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Industries**



**Assocom Institute of Bakery
Technology & Management**
Greater Noida (NCR Delhi)

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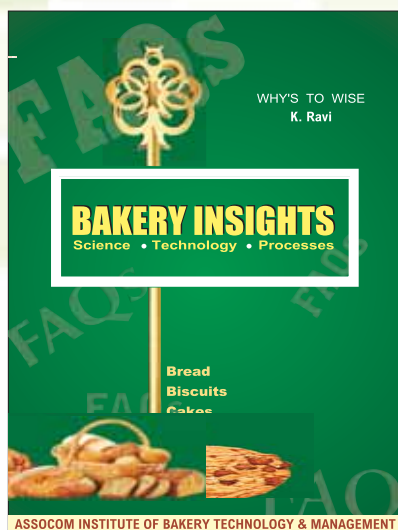


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Breads and Pastries	May 20, 2020	Greater Noida	http://aibtm.in
Celebration and Theme Cakes	May 20, 2020	Greater Noida	http://aibtm.in
Desserts and Chocolate Arts	May 20, 2020	Greater Noida	http://aibtm.in
Sugar Art	May 20, 2020	Greater Noida	http://aibtm.in
Varieties Cookies	May 20, 2020	Greater Noida	http://aibtm.in
Diploma in Patisseries	May 20, 2020	Greater Noida	http://aibtm.in
EDP	May 20, 2020	Greater Noida	http://aibtm.in
PGBST	June 20, 2020	Greater Noida	http://aibtm.in
PG Food Safety	June 20, 2020	Greater Noida	http://aibtm.in
PG in Artisan Bakery and Patisseries	June 20, 2020	Greater Noida	http://aibtm.in
Advanced cookies and crackers production	May 20, 2020	Greater Noida	http://aibtm.in

Wheat procurement to fall by 15% due to curbs on interstate crop movement



The lockdown has curbed movement of the cereal from neighbouring states to mandis in Haryana and Punjab.

The government's wheat procurement is set to fall 15% as the ongoing nationwide lockdown has restricted inter-state movement of the crop in the north-western region. The bulk of procurement will be completed by next week in Punjab and Haryana despite several challenges, but the shortfall will likely be around 4 million tonnes. The lockdown has curbed movement of the cereal from neighbouring states to mandis in Haryana and Punjab.

Many farmers in Uttar Pradesh and Rajasthan, lured by timely payments and better remuneration in Punjab and Haryana, send a large volume of paddy and wheat to these states as they offer a well-established procurement infrastructure.

Despite a shortage of jute bags and labour scarcity, Punjab has procured over 10 million

tonnes till Tuesday, but overall it is expected to come down to 12.2-12.5 million tonnes this year compared to 13.7 million tonnes last year.

The state, which was the first to kickstart purchases after a three-week curfew, has so far pumped in over Rs 10,000 crore as minimum support prices to farmers. Procurement in

AGENCY WISE PROCUREMENT OF WHEAT FOR RMS 2020-21

(Fig. in LMT)

SL No	STATES/ UTs	Procurement*		
		F.C.I.	State Agency	Total
1	Punjab	11.16	89.00	100.16
2	Haryana	4.03	43.62	47.65
3	UP	0.34	8.39	8.73
4	M.P.	0.00	44.46	44.46
5	Bihar	0.00	0.00	0.00
6	Rajasthan	1.67	0.69	2.36
7	Uttarakhand	0.00	0.18	0.18
8	Chandigarh	0.09	0.00	0.09
9	Gujarat	0.00	0.04	0.04
10	H.P.	0.01	0.00	0.01
	TOTAL	17.30	186.38	203.68

*Under Progress.Data as on 06.05.2020

Haryana, too, is expected to be impacted as crop arrival in mandis is expected at 6.5 million tonnes compared to 9.5 million tonnes in the previous season.

“The inter-state borders are sealed this year and there is no scope of crop coming from other states,” Pranab Kishore Das, additional chief secretary, Food Civil Supplies & Consumer Affairs told ET. So far, 4.9 million tonnes have been procured from 3,16,104 registered farmers in the state, he said.

In Uttar Pradesh, the largest wheat growing state, the pandemic has affected wheat procurement and arrivals are 40% less than what it was last year.

“Farmers are facing glitches in transportation and inclined to sell their produce to private traders,” a senior official engaged in procurement said. Around 1.04 million tonnes have been procured till Monday, compared to 1.5 million tonnes in the previous year.

“State government agencies are currently battling the Covid-19 virus outbreak and their involvement is crucial to boost procurement,” a senior official of Food Corporation of India said. Shortage of gunny bags has also clogged mandis across states.

STATEWISE PROCUREMENT OF WHEAT FOR RMS 2020-21

(Figures in LMTs)

SL No	STATES/ Uts	Procurement
1	Punjab	100.16
2	Haryana	47.65
3	UP	8.73
4	M.P.	44.46
5	Bihar	0.00
6	Rajasthan	2.36
7	Uttrakhand	0.18
8	Chandigarh	0.09
9	Gujarat	0.04
10	H.P.	0.01
	TOTAL	203.68

*Under Progress. Data as on 06.05.2020

“There is a scramble for even used gunny bags as prices have increased,” an official of Punjab’s Food Civil Supplies & Consumers Affairs department said.

IGC lowers flour export forecast for 2019-20



Due to reduced shipments to a number of destinations, most notably the Middle East and Asia, the International Grains Council (IGC) is forecasting a slight decline in 2019-20 global flour

exports from its January estimate. In its report, released on April 30, the IGC forecast trade at 14.8 million tonnes (wheat equivalent), down 5% from the 2018-19 total. If realized, it would be well

below the record of 17.6 million tonnes in 2016-17. At 2.2 million tonnes, Afghanistan is forecast to once again be the world's top flour importer, followed by Iraq at 1.9 million tonnes. Both totals are down about 300,000 tonnes compared to the previous year. Uzbekistan and Brazil are tied for third at a projected 600,000 tonnes of imports each.

“In (the Middle East), better local harvests are containing imports by Iraq and Syria,” the IGC said. “However, the number for Syria is moved up slightly from last time, while Iraq has indicated that additional imports are required ahead of the harvest to bolster reserves. This could include flour as well as milling wheat.”

The IGC added: “Imports by Afghanistan and Uzbekistan are short of a year ago, constrained by a tighter export surplus in their major supplier, Kazakhstan, and with little evidence as yet that they are turning to alternative origins.”

The IGC noted that while there were also downward adjustments for imports to the Philippines — (180,000 tonnes to 100,000) and other small markets, total shipments to sub-Saharan Africa is still on course to match the previous year's total of 2.03 million tonnes. The flour export side is once again dominated by Turkey, which is forecast at 5.3 million tonnes in

2019-20, up 100,000 tonnes from the January estimate and significantly higher than last year's total of 4.9 million tonnes. Ranked second is Kazakhstan, projected to export 2 million tonnes, unchanged from the January report. The IGC noted that Kazakhstan's forecast flour shipments for 2019-20 are the least since 2007-08 following a disappointing local harvest.

“In order to preserve domestic supplies, Kazakhstan introduced export limits for April and May, including for wheat and flour, though the shipment cap may be removed in June,” the IGC said.

Argentina is forecast to rank third in 2019-20 flour exports at 900,000 tonnes, up slightly from 876,000 tonnes last year.

Looking ahead to 2020-21, the IGC's initial projection is for a 2% increase in world wheat flour trade, to 15.1 million tonnes, including some recovery in purchases by Afghanistan and Uzbekistan.

“This assumes that export availabilities are more ample in Kazakhstan,” the IGC said.

The IGC did not comment on what impact, if any, the coronavirus (COVID-19) crisis was having on wheat flour trade.

Opinion | Food processing sector after lockdown



- Consumerism and demographic pluses will pull up all 25 sub-sectors of food processing to bounce back strongly

- Food processing should have its own separate 5% quota in the overall 40% priority sector credit quota instead

Not just agriculture but all agribusiness is critical for our survival. Primary processing like dairy milk, bakery and vegetable oils are afloat, albeit with 20-25% hit. Since consumption has also declined there is an edgy balance struck. Secondary processing sectors like chocolates, sauces, cheese etc. have seen much worse hit as consumers have pruned their consumption to conserve cash.

However, consumerism and demographic pluses will pull up all 25 sub-sectors of food processing to bounce back strongly and can be the flag bearer for the economy. With its predictable growth trajectory, government should be "ready and willing" to support it fully recognizing that the "pay back" will be short due to:

- (i) Sustained and irreversible consumer demand
- (ii) Faster growth in value added production and thus higher contribution to exchequer and
- (iii) Exponential export potential and, importantly,
- (iv) Huge employment potential.

