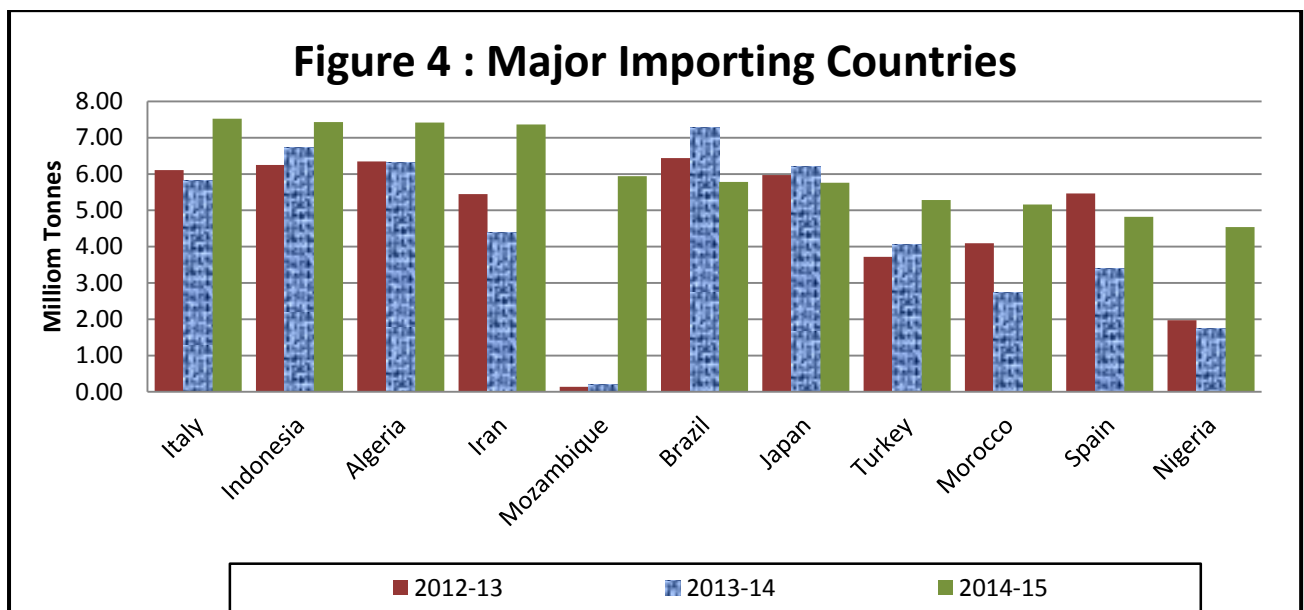
- China was the leading wheat producing country followed by India and Russia.
- India's share in global wheat production was recorded at 13.2 percent in the year 2014-15.

5. Major Exporters and Importers of Wheat



Source: Comtrade

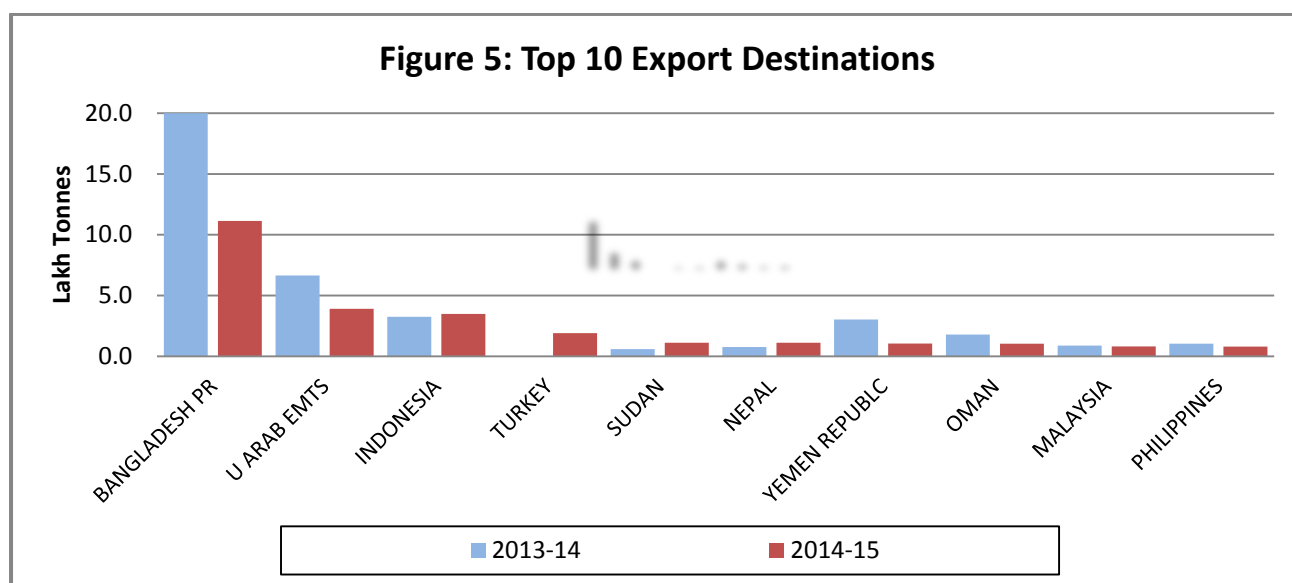
- US was the leading wheat exporting country in the world followed by Canada and Russia in 2014-15.
- India's share in global exports was around 1.8 percent in the year 2014-15.



