

Voluntary Report – Voluntary - Public Distribution

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Report Name: India - Extreme Temperatures Scorch Indian Wheat
Production

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Report Highlights:

Heat stress resulting from an unprecedented spike in temperatures beginning in the mid-March 2022 has had a marked impact India's wheat crop. Yields are 10-15 percent down, driving India's forecasted market year (MY) 2022/23 (April-March) wheat production down from 110 million metric tons (MMT) to 99 MMT. On May 13, 2022, the Indian government announced a ban on wheat exports, citing the sudden spike in global wheat prices and the resulting food security risks to India.

GENERAL INFORMATION

Heat stress resulting from an unprecedented spike in temperatures beginning in the mid-March 2022 has had a marked impact on India's wheat crop. Yields are showing a 10-15 percent decline across the major wheat growing areas, particularly for late planted wheat. This is driving India's forecasted market year (MY) 2022/23 (April-March) wheat production down from 110 million metric tons (MMT) to 99 MMT. FAS New Delhi (Post) is updating its India wheat production-supply-distribution (PSD) table accordingly and will submit a separate GAIN-India Grain and Feed - 2022 Update report highlighting the changes.

A Springless 2022, FAS Field Crop Travel Reveals Major Wheat Yield Drops

From May 2-6, 2022, Post conducted programmed field crop travel throughout India's main wheat growing areas in the states of Uttar Pradesh and Bihar to assess the *rabi* (winter-planted) season wheat crop production.

Yields across India's wheat belt are 11 percent lower than anticipated, with yield levels in some areas off 20-30 percent. Findings point to the MY 2022/23 forecasted yields being off due to the onset of summer in March (second week onwards) as reflected in unprecedented record high temperatures (highest recorded in the past 122 years) occurring during the wheat crop's critical milking/grain filling stage. Uttar Pradesh and Bihar along with Madhya Pradesh are among India's leading wheat producers and supply grains for both the private trade and for exports.

Terminal Heat Stress, So What Does It Mean?

This season's wheat crop has suffered due to the abnormal spike in temperatures from the second week of March 2022 onwards. The crop had been progressing well under adequate moisture conditions and temperature conditions throughout February, raising expectations for a record harvest of upwards of 110 MMT, up from last year's record 109.6 MMT. The spike in temperatures during the crop's milking/grain filling stage has affected grain setting (resulting in smaller grain size and higher immature/shriveled grains), especially in the case of late planted wheat (i.e., planted after November 15, 2021).

Wheat plantings in some areas were late last year due to delays with the preceding *kharif* (fall harvested) rice crop harvest, a consequence of late monsoon rains in October/November 2021. While farmers are reporting yield losses of 10-20 percent over last year, state officials and agriculture experts have been more circumspect in assessing the yield loss, as higher prices obtained by farmers from the private trade might be encouraging farmers to retain a larger share of the wheat crop for late season sales.



Note: Random wheat sample collected on May 4, 2022, at the Shahjahanpur mandi, one of the Uttar Pradesh's largest grain markets.
Source: FAS New Delhi.

India's Potential Wheat Export Prospects to Suffer

Uttar Pradesh and Bihar field crop travel findings, along with those of Punjab and Haryana findings from mid-April point to wheat production down by 10-15 percent from the February 2022 projection of 110 MMT. Following the 2020 COVID-19 pandemic outbreak, India has potentially emerged as an important wheat exporter for the Middle East/South Asia region due to global supply disruptions. In MY 2020/21, India exported 2.5 MMT of wheat valued at \$758 million mostly to Bangladesh, Nepal, the United Arab Emirates, and other neighbors. Wheat exports in MY 2021/22 have continued to grow with exports in the first 11 months (April 2021-February 2022) estimated at a record 7.2 MMT (\$2.2 billion).

Prior to the April 2022 harvest, government and trade sources were anticipating MY 2022/23 exports to potentially range 10-14 MMT, while Post had projected exports of 10 MMT (record level). Even with Indian wheat exports reaching 10-14 MMT they would still only represent approximately five percent of world wheat trade. Sources report that 5-6 MMT of wheat were under contract for exports in the first four months of MY 2022/23.

Under the current market supply situation, India's wheat exports in MY 2022/23 would barely touch upon 6 MMT, compared to MY 2021/22's volume of 8.5 MMT and MY 2022/23's initial projection of 10 MMT.

Russia's Invasion of Ukraine Stimulates Inquiries About Indian Wheat Exports

Russia's invasion of Ukraine, and the accompanying disruption of Black Sea wheat and oilseed production and supply, had boosted Indian prospects in the Middle East/South Asia region.

Egypt, the world's largest importer of wheat is heavily dependent on Black Sea wheat shipments. The Egyptian Ministry of Supply and Internal Trade/General Authority for Supply Commodities in April added India as a new wheat supplier origin. Trade sources were already reporting increased import inquiries from new markets in Africa (Nigeria and South Africa) and the Middle East (Egypt, Israel, and Oman).

Wheat prices are shooting up as Indian wheat is in demand in the global markets after exports from Ukraine halted due to the Russia-Ukraine war. Ukraine produces about a fifth of the world's high-grade wheat and seven percent of all wheat. Private traders have been picking up a large quantity of wheat from farmers at a price higher than that of the Minimum Support Price (MSP) program as international prices takeoff due to the Russia- Ukraine war.

India's Government Kiboshes Wheat Exports

On May 13, 2022, India's Ministry of Commerce and Industry's (MOCI) Directorate General of Foreign Trade (DGFT) puts the kibosh on wheat exports issuing [notification No 06/2015-2020](#) prohibiting exports of all wheat (Harmonized Tariff System categories 1001, 1001.19, 1001.9910, and 1001.9920) with immediate effect. The notification cited the spike in global wheat prices and consequent risk to the food security of India, neighboring and other vulnerable countries for the export ban.

The decision to ban exports is a result of the smaller-than-expected MY 2022/23 wheat harvest, rising food inflation, and low government wheat procurement under its MSP program which affects the Indian government ability to supply wheat under its domestic food assistance/security programs

... But India Exempts Certain Exports

The notification specifies exemptions to the ban for pending export shipments with an irrevocable letter of credit issued on or before the date of notification, and exports are allowed with the Indian government's permission to other countries to meet their food security needs and based on requests from these governments.

On May 14, the DGFT issued a [Trade Notice No 06/2022/2023](#) regarding the implementation of the export ban notification which specifies that exports of wheat on humanitarian grounds as aid/assistance on a government-to-government basis shall be allowed on case-by-case basis, with the specific approval of the competent authority. Subsequently, on May 17, the DGFT issued another [Trade Notice No 07-2022/23](#) allowing exports of wheat consignments that have been handed over to Customs for examination or registered into their systems on or before May 13, 2022, whether tied or not to a specific letter of credit or other financial instrument (see, [GAIN-INDIA | IN2022-0046 | India Bans Wheat Exports Due to Domestic Supply Concerns](#)).

Attachments:

No Attachments.