I expect that primary processing sectors will grow at 5 to 7% q-on-q after the lockdown while secondary processing sectors will grow at 10-15% q-on-q for 12 months post lock down and thereafter with a stable CAGR levels of 7-10% and 15-20% respectively for next at least 5 years: The reasons for my optimism are 4-fold

- (i) quick restoration of disposable incomes of the consuming (middle) class
- (ii) reserved demand of consumers for processed foods
- (iii) robust supply chains after Covid-19 experience and
- (iv) re-opening of retail outlets and Malls.

For (i) an economic package should be hastened, and retail lending should be kick started with Government sharing the risk with Banks. Consumers can pull the entire value chain to life from morbidity. For (ii) lessons being learnt each day will help make chains robust for tomorrow. If

there is no half measures and no red tape, the following should help:

Firstly, liquidity is badly squeezed as almost all food processing companies since (i) bank limits are fully drawn and (ii) collections are poor, thus incapacitating payments including to workers. Since the sector is very manpower intensive, there is a risk of social unrest. Banks should extend "soft" working capital for these companies literally overnight.

As a thumb rule, Banks to extend adhoc increases of 25% of all working capital limits for all "standard" (not NPA) food processing companies, irrespective of their size across the Board for 12 months on existing collaterals. Government can backstop losses from such adhoc increases upto 50%. Presently, RBI has directed Banks to extend a moratorium on interest for the quarter April-June. This will not be enough. Banks should:

- (i) waive and not defer interest during this quarter
- (ii) reduce rate of interest to 5% for all facilities for next 3 quarters to help sector cater to an expected steep demand

Secondly, insurance companies should (i) cover inventory losses in the definition of STFI (natural calamity) (ii) waive premium for the Covid-19 duration and then re-start premium on a graded basis over next 3 quarters (iii) accept value loss of inventories liberally in next 3 quarters to allow for uncertain demand forecast.

Thirdly, Utilities should subsidize power charges:

- (i) Waive fixed load charge for next 12 months
- (ii) Reduce tariff by 50% for 2 quarters post lockdown and by 25% for subsequent 2 quarters

Fourthly, production and productivity are key for which workers have to be satisfied. Their payments can be come from through Insurance companies like ESIC/LIC against a backstop of Government.

Next, consumer demand has to be fostered to pull up all supply chains for “greater good” of the country (i) GST reduction/deferment should be across companies in food processing (not just MSMEs) (ii) MOFPI should start granting 50% subsidy on frozen/chilled infrastructure (last mile) for traditional trade to handle the expected surge in demand for RTC/RTE/Frozen foods, boosted also by a humbled restaurant sector, whose revival is hinging on dissipation of “social distancing”.

Finally, RBI has to focus on the widening credit gap (₹2lac crores last count) in food processing and incentivize Banks to lend.

For one, food processing should have its own separate 5% quota in the overall 40% priority sector credit quota instead of including it in overall 18% agriculture credit quota.

Not to miss, India is enviably poised to capitalize on:

- 1) Global food production is estimated to decline and global demand for processed (ready to eat, convenience and frozen) is poised to be transferred to India from Europe, Australia and UK to India; and
- 2) Global companies, especially from US, will either shift from China or replicate their manufacturing/production bases in India, thus bringing in FDI.

Like India, food processing sector is destined to grow!

Rajesh Srivastava is Executive Chairman, Rabo Equity Advisors. Views expressed above are personal and carry no attribution to Rabobank/Rabo Equity.

India Invokes WTO “Peace Clause” with Implications for Global Wheat Trade



India has invoked the “peace clause” on its domestic agricultural support limits for rice, by notifying the World Trade Organization (WTO) that it has breached its support limits. By claiming its subsidies are part of its public stocks program for food security, invoking the “peace clause” cannot be challenged under the WTO. This is concerning to U.S. producers as many of the same subsidy programs that caused India to exceed its limits on rice are also applied to wheat, which have been shown to distort trade.

The “peace clause” was accepted at the Bali Ministerial in 2013, where WTO members agreed temporarily to not challenge a developing

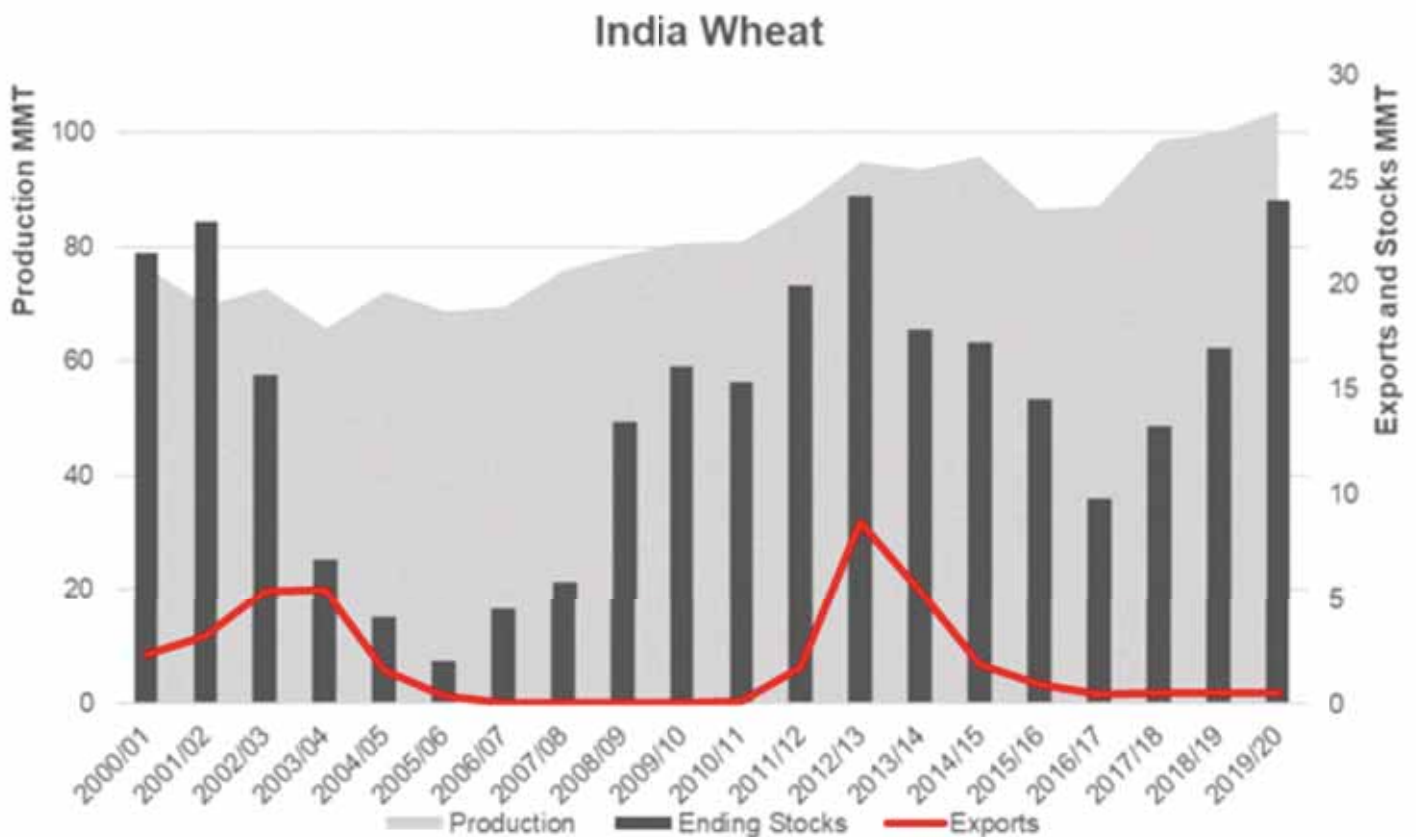
country’s domestic support programs that exceed their agreed-to limits, if the support was in the form of stocks for food security purposes. There are other conditions that must be met, including that the programs must not distort trade.