Source: Comtrade

- As shown in the Figure 4, Italy was the largest importing country in the world followed by Indonesia, Algeria, and Iran in 2014-15.

6. India's Top 10 Export Destinations



Source: Directorate General of Commercial Intelligence and Statistics (DGCI&S)

- In 2014-15, India's export of wheat to Indonesia, Turkey, Sudan and Nepal witnessed an increase, while for other countries (in its top 10 major export destinations) the exports either declined or remained constant.

7. Trade flow for Wheat

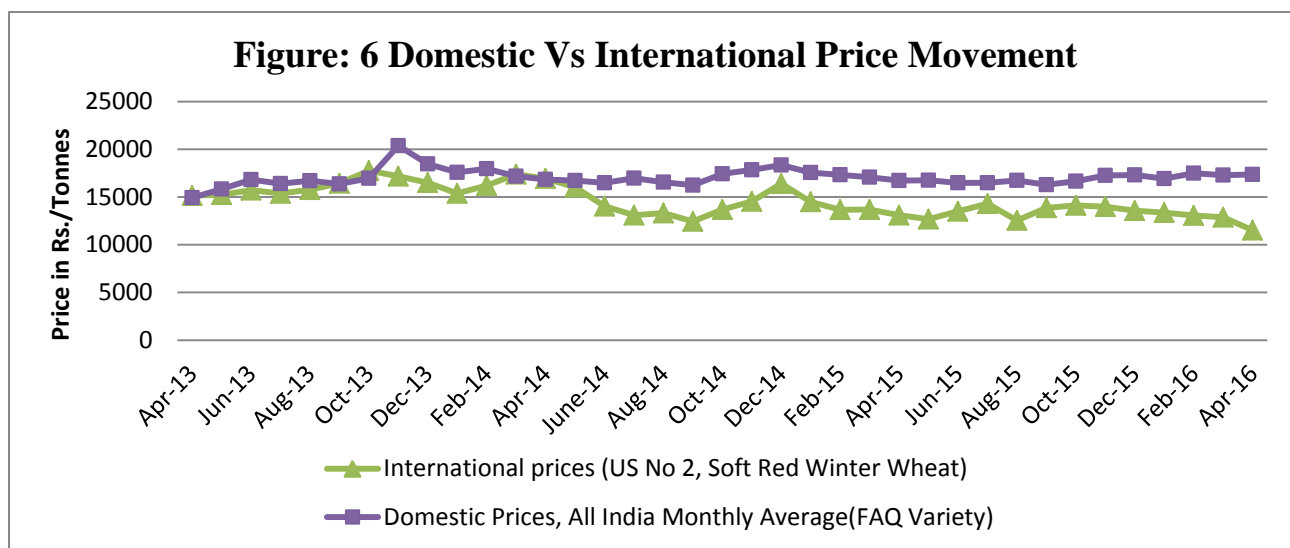
(Quantity in million MT)

| Year | Export | Import |
|---------|--------|--------|
| 2011-12 | 0.74 | 0.0 |
| 2012-13 | 6.51 | 0.0 |
| 2013-14 | 5.56 | 0.01 |
| 2014-15 | 2.92 | 0.03 |
| 2015-16 | 0.61 | 0.51 |

Source: Depart. Of Commerce

- India's wheat export in 2014-15 has declined by 47% over the corresponding period of the previous year in view of surplus global stocks and higher domestic prices.

8. Domestic and International Price Movement



Source: Agmark database (for Domestic Price); FAO database (for international Prices)

- Domestic prices have been higher than that of International prices since June 2014 onwards.

9. Minimum Support Price (MSP)

(Price in Rs./Quintal)

| Table – 4: The MSP of Wheat for the last 5 years | | | | | |
|---|---------|---------|---------|---------|---------|
| Year | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Wheat | 1285 | 1350 | 1400 | 1450 | 1525 |

Source: Commission for Agricultural Costs and Prices (CACP)

- A secular increase of Minimum Support Price (MSP) for wheat is recorded. This figure has increased by 18.7 percent in the last 5 years.

