

THE WHEAT TEST

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

Wheat stocks in government warehouses are at a seven-year-low of 16.4 million tonnes (mt) as of January 1. That, by itself, is not cause for concern. The present stocks are more than the minimum buffer of 13.8 mt to meet the operational requirements of the public distribution system, plus a strategic reserve, for the next three months. By then, the new crop would start arriving in the mandis. Besides, the government has sufficient rice stocks to more than compensate for any shortfalls in wheat. That should keep both cereal and overall retail food inflation — at near double-digits now — somewhat under control, at least till the national elections scheduled in April-May. The measures taken so far — banning wheat and non-basmati white rice exports, not permitting large retailers and traders to hold more than 1,000 tonnes of wheat, and selling grain from the Food Corporation of India's stocks in the open market — are good enough for that.

The problem, if any, would be after the elections. If the current wheat crop, due for harvesting only from March-end, turns out not too good, it's the next government that will have to deal with the ensuing supply challenge. The [Narendra Modi](#) government, to its credit, has been proactive in supply-side management with regard to pulses and edible oils; imports of these have been allowed at nil or low duties till March 31, 2025. The same alacrity hasn't been seen in wheat, rice and sugar — perhaps because the growers of these crops are politically more organised than pulses or oilseeds farmers. While exports have been restricted, along with curbs on diversion of cane juice and intermediate-stage molasses for ethanol production by sugar mills, the Modi government has refrained from opening up imports. But given the finely balanced supply situation — the new 2023-24 sugar season, too, has begun with six-year-low stocks and no clarity on actual production — imports may be inevitable sooner than later.

Ideally speaking, keeping the import window open (like in edible oils and pulses) without resorting to any export and stocking controls (going against the letter and spirit of the Modi government's now-repealed farm laws) is what's required in all agri-commodities. India's farm sector, unlike industry and services, has suffered the most from lack of policy stability and predictability, impacting investments in processing, warehousing, marketing and research. The preoccupation with short-term goals has meant deploying the sledgehammer approach in response to every [inflation](#) event in onions or pigeon pea — and not doing anything when prices crash. It has taken the focus away from long-term policy that is in the ultimate interest of both producers and consumers. A strategic vision for Indian agriculture, going beyond food inflation, should be a priority for the next government.

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