With all due respect to India’s right to help feed its large impoverished population, it is hard to believe a country that is the largest exporter (making up a quarter of global exports) of rice can claim the “peace clause” for the purpose of food security. India implements minimum support prices (MSP) and input subsidies for many of its crops (including wheat), far exceeding its allowable limits for trade distorting domestic

support policies. Policies such as these tend to be some of the most trade distorting programs because they directly encourage additional production. As a result of these hefty subsidy programs, Indian rice and wheat production increases and at times leads to larger stocks and increased exports. India also has schemes with its wheat subsidies that affect the global wheat market. India is the second largest producer of wheat and, in general, is not considered a large participant in global wheat trade. India has used these market distorting policies to increase wheat production and accumulate stocks overtime.

need to push those excess wheat supplies onto the market at discounted prices, especially as production is forecast to be the highest on record.

While India should be commended for trying to meet its WTO notification obligations, unfortunately the GOI still uses methodological tricks to disguise its true support levels. With these tricks, India tries to claim a negative support level for wheat production. But as the Office of the U.S. Trade Representative (USTR) demonstrated in a 2018 counter notification, wheat and rice support levels have been out of compliance at



Based on historical trends, once India's wheat stocks exceed 20.0 million metric tons (MMT), they become burdensome. Then India struggles with storage capacity and will dump them on the international market at prices assumed to be subsidized by the Government of India (GOI). At such times, India becomes a significant wheat exporter, averaging around 4.0 MMT during the period of exports.

Currently India's wheat stocks are forecast at a near record 24.0 MMT for 2019/20 (USDA-FAS PS&D), therefore it is expected India will soon

levels well beyond what India now admits, leading to over production of these commodities and burdensome stocks.

Those excess stocks have significant implications for U.S. wheat producers. A 2015 study conducted by Iowa State found that India's wheat subsidies cost U.S. wheat farmers \$358 million in lost revenue. As India's programs continue to grow and distort the global market, USW will continue working to raise awareness of their effects to help ensure fairness in global trade for wheat producers everywhere.

U.S. Wheat Supply Chain System: Research and Plant Breeding

By Michael Anderson, USW Assistant Director,
West Coast Office



Professional millers and bakers know that the appearance and taste of every product depends on the specific characteristics imparted by its flour ingredient. And those characteristics are deeply rooted in the ancient craft of plant breeding.

[Plant breeding is an ancient craft.] As far back as 10,000 years, farmers looked for traits that helped them grow more and better food. Egypt became the breadbasket of ancient Rome as its farmers adopted a type of wheat from the “fertile crescent” in modern Iraq to plant along the Nile River.

Over time, the Egyptians found ways to grow a grain that was sturdy enough to transport long distances and stand up against pests. The Egyptian wheat traded with the Romans may not be what we are used to today, but the process for how it was grown to meet the needs of the consumer is by no means ancient history.

Today, the Wheat Genetics Resource Center at the Kansas Wheat Innovation Center houses more than 30,000 wheat varieties from around the world that are descendants of ancient varieties. Kansas Wheat Vice President of Research and Operations Aaron Harries likened the collection to a “treasure hunt,” offering the opportunity to find the next innovation derived in part from each specimen.

Researchers and breeders here, and at other programs across the United States, play an important role in the relationship U.S. Wheat Associates (USW) builds with its customers. By listening to both farmer and customer feedback,



Wheat Genetics Resource Center at the Kansas Wheat Innovation Center in Manhattan, Kan.
Photo courtesy of the Kansas Wheat Commission.

they work on developing high-yielding, disease resistant wheat seed with excellent milling, baking and processing qualities.

Dr. Senay Simsek is a cereal chemist and professor at North Dakota State University and says that the personal connections that she has made on fifteen trips with USW to four different continents is crucial to her work. As an expert on hard red spring (HRS) wheat, Simsek says that when she prepares to meet overseas customers, she familiarizes herself with the types of wheat flour products they make, what the other ingredients are and what countries they buy wheat from.

Being familiar with a market is important to understanding the unique needs of the customer. “Sophisticated” was the word she uses to describe customer needs and knowledge, emphasizing how important the technical process of using the right wheat for a specific product can be.

Each year, USW hosts several trade delegations that are traveling to the United States to learn firsthand about the U.S. wheat supply chain system. The delegations visit research institutes like the USDA Western Wheat Quality Lab Washington State University in Pullman, Wash.

Its mission in part is to “conduct cooperative investigations with breeders to evaluate the milling and baking quality characteristics of wheat selections,” and to “conduct basic research into the biochemical and genetic basis of wheat quality in order to better understand the fundamental nature of end-use functionality.”

The director of the lab, Dr. Craig Morris, welcomes many of the USW delegations to his lab each year and emphasizes the unique partnership that the lab, as part of the USDA Agricultural Research Service, has within the industry, among other researchers and with state wheat commissions.



Dr. Senay Simsek joins USW staff to meet with U.S. wheat customers in Indonesia in 2019.



In September 2019, I had the opportunity to visit Washington State University with a trade delegation from Southeast Asia. We met with Dr. Michael Pumphrey, a spring wheat breeder, who walked us through the steps of the wheat breeding process. We watched as he cross-pollinated single wheat plants, a process that requires careful, precise techniques.

In his 27 years with USW, Steve Wirsching, Vice President and West Coast Office Director, based in Portland, Ore., has hosted many trade delegations and has also led many Wheat Quality Improvement Teams of wheat breeders to visit customers overseas. When asked why USW continues to put an emphasis on facilitating the relationships between customers and wheat



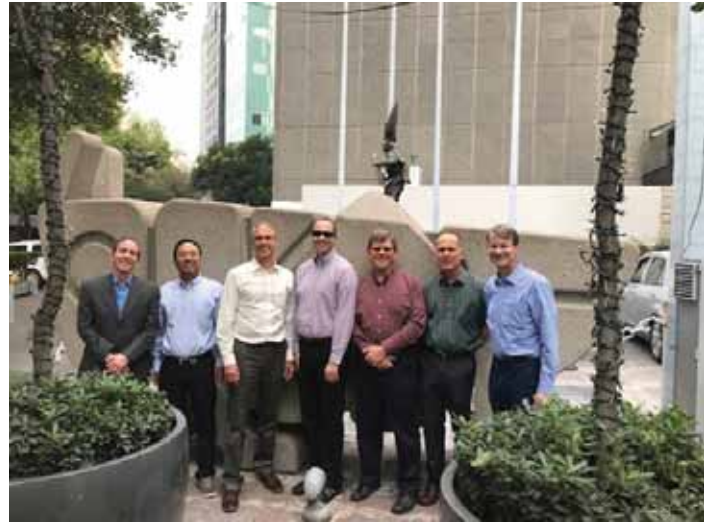
A USW Japanese trade delegation visits the USDA Western Wheat Quality Lab.



2017 Wheat Quality Improvement team in Thailand.

researchers and breeders, he said, “It is important to listen to our customers and seek feedback on the quality characteristics they need. It is part of the U.S. Wheat Associates mission, to enhance wheat’s value for our customers.”

According to www.innovature.com, the innovation and evolving breeding methods in agriculture and food, and a deep understanding of DNA, today helps scientists like Dr. Simsek and Dr. Pumphrey make even more precise genetic changes to wheat and other plants. Their work is needed more than ever to meet some of society’s most urgent and pressing challenges including climate change, sustainability, hunger and improved health and wellness.



2018 Wheat Quality Improvement Team in Latin America.

Highlights of USDA’s 2019/20 Supply and Demand Estimates



2019/20 global wheat production to jump to record high of 764 MMT

Wheat production in Ukraine reached a record 29.2 MMT.

Indian wheat production to reach a record 104 MMT in 2019/20, labor shortages could delay harvest progress.

U.S. wheat production rose 2% from last year to 52.2 MMT.

Global consumption forecast at 750 MMT, the highest on record

Egyptian domestic consumption to reach a record 20.4 MMT, up 4% from the 5-year average.

Domestic consumption in China to reach a record 126 MMT, up 5% from the 5-year average

U.S. domestic consumption to reach 31.3 MMT, up 4% year-over-year.

World wheat trade to jump 5% year-over-year to 183 MMT

Exports from Russia to fall 7% from last year to 33.5 MMT.

Ukrainian wheat exports to reach a record 20.5 MMT, up 22% from last year.

U.S. 2019/20 exports to increase to 26.8 MMT, 5% greater than last year and 9% greater than the 5-year average.

World beginning stocks fell 2% year-over-year to 278 MMT, still 15% higher than the 5-year average of 242 MMT

Chinese beginning stocks of 140 MMT are 43%

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higher than the 5-year average and make up 50% of the global total.

Indian beginning stocks jumped 22% from last year to 17.0 MMT.