10.1 Wheat Arrivals in Major Domestic Mandis

(Quantity in tons)

| Name of Market | Arrivals Apr,2016 | Arrivals Mar,2016 | Arrivals April, 2015 | % Change(Over Previous Month) | % Change(Over Previous Year) |
|----------------|-------------------|-------------------|----------------------|-------------------------------|------------------------------|
| Kanpur | 11.71 | 5.88 | 6.92 | 99.18 | 69.23 |
| Mathura | 0 | 0 | 34.62 | - | - |
| Bhopal | 402.12 | 22.84 | 43.84 | 1660.54 | 817.19 |
| Indore | 245.62 | 404.67 | 547.60 | -39.30 | -55.14 |
| Khanna | 97.30 | 0.01 | 44.48 | 1743661.65 | 118.77 |
| Nagpur | 4.66 | 3.72 | 1.53 | 25.62 | 204.30 |
| Jalana | 0.45 | 0.31 | 0.52 | 48.04 | -13.05 |

Source: AGMARKNET and Agriwatch,

- The figure for wheat arrival in major Mandis shows that Bhopal was leading in April 2016 and Indore in April 2015.
- So far percentage change of wheat arrivals in major domestic mandis in April 2016 over April 2015 is concerned; all the above mandis (except Jalana & Indore) showed a positive growth.

10.2 Domestic Price Movement in Major Mandis

(inRs/quintal)

| Name of market | Prices April, 2016 | Prices March ,2016 | Prices April,2015 | % Change(Over Previous Month) | % Change(Over Previous Year) |
|----------------|--------------------|--------------------|-------------------|-------------------------------|------------------------------|
| Kanpur | 1582.4 | 1609.1 | 1515.7 | -1.66 | 4.40 |
| Mathura | N.A | N.A | 1432.2 | - | - |
| Bhopal | 1752.8 | 1734.4 | 1500.0 | 1.06 | 16.85 |
| Indore | 1554.9 | 1576.0 | 1492.4 | -1.33 | 4.19 |
| Amritsar | 1525.0 | N.A | 1444.5 | - | - |
| Khanna | 1524.0 | 1540.0 | 1478.0 | -1.04 | 3.11 |
| Nagpur | 1967.8 | 1928.9 | 1852.3 | 202 | 6.24 |
| Jalana | 1790.4 | 1782.2 | 1607.1 | 0.29 | 11.41 |

Source: AGMARKNET and Agriwatch database

- Domestic price movement in major Mandis in India indicated growth in prices in April 2016 over same period in the previous year.

11. Futures prices of wheat

(Unit in USD/Ton)

| Contract Month | As on 30.04.2016 | Week Ago(23.04.2016) | Month Ago(30.3.2016) | 3 Month Ago (30.01.16) | 6 Month Ago (30.10.2015) | 1 Year Ago (30.04.15) | % Change over previous year |
|----------------|------------------|----------------------|----------------------|------------------------|--------------------------|-----------------------|-----------------------------|
| May-16 | 175.62 | 171.58 | 175.16 | 178.19 | 192.33 | 195.09 | -9.98 |
| Jul-16 | 179.47 | 174.15 | 177.73 | 180.21 | 192.89 | 196.38 | -8.61 |
| Sep-16 | 183.06 | 177.64 | 181.22 | 183.52 | 195.82 | 199.41 | -8.20 |
| Dec-16 | 189.58 | 183.79 | 186.27 | 188.38 | 200.14 | 205.84 | -7.90 |
| Mar-17 | 195.82 | 189.30 | 191.14 | 191.97 | 204.83 | 209.23 | -6.41 |
| May-17 | 199.59 | 192.79 | 194.08 | 193.53 | 205.01 | 210.15 | -5.03 |

Source: Chicago Board of Trade (CBOT)

- Future price for wheat is expected to decrease over the previous year as shown in the Table 7.
- The price fall may be as a result of increase in the expected wheat production in the world (see Figure 2).

12. Trade Policy

12.1 Export Policy: Export of wheat is free under the extant export policy of Government of India.

12.2 Import Policy: Import of seeds is restricted. Whereas, import of wheat for human consumption is permitted through State Trading Enterprises

| HS code | Item description | Import policy | Standard Duty | Bound Duty | Applied duty |
|----------|------------------------------|---------------------------|---------------|------------|--------------|
| 10011100 | Durum wheat: Of seed quality | Restricted | 100 | 100 | 100% |
| 10011900 | Other Durum wheat | Free* | 100 | 100 | 25% ** |
| 10019100 | Other: Wheat of seed quality | Restricted | 100 | 100 | 100% |
| 10019910 | Other wheat | Free* | 100 | 100 | 25% ** |
| 10019920 | Meslin | State Trading Enterprises | 100 | 100 | 100% |

Source: Directorate General of Foreign Trade (DGFT), Department of Revenue, and World Trade Organization (WTO) database.

*Import of wheat (HS code- 10011900 and 10019910) made free till further order vide DGFT's Notification No.35 Dated 8th October 2007

** Import duty on wheat has been increased from 10% to 25% vide Notification No. 51/2015- Customs dt19thOctober, 2015 till March 2016. The said 25% duty has been further extended upto June 2016 vide notification dated 28th March,2016.