

Wheat and Potato Price Forecast at harvest – 2020-2021

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Introduction

Wheat:-

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 yearly on 215 million hectares - an area equivalent to that of Greenland and distributed from Scandinavia to South America and across Asia, making it more widely grown than any other staple food crop. Wheat is eaten by 2.5 billion people in 89 countries. 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 in North Africa and West and Central Asia, providing as much as half of all calories consumed in the region.

In the world during 2019-20, 216 million ha area was covered under wheat with a production of 764 million metric tonnes against year of 2018-19. 215.45 million ha area was covered under wheat with a production of 730.96 million metric tonnes. Top most wheat cultivating countries in world are India (29.32 million ha), Russia (27.31 million ha), China (23.73 million ha), USA (15.04 million ha), Kazakhstan (11.34 million ha), Canada (9.66 million ha), Pakistan (8.80 million ha), Ukraine (7.02 million ha) and Turkey (7.00 million ha) etc. World's closing stock of Wheat for the year 2019-20 is estimated to be 276.56 million tonnes whereas in 2018-19 it accounted for 271.44 million tonnes. In India, during 2019-20, area under Wheat was 29.32 million ha with production of 103.60 million metric tonnes and yield of 3.53 metric tonnes per ha. Exports from India during 2019-20 were 0.2174 million metric tonnes as compared to 0.2262 million metric tonnes during 2018-19. India's closing stock in 2019-20 is estimated to be around 20.8 million tonnes whereas in 2018-19 it accounted for 19.50 million tonnes.

For the year 2020-21, as per the second advance estimates released by D.A.G area under wheat is 1273.78 thousand hectares, with a production of 4047.45 thousand tonnes and yield 3177.51 kgs./ha. In February, 2021 wheat is trading at Rs 1,811 per quintal in the market against Rs 2,399 per quintal in February,2020. The current market price of wheat is 8.30% lower than the minimum support price of Rs 1975 per quintal, offered by food procurement agencies to farmers.

Considering these all and reviewing the traders' reports, the research team of NAHEP-CAAST, analyzed the historical monthly price data of wheat collected from major markets of Gujarat. The econometric analysis revealed that the prices of wheat during March-April, 2021 is at harvest may remain in the range of Rs. 360- Rs. 420 per 20 Kg. (Rs. 1800-2100 per quintal).

Potato:-

Potato is a major food crop that is grown in over 100 countries across the world. Asia alone accounts for half of the world's potato production, with China and India accounting nearly 38% of that production. In case of potato consumption, India's domestic demand has slowly increased over the last few decades.

During 2019-20 in India, potato occupied about 21.58 lakh ha area and production was about 51.30 MT against 21.73 lakh ha area and 50.19 MT production in 2018-19.

In Gujarat, the area under potato is reported 1.25 lakh ha in the year 2020-21 (Second Advance Estimate, Directorate of Agriculture, Gujarat) as against 1.18 lakh ha in the year 2019-20 (Final Advance Estimate, Directorate of Agriculture, Gujarat). Production was estimated to be 38.96 lakh MT in the year 2020-21 as against 35.78 lakh MT in 2019-20.

In the year 2020, potato prices were in favour of farmers because of lower plantings and production, which was impacted by adverse weather during the harvest season in the potato growing zones. Besides this, corona pandemic condition also influenced the whole supply chain and buying behavior of people. During the year 2020, the prices of potato in February and March was Rs. 1105 and Rs. 1250, respectively. Up to end of January-21, competitive prices of potato was prevailed in the market due to shortage and demand in Gujarat markets.



However, from mid February-21 and up till harvesting period, there will be arrival of the new crop in the market so prices may influence.

Government of India has allowed the import of 10,00,000 MT fresh and chilled potatoes from Bhutan without any license, up till January 31, 2021 (Economic times). Due to corona pandemic, export has not clutched its pace right now. This will ultimately influence the prices of potato in our domestic markets.

Considering all these available information and traders reviews on the same, the research team of NAHEP-CAAST, IABMI, Anand Agricultural University, Anand analysed the historical monthly price data of potato collected from major market of Gujarat. The econometric analysis revealed that the prices of potato during February - March 2021 i.e. at harvest may remain in the range of Rs. 130 to Rs. 160/20 kg. (Rs. 650 to Rs. 800 per quintal).