U.S. 2019/20 beginning stocks of 29.4 MMT were down 2% from last year and accounted for 43% of total major exporter beginning stocks.

Global ending stocks projected at 293 MMT, 5% higher than last year

Projected Indian ending stocks of 24.0 MMT are 29% higher than last year and 67% higher than

the 5-year average.

Expected Chinese ending stocks to reach a record 150 MMT this year, 34% higher than the 5-year average.

U.S. ending stocks are expected to fall 11% from last year to 26.4 MMT, the lowest in 5 years.

U.S. average farm gate price to fall 11% from last year

Projected average farm gate price to fall to \$4.60/bu* (\$169/MT) from last year's average of \$5.16/bu (\$190/MT).

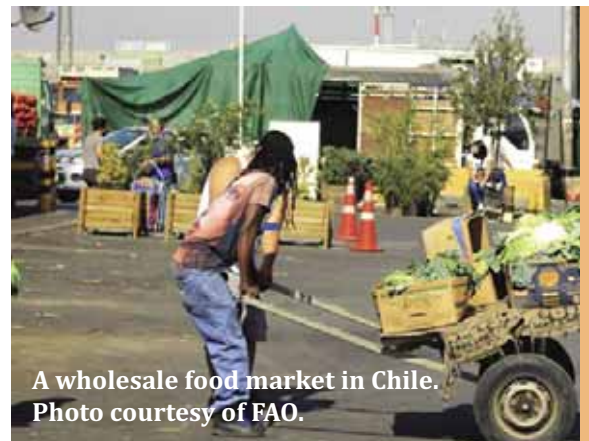
FAO: Recession due to COVID-19 could leave millions hungry

A coronavirus (COVID-19)-triggered recession could leave millions of people hungry, which is why countries should take measures now to lessen the impacts, according to a new policy brief from the Food and Agriculture Organization (FAO).

Forecasts for the global economy vary in details, but all point to a historic downturn. The International Monetary Fund now expects worldwide gross domestic product to shrink by 3% in 2020, compared to January projections of 3.3% growth.

The large downturn also is expected to usher in the first outright recession in sub-Saharan Africa — where about a quarter of the population is undernourished — in 25 years.

Without timely and effective policies, millions of people are likely to join the ranks of the hungry as a result of a recession, the FAO said in its brief.



A wholesale food market in Chile.
Photo courtesy of FAO.

That number will vary according to the severity of economic contractions, ranging from 14.4 million to 38.2 million people, or even 80.3 million should there be a truly devastating contraction of 10 percentage points in all 101 net food-importing countries' GDP growth.

The brief warns that the actual outcome could be worse if current inequalities in access to food are worsened. It includes scenarios and methodology and a technical note was developed and published simultaneously to explain those aspects in further detail.

"The policy brief offers evidence in favor of making hunger reduction a priority of the economic stimulus measures to address COVID-19," said Marco V. Sánchez, deputy-director of the FAO's Agricultural Development Economics Division.

As the world is not facing food shortages, the FAO is urging that countries do their best to keep trade flowing and food supply chains alive and increase agricultural output during the international health crisis.

The large-scale fiscal and monetary responses that governments are crafting to respond to the expected blow to economic growth, represent an opportunity to tackle the longstanding issues in many middle and low-income countries of inequality in accessing healthy food.

Cash and in-kind transfers, new credit lines for key actors in food systems, safety nets, income support, distribution programs such as food banks, and continuing school-feeding delivery, should be directed to the most vulnerable and poorest people.

Such targeting, the brief enjoins, also will maximize the effect that public resource outlays have on keeping demand more dynamic and safeguarding people from falling into chronically weak dependencies that can last for years.

There are encouraging examples of “stimulus for food” initiatives in low and middle-income countries — at least 106 countries have introduced or adapted social protection measures in light of the COVID-19 pandemic, according to a real-time review of social protection policy measures from the World Bank and the International Labour Organization — although the ability of African countries to deploy cash transfers has so far been weak.

International cooperation and assistance is needed to help the poorest and most vulnerable countries, and this can be linked to recipient countries reallocating more of their own resources to achieve the desired objectives and avoiding the highly adverse outcome of increased inequality in access to food.

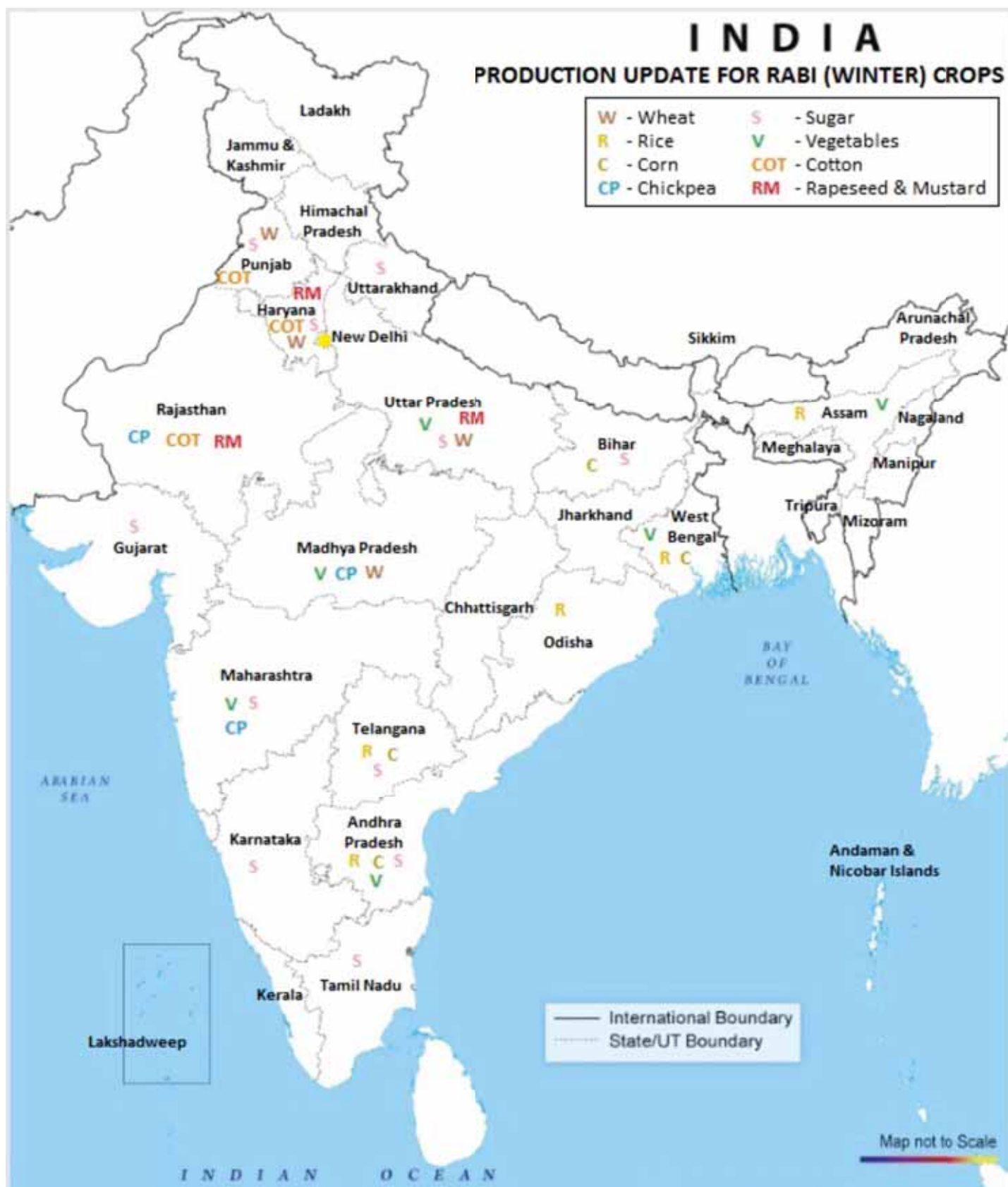
Targeting public stimulus measures toward initiatives to bolster food access during the pandemic also offers an opportunity to build more lasting resilience into food systems to safeguard them against economic slowdowns and downturns in the future.

