



Labourers unload wheat grain from a trailer at a wholesale grain market on the outskirts of Amritsar in India on April 16.

PHOTO: AFP

ANALYSIS

Feed home or the world? India's wheat dilemma

PALLAB BHATTACHARYA, *New Delhi*

In September last year, when Prime Minister Narendra Modi met US President Joe Biden in Washington on the margins of the first in-person summit of the Quad group of countries, he had conveyed to him that India was ready to supply food grains to the world if the World Trade Organisation agrees.

Six months on, India's production of wheat has been hit by a severe heatwave that singed large swathes of the country in March and April this year and private traders look for export in view of the shortage of supply due to the Ukraine conflict.

Food stock, particularly wheat, in different parts of the world is dwindling due to the war in Ukraine. And India, though not among the top 10 wheat exporters of the world in the past, suddenly sensed an opportunity to export wheat to the rest of the world as the price of the crop goes up.

Commerce Minister Piyush Goyal said on April 3 that during the Covid-19 pandemic India emerged as a major global supplier of food and essential agriculture products and India recorded the highest-ever agricultural products export in the 2021-22 financial year.

He let it be known that higher agricultural exports signify the ability of Indian farmers to meet the domestic requirement of the 1.35 billion population and yet produce a surplus to export to the rest of the world. He also assured that India will step up wheat

supplies to countries hit by the Ukraine war and is likely to exceed wheat exports by over 10 million tonnes in the 2022-23 financial year.

According to data from the Directorate General of Commercial Intelligence and Statistics, the top 10 importing countries for Indian wheat in 2020-21 were Bangladesh, Nepal, Sri Lanka, the United Arab Emirates, Yemen, Afghanistan, Qatar, Indonesia, Oman, and Malaysia. These countries accounted for more than 99 per cent share of India's wheat exports in 2020-

However, India now faces the prospect of a decline in wheat output. The government had set a wheat production target of 110 million tonnes for 2021-22, which is higher than the estimated production of 109.59 million tonnes.

State-owned Food Corporation of India procured an estimated 27 per cent less in the first 20 days of wheat procurement season this year, compared with the same period last year, leading to fears of increased prices of the foodgrain in the coming months.



The top importing countries for Indian wheat in 2020-21 included Bangladesh, Nepal and Sri Lanka. So, if restrictions are imposed on wheat exports, the most affected will be these neighbours

21, in both volume and value terms. Traditionally, India has not been a large exporter of wheat to the global market, but the war in Ukraine and drought in some major growing countries have underlined the importance of India as one of the few remaining places with ample stockpiles. Major buyers, including Egypt, have recently approved the purchase of Indian wheat.

The government had recently lowered its wheat purchase estimates.

As on April 1, 2023, India would have stocks of 8 million tonnes of wheat, well above the minimum requirement of 7.5 million tonnes, an official statement said. India will have surplus wheat in the financial year of 2023 even though production is expected to be 105 million tonnes, slightly lower than the initial estimate of 111 million tonnes.

Responding to a question on the lower procurement of wheat, Food Secretary Sudhanshu Pandey said that due to higher market prices, a large quantity of wheat was being bought by traders at a higher rate than the Minimum Support Price, which he said, was good for farmers.

"Due to an increase in market prices and higher demand by the private players both for the domestic as well as export purposes this year, the purchase by the government agency is less."

But the early onset of the severe heat this year has damaged India's wheat crop. What has further complicated the matter is the rising food inflation, particularly that of wheat, and put the government in a dilemma whether to keep the domestic prices of wheat in check or allow exports to continue. Can both go hand in hand?

If restrictions are imposed on wheat exports, the most affected will be India's South Asian neighbours like Bangladesh, Nepal and Sri Lanka. Food ministry officials, however, maintain India doesn't see a case for controlling wheat exports but cut the estimate for 2021-22 production.

India would like to be seen as a reliable supplier of foodgrains to the world. But at the same time, the Modi government would not like its image dented by any scarcity of wheat in the domestic market like the acute shortage of Covid-19 vaccines, triggered by exports to other countries, had done in 2020 at the height of the pandemic.

TRADE WITH US

Three cheers for \$12b

AL MAMOON

Bangladesh's total trade with the United States has crossed the \$10-billion mark in 2021, a feat that we should celebrate and beat our drums in the run-up for 2022 that is beckoning a 12 billion-dollar milestone! First, let us look at blockbuster ten.

Data from the United States Census Bureau tells us how we made it year by year, billion by billion.