COVID-19 in India - Production Update for Rabi Crops



WHEAT [W]: Due to favorable weather conditions throughout the growing season, India is on track for another record wheat harvest, the leading crop during rabi season. An extended winter and late rains delayed harvest by two weeks, but now is in full swing. Field sources report that harvest has not been impacted by machinery or labor shortages due to the COVID-19 lockdown. **Uttar Pradesh** is India's leading wheat producer and the leading supplier to private trade

due to relatively weak government MSP procurement operations and lower taxes. Sources report that about 55-60 percent of the crop is harvested and will conclude by early May. **Madhya Pradesh** is the leading producer of quality wheat, supplying both government and private trade. Almost 95 percent is harvested, with the remaining crop to be harvested by the end of April. **Punjab** is the leading contributor to the GOI's procurement program. Sources report that about



35-40 percent of the crop is harvested, with the balance finishing the first week of May. In **Haryana**, about 65-70 percent of the crop has been harvested, with the balance wrapping-up by the end of April.

RICE [R]: Sufficient late 2019 monsoon rains and subsequent improved availability of irrigation water in India's southern and eastern states are supporting a record rabi rice crop this season. Harvest started the first week of April in most

WEEKLY INTERNATIONAL WHEAT PRICES

Conversion #	US Hard Winter #2 Ordinary Gulf IGC US\$/Ton	US Hard Winter #2 Ordinary Gulf IGC US\$/Ton	Canadian #1 CWRS, 13.5 St. Lawrence IGC US\$/Ton	Argentinian Trigo Pan Up River F.O.B. IGC US\$/Ton	Australian Eastern States IGC US\$/Ton	US Soft Winter Red #2 USDA US\$/Bush 0.027216 Gulf US\$/Ton
Jan., 2019 AVG		238.20	259.20	234.00	299.40	218.93
Feb., 2019 AVG		234.50	257.25	244.00	279.25	217.18
Mar., 2019 AVG		223.50	250.25	244.00	256.50	201.36
Apr., 2019 AVG		213.20	233.40	220.00	248.60	194.94
May., 2019 AVG		212.00	238.00	218.50	227.00	202.78
Jun., 2019 AVG		227.50	239.25	243.00	251.75	221.70
Jul., 2019 AVG		216.40	226.40	244.00	246.40	201.87
Aug., 2019 AVG		202.75	215.25	237.50	229.25	196.60
Sep., 2019 AVG		200.50	228.00	228.00	239.00	200.30
Oct., 2019 AVG		212.40	250.00	228.60	235.60	212.78
Nov., 2019 AVG		220.25	242.75	197.75	235.00	225.24
Dec., 2019 AVG		225.20	251.40	203.00	247.20	238.30
Jan., 2020 AVG		237.00	259.75	226.25	256.75	249.37
07-February-2020		230.00		240.00		243.33
14-February-2020		230.00		240.00		235.89
24-February-2020		235.00		240.00		244.98
28-February-2020		226.00		240.00		234.79
Feb., 2020 AVG		230.25	249.00	240.00	247.50	239.75
06-March-2020		223.00		245.00		231.02
13-March-2020		219.00		245.00		224.04
20-March-2020		214.00		235.00		215.59
27-March-2020		239.00		243.00		238.46
Mar., 2020 AVG		227.00	242.00	243.20	242.60	230.05
03-April-2020		240.00		248.00		241.13
10-April-2020		229.00		246.00		224.78
17-April-2020		233.00		245.00		225.51
24-April-2020		238.00		245.00		222.94
Apr., 2020 AVG		232.00	236.75	244.25	276.75	224.41

Please note that prices are subject to revisions

Source : ESCG, FAO

states and will continue through the end of July. **West Bengal** is the leading rabi rice producer but contributes relatively less to GOI procurement programs as most farms are small and have less marketable surpluses. Harvest started the first week of April and will continue through the end of May. **Andhra Pradesh** and neighboring **Telangana** are the two leading rabi rice producers in southern India and contribute significantly to GOI MSP procurement. Harvest started the last week of March; about 40 percent of the area has been harvested and will continue through the end of May. The **Odisha** and **Assam** rabi rice harvest will begin in May and continue through July.

CORN [C]: Corn produced in the rabi season accounts for less than one third (about 8 MMT) of

the total corn production in India, mostly in the eastern and southern states under semi-irrigated conditions. Harvest began in the first week of March and was over by the first week of April in major states. **Bihar** and **West Bengal** are the two leading rabi corn producers in east India, which supplies corn for the poultry and industrial use sectors. Harvest is over, but farmers will be marketing their product through June. **Andhra Pradesh** and **Telangana** are the two leading rabi corn producers in south India.

CHICKPEA [CP]: is the leading rabi season pulse accounting for nearly half (over 11 MMT) of India's total pulse production. The chickpea harvest concluded by the first week of April in the major producing states due to its relatively short

growing season. Marketing is likely to continue through May due to Covid-19 related restrictions which have affected sales. **Madhya Pradesh** is the leading chickpea producing state, followed by **Rajasthan** and **Maharashtra**. These states concluded their chickpea harvests on schedule, but in the onset experienced weak sales. In the first week of April, the Indian Government initiated MSP procurement to support weak farm gate prices and private traders have also resumed business with the relaxation of the lockdown.

SUGAR [S]: India is currently experiencing a strong supply and weak demand for sugar. As of mid-April, harvesting of sugar was completed in the states of **Maharashtra** and **Gujarat** in the western zone; **Andhra Pradesh**, **Telangana** and **Karnataka** in the south, and Punjab in the north. Harvest is more than 90% complete in **Tamil Nadu**, **Haryana**, **Bihar** and **Uttarakhand**. India's top sugar producer, **Uttar Pradesh** (UP; north) has completed 80% of its harvest, and will finish in mid-May. During the first half of April, harvesting operations in **UP** and **Maharashtra** were impacted by COVID-19-induced labor shortages. Planting of late season sugarcane, or spring cane, is underway in **UP**, **Tamil Nadu** and **Uttarakhand**.

VEGETABLES [V]: Kharif horticulture sowing begins in early May across India which includes essential crops such as onions and tomatoes. Currently, the majority of the country is harvesting horticulture from the rabi season. Supply side constraints were observed due to labor shortages and lack of transportation for products, especially with intrastate truck movement. In Azadpur, Asia's largest wholesale market which serves terminal wholesale markets across the country, there are close to 100 truckloads of unsold onions. Sources indicate the offtake of fruits and vegetables have plunged by almost 40 percent, due to lowered demand from bulk buyers. For **Maharashtra** in the West Zone, mango and cashew harvests are ongoing. Land preparation for sowing cucurbits,

coriander, and other summer vegetables will soon commence in **Madhya Pradesh** and **Maharashtra**. Ginger and turmeric planting will begin this month in **Andhra Pradesh** in the South. Whereas, in the East Zone, ginger, cucumber, citrus and banana plantings will commence in **West Bengal** and **Assam**. In **Uttar Pradesh**, farmers are preparing land for planting tomatoes, chilies, okra, pumpkin and eggplant.

COTTON [COT]: While the harvest of winter wheat (Rabi crop) has been delayed by 10-15 days due to untimely rains, the sowing of cotton will be underway once harvesting operations are complete. The GOI is advising farmers in the Northern states of **Punjab**, **Haryana** and **Rajasthan** to begin field preparations for sowing cotton as April/May is the ideal sowing time. The area planted to cotton is expected to increase, as the reduced availability of migrant labor for

transplanting rice is expected to prompt farmers to consider planting cotton, which is less labor intensive. In addition, assured GOI procurement will likely prompt farmers to consider cotton as a 'standby' crop, even as seed cotton prices are 20 percent below the MSP.



RAPESEED & MUSTARD

[RM]: The harvest is complete for the rapeseed and mustard crop, which was planted on 6.9 million hectares throughout the country. As the primary winter-sown oilseeds in India, Post had previously estimated MY2019/20 rapeseed and mustard crop at 7.7 mmt. However, unfavorable March weather conditions including hail and untimely rains have appeared to damage crops. No loss estimations as of yet, and it is unknown if these weather conditions were sporadic or widespread. Crop damage was reported in **Haryana**, **Uttar Pradesh** and **Rajasthan**. Procurement is in process by the National Agricultural Cooperative Marketing Federation of India and State government agencies which began on April 15 and will continue through June 30.

India Wheat Update

continuing from the past issue



CONSUMPTION

After relatively stagnant consumption over the last three years, India's total wheat consumption in MY 2020/21 is forecast to increase by over three percent to 93 MMT, on excess domestic supplies and government offloading of the excess in the open market to reduce government grain stocks to manageable levels.

Wheat use for feed and residual is estimated higher at 6.5 MMT compared to 6 MMT last year on expected higher supplies of damaged/spoiled government wheat stocks. Based on the estimated higher government wheat stocks due to lower-than-expected offtake of government wheat, MY 2019/20 wheat (FSI) consumption is revised lower to 90.12 MMT. Wheat use for feed and residual remains unchanged at 6.0 MMT.

Food, Seed and Industrial Use! FSI Consumption

Despite surplus domestic supplies, India's FSI wheat consumption over the last three years has stagnated around 90-91 MMT, as government procurement and price policy dominated the domestic wheat market. With the government procuring the majority of domestic production and influencing the market by fixing open market sales prices linked to the MSP, wheat consumption stagnated on weak domestic demand. Due to the growing economy and consumer expenditures diversifying from staple cereals to higher value items like fruits, vegetables, dairy, and meat products, per capita wheat consumption has eased, particularly with the government trying to keep the prices linked to increasing MSP in recent years.

Current high government grain (wheat and rice) stocks, coupled with forecast record MY 2020/21 wheat production and government procurement, is likely to further inflate government grain stocks in the next few months to unmanageable levels, exacerbating the existing storage crisis.

The GOI will be under tremendous pressure to sell-off higher quantities of wheat through the public distribution system (PDS), other food security programs, and subsidized open-market sales. Consequently, MY 2020/21 FSI wheat consumption is forecast to increase to 93 MMT, compared to 90.12 MMT last year, on expected weak domestic prices and in order to meet the food security needs of the growing population (1.2 percent, per annum).

Wheat is the staple food in the traditional wheat growing northwest and central India, but it competes with rice in non-growing regions (south and east India). Due to the GOI's MSP policy, open market sale price (OMSS) policy, and import tariffs, wheat prices have been steadily increasing in MY 2018/19 and most of 2019/20 (see Figure 3).

High import tariffs and the GOI's OMSS sale prices contained wheat consumption in the non-traditional southern and eastern states. Relatively higher OMSS sale prices also contained the offtake of wheat by the private trade in MY 2019/20 in the traditional wheat states. Consequently, MY 2019/20 FSI consumption is estimated lower at 90.12 MMT, compared to MY 2018/19 consumption at 90.64 MMT.

Households, local restaurants, and eateries account for about 75-80 percent of the wheat domestically consumed in India in the form of handmade breads called chapattis, rotis, or parathas (unleavened flat bread) that use atta (whole wheat flour) and/or maida (flour without bran).

Some wheat is used for traditional processed products like raised breads, "biscuits" (cookies), and other bakery items (about 15 percent). There is also a small, but growing, market for high quality wheat (5 MMT) for western style pasta, and the baking and confectionary foods markets, which have been growing at a healthy 8-10 percent, per annum, over the past few years.

The organized milling sector is relatively small at about 1,300 medium-to-large flourmills with aggregate milling capacity of about 25-28 MMT, per year. These businesses mill mostly maida and semolina to cater to HRI sector demand, and produce bran flakes for the mixed feed industry. Market sources report that most mills are operating at 55-60 percent of their capacity, and process about 15-16 MMT of wheat, annually.

Feed Use

Most commercial feed caters to the poultry and aquaculture sectors, which largely uses corn, oilseed meals, other coarse grains, and small quantities of inferior quality wheat. Typically, spoiled and inferior quality wheat not deemed fit for human consumption, whether government-held or from open market stocks, is used for commercial animal feed, mainly for dairy cattle and buffaloes.

Farmers also use inferior quality wheat and wheat bran from the flour milling industry for feeding lactating cows and buffaloes at the household level (unorganized sector). Last year, high corn prices resulted in poultry feed millers buying about 1-1.5 MMT of wheat in the open market for feed use.

India's dairy sector is largely comprised of backyard dairy farmers having 2-3 animals that consume very limited amounts of compound feed. Most of the dairy sector's feed use is restricted to

lactating animals, and includes oil cakes, household food waste, inferior quality wheat, and other grain mixes. In recent years, dairy farmers have increasingly replaced local, low-yielding dairy cattle breeds with higher yielding crossbred cows and buffaloes, which require high-energy feed.

Market sources report that this trend is driving demand for commercial dairy feed, which is growing by about 15 percent, per year. Due to the likely higher spoilage of 'more-than-manageable' government-held wheat stocks, Post expects a higher use of wheat for animal feed in the coming year. Consequently, MY 2020/21 wheat consumption for feed and residual is forecast higher at 6.5 MMT, compared to 6 MMT last year.

Distribution System

About 60 percent of the wheat produced is marketed by farmers, and the balance is used for family food, feed, and seed use. More than half of the marketed surplus by farmers is procured under the GOI's MSP program for the PDS, other food security programs, and for open market sale to private millers/traders. The balance of marketed wheat is procured directly by the private trade for milling, processing, and other uses.

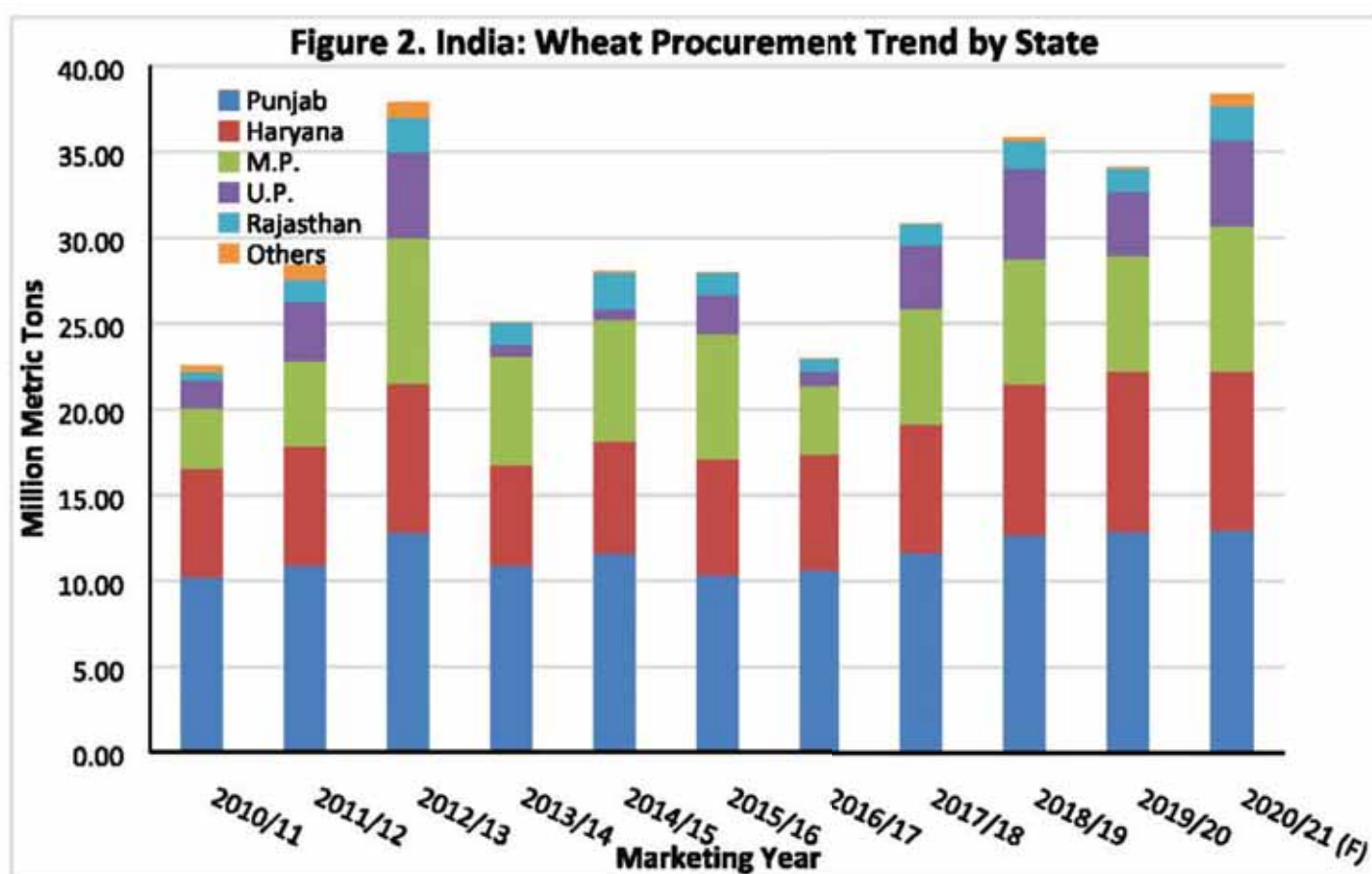
Typically, the government distributes whole wheat through the PDS, other government programs, or on the open market to either be custom milled by households for home use, and/or milled for food processors and institutional buyers.