In 2016, it was only \$6.82 billion of total trade, meaning export to the US and import from the US combined. With exports mounting higher and higher, the figures rose to \$7.16 billion, \$8.18 billion and \$9.01 billion in three successive years. That says we could hit the 10 billion-dollar jackpot in 2020 had there been no pandemic.



We did quite well though. Braving the deadly disease, we exported \$6.07 billion worth of goods lifting the total trade to \$7.92 billion.

And then came the lucky charm 2021: \$2.33 billion in imports plus \$8.30 billion in export took us to \$10.64 billion in the total trade, an astronomical 34.31 per cent rise, year-on-year.

There is not much of a change in imports from the US over the years, rather it is the steady growth of our export that did the trick. When new Boeings are added to our fleet, import goes up, or else it stays below \$2 billion. The traditional biggies are seeds, scrap iron and steel, cotton, natural gas and liquefied natural gas.

The quite fascinating fact is that not only have we maximised our export volume, we also sprinted faster than our rivals. From the 54th goods trading partner of America in 2016, we moved up to the 45th position last year, up

The bottom line remains that of a titanic \$4.5 trillion annual trade of the US with the world, we could only capture a paltry 0.23 per cent market share. It is far less than 1 per cent, with the top three Canada, Mexico, and China holding 14 per cent of the pie each

eight notches in a span of six years, among 232 nations and territories that the US has trading relations with.

THE ROAD TO \$12 BILLION

More good news is brewing! The first quarter of 2022 came out as the best three months ever in history! This is unprecedented, unmatched and extraordinary.

These stunning, never-seen-before numbers demand the never-seen-before attention of all stakeholders. Historic month-to-month data also tells us that year closing figure is never a straight quadruple of any quarter. Rather, 12 months in total generally register a higher volume than a fourfold of the first quarter. Put it simply, we are eyeing on \$12 billion of total trade this year, if not more!

This has been a long uphill climb. Having traded since independence, it took us till 1992 to touch the \$1-billion mark and three decades more to turn it double-digit. But indications are loud and clear that we are not going to stop here.

And, at this vantage point, let us give due credit to both sides of the aisle, individuals and associations who sell to America on one side, and the Prime Minister's Office, the Ministry of Commerce, the Ministry of Finance, the Ministry of Foreign Affairs, the Bangladesh Bank, the

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G7 countries pledge to stop Russia oil imports

AFP, Washington

The G7 club of wealthy nations committed Sunday to phasing out its dependency on Russian oil and issued a scathing statement accusing President Vladimir Putin of bringing "shame" on Russia with his invasion of Ukraine.

The statement from the Group of Seven - France, Canada, Germany, Italy, Japan, Britain and the United States - did not specify exactly what commitments each country will make to move away from Russian energy.

But it was an important development in the ongoing campaign to pressure Putin by crippling Russia's economy, and underscores the unity of the international community against Moscow's actions.

"We commit to phase out our dependency on Russian energy, including by phasing out or banning the import of Russian oil. We will ensure that we do so in a timely and orderly fashion, and in ways that provide time for the world to secure alternative supplies," the joint statement said.

"This will hit hard at the main artery of Putin's economy and deny him the revenue he needs to fund his war," the White House said.

The announcement came as the G7 held its third meeting of the year on Sunday via video conference, with Ukrainian President Volodymyr Zelensky participating.

The West has so far displayed close coordination in its announcements of sanctions against Russia, but has not moved at the same pace when it comes to Russian oil and gas.

The United States, which was not a major consumer of Russian hydrocarbons, has already banned their import.



France's President Emmanuel Macron takes part in a video-conference with G7 leaders on Ukraine at the Elysee Palace in Paris on May 8 on the 74th day of the Russian invasion of Ukraine.

PHOTO: AFP

Indian rupee falls to new low on fears over inflation

AFP, Mumbai

The Indian rupee plunged to an all-time low against the greenback on Monday, as US monetary policy tightening roiled sentiment and foreign investors continued to dump domestic stocks.

Rising oil prices and a strengthening US dollar have weighed heavy on the rupee with a surprise rate hike by the Reserve Bank of India (RBI) last week doing little to stem capital outflows.

The rupee fell past its previous record low of 76.98 against the US dollar in March to 77.56 on Monday.

The fall came as Indian stocks on the benchmark Sensex and Nifty50 indices extended losses for a fourth day, falling more than one percent each on Monday before recovering ground later in the day.

Banks, metals and oil and gas stocks

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