Most of the wheat retained by farmers (about 45-50 percent) is custom-milled in the local flour mills (chakkies- small stone grinding units) for home consumption, with small quantities (15-20 percent) ground for feed use (mainly for milking/lactating cows and buffaloes). Most of the organized millers produce wheat flour and atta for the hotels, restaurants, and HRI sector, and a small share distribute to consumers in branded packs. Market sources report that demand for packaged and branded flour is growing at 10-15 percent, annually, on growing consumption by semi-urban and urban consumers.

Government Procurement and Offtake

Back-to-back record harvests and high government MSP supported MY 2019/20 government wheat procurement of 34.13 MMT, lower than the previous year's procurement of 35.8 MMT. Based on the expected upcoming bumper harvest, the GOI has set the MY 2020/21 procurement target at 36.7 MMT, but actual procurement is likely to exceed 38 MMT.

The Food Corporation of India (FCI) and state governments are likely to face a shortage of storage capacity given the expected record wheat procurement, particularly in the major procuring states of Punjab, Haryana, Madhya Pradesh, Uttar Pradesh and Rajasthan. With FCI's current covered storage capacity estimated at around 75 million tons, total wheat and rice stocks by the end of June 2020 are likely to swell above 95 MMT.



Source: Food Corporation of India, GOI, and FAS/New Delhi forecast for MY 2020/21

Procurement is likely to be higher than last year in most growing states. The GOI is likely to procure most of the wheat in Punjab and Haryana, as higher local taxes (cess) compared to other states continue to preclude purchases by private trade.

Reports suggest that other producing states like Madhya Pradesh, Uttar Pradesh, and Rajasthan are also gearing up for higher procurement given the relatively lower current open market prices compared to MSP.

Consequently, more than 20 MMT of procured wheat stocks are likely to be kept under open storage structures (covered by tarpaulin sheets on wood plinth). Storage under these conditions results in significant losses due to seasonal monsoon rains, temperature fluctuations, rodents/pests, and pilferage and, thus, the government will be under pressure to reduce stocks to manageable levels.

Over the last decade, the cost to the GOI for procuring wheat has climbed by nearly 80

Table 2. India: Government Wheat Procurement, Offtake and PDS Price

Marketing Year	Production	GOI Procurement ¹	MSP	GOI Total Cost	Offtake from GOI Stocks	PDS Issue Price		
(Apr–Mar)	(Million Tons)	(Million Tons)	Rs. per ton	Rs. Per ton	(Million Tons)	Rs. per ton		
						APL	BPL	AAY/NFSA
2005/06	68.64	14.79 (21.6)	6,400	10,419	16.71	6,100	4,150	2,000
2006/07	69.35	9.23 (13.3)	7,000	11,778	11.88	6,100	4,150	2,000
2007/08	75.81	11.13 (14.6)	8,500	13,118	12.25	6,100	4,150	2,000
2008/09	78.57	22.69 (28.9)	10,000	13,806	14.89	6,100	4,150	2,000
2009/10	80.68	25.38 (31.5)	10,800	14,246	22.38	6,100	4,150	2,000
2010/11	80.80	22.51 (27.8)	11,000	14,944	23.07	6,100	4,150	2,000
2011/12	86.87	28.34 (32.6)	11,700	15,953	24.27	6,100	4,150	2,000
2012/13	94.88	37.92(40.0)	12,850	17,526	33.24	6,100	4,150	2,000
2013/14	93.51	25.09(26.8)	13,500	19,083	30.61	6,100	4,150	2,000
2014/15	95.85	28.02(29.2)	14,000	20,512	27.16	6,100	4,150	2,000
2015/16	86.53	28.09(32.5)	14,500	21,274	31.57	6,100	4,150	2,000
2016/17	87.00	22.96(26.4)	15,250	21,970	29.25	na ²	na ²	2,000
2017/18	98.51	30.82(31.3)	16,250	22,979	25.30	na ²	na ²	2,000
2018/19	99.87	35.80(35.8)	17,350	23,597	31.65	na ²	na ²	2,000
2019/20	103.60	34.13(32.9)	18,400	26,800	26.50 ³	na ²	na ²	2,000
2020/21	105.00 ³	38.00(36.2) ³	19,250	26,838 ⁴	32.00 ³	na ²	na ²	2,000

Source: Ministry of Agriculture and Farmers Welfare, Food Corporation of India, and GOI Budget.

Notes

Exchange rate INR 73.90 = US\$ 1 on March 17, 2020

APL - Above Poverty Line

BPL - Below Poverty Line

AAY - Poorest of Poor

NFSA - National Food Security Act

1/: Figure in parenthesis is GOI procurement as percentage of total food production

2/: NFSA implemented in most states replacing APL/BPL by end of 2015

3/: FAS/New Delhi Estimate

4/: GOI budget estimate

percent due to increasing MSP, and overhead on procurement, storage, and distribution systems. Meanwhile, wheat sales prices under various food security programs have remained unchanged from the levels fixed in 2002. The National Food Security Act (NFSA) 2013 creates an entitlement for eligible beneficiaries (50 percent and 75 percent of the urban and rural populations accounting for about 2/3rd of the population).

Per the Act, target beneficiaries receive 5 kilograms of rice, wheat, or coarse grain (millet) at highly subsidized prices of INR 3 (4.1 U.S. cents), INR 2 (2.7 U.S. cents) and INR 1 (1.3 U.S. cents) per kilogram, respectively. The government usually distributes over 24 M MT of

wheat under the NFSA and other food security programs.

GOI wheat sales under the OMSS to private traders are estimated at over 8.2 MMT in MY 2018/19, compared to 1.4 MMT in MY 2017/18. However, OMSS sales in MY 2019/20 declined sharply due to the GOI's higher OMSS sale prices (INR 9049).

With the intention of linking OMSS prices with MSP, in April 2019 FCI raised the OMSS base price for the first quarter of MY 2019/20 to INR 20,800 (\$281), per MT, with an increment of INR 550 (\$7.4), per MT, over the next three quarters. This is

a substantial increase over last year's base of INR 19,000 (\$257), per MT, and a quarterly increment of INR 250 (\$3.40), per MT.

Due to the weak offtake under OMSS, in January 2020 FCI withdrew the proposed increase for the last quarter, but there has not been any significant offtake even in the last quarter. As such, the current pace of offtake under OMSS in MY 2019/20 is likely to barely reach 4.0 MMT.

Domestic Prices

Despite record harvests, domestic wheat prices remained firm after September 2018, buoyed by the government's OMSS prices. With the forecast bumper harvest and FCI indicating easing OMSS sale prices in the future, domestic prices eased sharply in March. Spot prices in March in the major producing states ranged between INR 18,400 (\$248) to INR 20,000

(\$270), per MT, just around the GOI's MSP of INR 19,250 (\$260), per MT, for MY 2020/21. Market sources report that future transactions for new crop deliveries are already being made around INR 18,000-18,500 (\$244-250), per MT. Private traders expect prices to come down, as the GOI is likely to

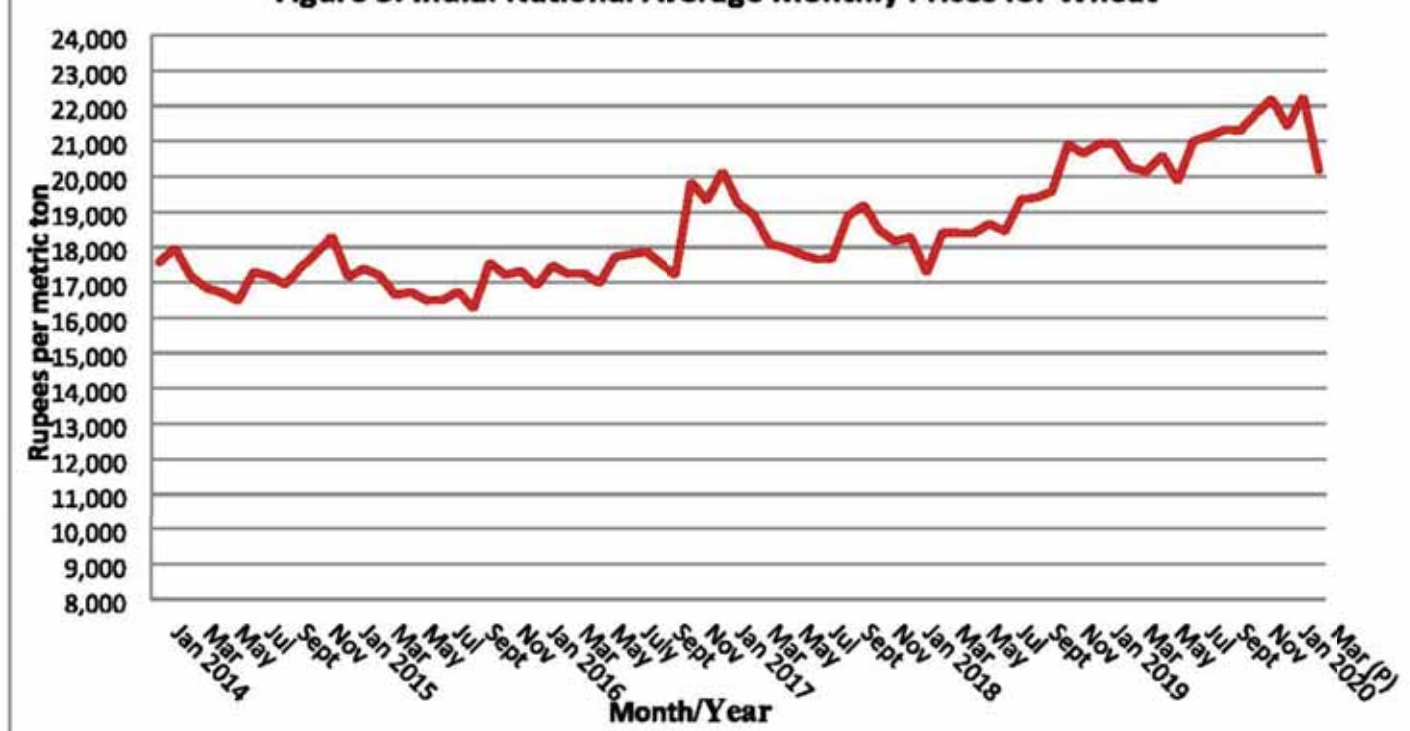
Table 3. India: Commodity, Wheat, Prices Table

Prices In	Rupees	per uom	metric tons	
Year	2018	2019	2020	%Change
Jan	18,284	20,927	21,418	2.3
Feb	17,280	20,921	22,264	6.4
Mar	18,406	20,249	20,175	-0.4
Apr	18,402	20,149		
May	18,396	20,598		
Jun	18,658	19,868		
Jul	18,454	21,001		
Aug	19,350	21,141		
Sep	19,402	21,319		
Oct	19,583	21,303		
Nov	20,917	21,784		
Dec	20,648	22,195		
Exchange Rate	73.90	Local Currency/US\$		
Date of Quote	03/17/2020	MM/DD/YYYY		

National Average Monthly Wholesale Price of Wheat

Source: [Agmarket News](#), MoAFW, GOI.

Figure 3. India: National Average Monthly Prices for Wheat



Source: [Agmarket News](#), MoAFW, GOI.

try disposing 'burdensome' wheat at subsidized prices during the upcoming marketing season.

TRADE

India's wheat imports ground to a halt after the GOI raised the import duty to 30 percent (see IN 8064) in May 2018, and then to 40 percent in April 2019 (IN9049), shutting-out most trade. Consequently, imports of wheat and wheat products in MY 2020/21 are forecast at only 25,000 MT, reflecting mostly small quantities of wheat products like pasta for high-end consumer

markets. Despite the fourth consecutive upcoming record wheat harvest and large government-held wheat stocks, Indian wheat is not export-competitive due to high MSP-driven domestic prices compared to international prices.

However, if domestic prices weaken after the arrival of the new crop, some Indian wheat may find a market in neighbouring countries. Assuming relatively weak domestic prices, no significant change in the value of the Indian rupee vis-a-vis other currencies or the GOI's wheat export policy, MY 2020/21 wheat exports are forecast higher at

1.0 MMT, reflecting expected higher sales to neighbouring Nepal, Bangladesh, and Sri Lanka, and higher wheat flour exports to traditional African and Middle Eastern markets.

Post also forecasts that exports may increase if the ongoing Covid-19 crisis leads to a disruption in the global food supply, which would allow the GOI to use some of its excess wheat stocks to meet the needs of neighbouring countries as government-to-government humanitarian aid.

Provisional official figures from the Trade Data Monitor (TDM) for MY 2019/20 estimate wheat and wheat product imports during April through December 2019 at 22,300 MT, mostly wheat products. Consequently, MY 2019/20 imports have been revised higher to 25,000 MT. Based on the latest TOM data, MY 2018/19 imports are also revised higher to 26,000 MT.

Based on the latest available official wheat and wheat product export figures derived from the TOM, trade year 2018/19 exports are revised higher to 515,000 MT.

Table 4. India: Commodity, Wheat¹, Export Trade Matrix

Time Period	April-March	Units	Tons
Exports for	MY 2018/19		MY 2019/20 ²
U.S.	24	U.S.	39
Others		Others	
Nepal	181,079	Nepal	111,491
Bangladesh	22,684	Bangladesh	32,728
UAE	7,157	UAE	6,120
Somalia	4,589	Somalia	3,212
Sri Lanka	2,467	Sri Lanka	1,439
Malaysia	1,586	Korea	1,000
Afghanistan	1,353	Jordan	938
UK	1,233	Reunion	844
Jordan	919	Malaysia	763
Kuwait	700	Uganda	305
Total for Others	223,767	Total for Others	158,840
Others not Listed	2,837	Others not Listed	1,352
Grand Total	226,628	Grand Total	160,231

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS), GOI

¹ Does not include wheat product

² Provisional data for the period April 2019 through December 2019

Table 5. India: Commodity, Wheat¹, Import Trade Matrix

Time Period	April-March	Units	Tons
Imports for	MY 2018/19		MY 2019/20 ²
U.S.	0	U.S.	0
Others		Others	
Pakistan	2,000	Australia	1,590
UK	744	Sri Lanka	48
Total for Others	2,746	Total for Others	1,665
Others not Listed	0	Others not Listed	0
Grand Total	2,746	Grand Total	1,665

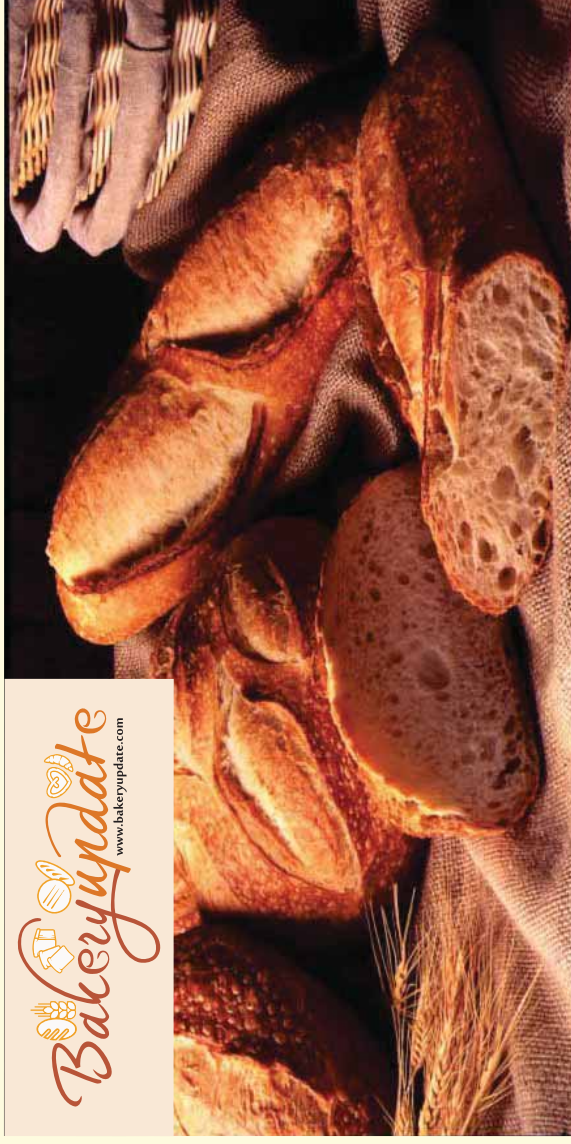
Source: Directorate General of Commercial Intelligence and Statistics (DGCIS), GOI

¹ Does not include wheat product

² Provisional data for the period April 2019 through December 2019

**to be continued in
the next issue**

BAKERY UPDATE



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