



A Study on India's Role in Phenomena of Exporting Wheat During the Russia-Ukraine War.

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ABSTRACT:

India is the world's second-biggest wheat producer after China. India has suspended wheat export effective 13 May 2022 on a notification published in the Government gazette. The Directorate General of Foreign Trade (DGFT) will issue a notification to this effect. A government release said the decision was taken against the backdrop of the Russia-Ukraine war. The center said both countries are major exporters of wheat and are responsible for around 1/4th of the global wheat trade. The conflict between them led to global wheat supply chain disruptions increasing demand for Indian wheat. As a result, the price of wheat on the domestic market showed an increase. To ensure the food security of 1.4 billion people in the country, the decision was taken to put a prohibition on the export of wheat until 2022.

Keywords: Wheat, Gazette, Notification, Disruption, Security, Prohibition, Export.

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INTRODUCTION:

Indian law will move up from the current 20th position to 15th by surpassing the UAE, Switzerland, Spain, and other countries in 2022. This is according to Vijay Kalantri, chairman of MVRDC world trade center Mumbai – a trade facilitating body. India's overall exports (March the last month), the government has banned the export of wheat and imposed quantitative restrictions on outbound sugar shipments. The wheat export ban came within days of a push to expand. India's wheat suppliers to the rest of the world after Russia invades Ukraine. Inflation has been persistently high because of rising food and fuel prices and this is a concern about a lower yield this year due to the intense heat. The Government has argued that farmers have not lost out due to the ban as most had already sold their produce this season. The Directorate General of Foreign Trade (DGFT) will issue a

notification to this effect a government release said. The decision is taken against the backdrop of the Russia-Ukraine war. According to the center, both countries are major wheat exporters, accounting for about 1/4th of the global wheat trade. The resulting disruption in the global wheat supply chain has led to higher demand for wheat. As a result, the price of wheat on the domestic market showed an increase to ensure food security for 1.4 billion people in the country. The decision was taken to ban wheat exports starting in May 2022, the release stated.

However, the center said due to the prohibition on the export of wheat, the demand for wheat flour has increased on the foreign market and its exports have registered a growth of 20 percent during April- July 2022 compared to the corresponding period in 2021. The release



added that wheat flour demand was increasing in the domestic market.

Earlier, there was a policy not to prohibit or put any restrictions on the export of wheat flour. Therefore, a partial modification of the policy was required by removing the exemption from the export ban for wheat flour. This was to ensure food security and put a check on the mounting prices of wheat flour in the country.

India's performance in merchandise trade is currently languishing behind that of competitive economies. India's share in global merchandise exports increased from 0.66% to 1.5% in the two decades from 2000 to 2020. After some time, China's share shot up from 3.86% to 14.7% and Vietnam's from 0.22% to 1.6%. Among the major problems faced by Indian exporters are poor quality products, unreliability, infrastructure bottlenecks, the inadequacy of trade information systems, supply, uncertainties, procedural complexities, and institutional regulations.

IMPACT ON INDIA:-

The impact of the wheat export ban on India's domestic food inflation is likely to be muted. This export ban is a presumptive step and may prevent local wheat prices from rising substantially. However, with domestic wheat production likely limited by the heat wave, local wheat prices moderate materially.

IMPACT ON THE WORLD:-

The Ukraine – Russia war has led to a decrease in wheat production from a region known as the world's bread basket. Russia and Ukraine together account for 25% of the world's wheat exports. It has led to a hike in the prices of wheat and supply-side glitches. India is the second largest wheat producer and one of its biggest consumers. When the Government decided to ban wheat export in the face of eliminating prices, there were many protests from the international communities. In Asia, exports for Australia and India, mostly for

domestic consumption, are at risk from higher global prices even if they do not directly import from India.

Due to this recent export ban, prices will rise across the globe, impacting poor consumers in Africa and Asia. (The Russia-Ukraine crisis might allow India to export more wheat on the global markets and domestic markets). Russia's invasion of Ukraine caused food and fuel prices to soar as war and sanctions disrupted supplies from two of the world's major agricultural and energy exporters. The two countries together account for roughly a quarter of global wheat exports, according to the US department of agriculture.

Major discussions of the study:-

The price of wheat has jumped on international markets after India banned the export of the staple cereal. The benchmark wheat index loses as much as 5.9% in Chicago. The highest it has been in two months. India's government said it would still allow exports backed by letters of credit that have already been issued and to countries that request supplies "to meet their food security needs".

India's exports to most of its major destinations touched record levels in 2020.

1. The Central government has decided to restrict the export of wheat flour to curb the rising prices of commodities. This will ensure food security for the most vulnerable sectors of society. The decision was taken by the cabinet committee on economic affairs (CCEA) chaired by PM Narendra Modi. The government has accordingly amended the policy of exemption for the commodity from the export ban.

India is drawing up a strategy to increase wheat exports following the disruption in global trade because of the Russia-Ukraine conflict. The two account for more than a fourth of the global wheat trade. While India has over 21 million tons of wheat in its central policy of March 16 even as procurement of the crop is about to



start, multiple ministries are discussing ways to export wheat amid high prices and tight supplies because of the conflict.

The commerce and industry ministry is exploring markets in Egypt, Turkey, and Italy and has created a task group. The consumer affairs, food, and public distribution ministry is working to provide adequate storage facilities at five or more ports identified by the central office said the external affairs ministry is being roped in to help with government-to-government orders whereas the shipping ministry is being asked for warehousing facilities at ports and performance for wheat consignments. The country's wheat exports in the period between January 2021 and April 2021 rose to \$1.7 billion from \$358 million in the year-ago period. The Agriculture and processed food products export development authority (APEEDA). A body under the commerce department has set up a 15-member task group including representatives of various states to draw up a road map after promoting wheat exports. UP, MP, Punjab, Haryana, Rajasthan, Bihar, Gujarat, and Maharashtra accounted for around 97% of India's wheat production in 2019-20.

Russia is the largest wheat exporter in the United States, followed by Canada. Three countries export more than 20 million tons of wheat. Russia accounts for nearly 24% of the total of the top 20 largest wheat exports.

Although India is the world's second-biggest wheat producer. It has not previously been a major exporter as most of its crop is sold on domestic markets but Ukraine's wheat exports plunged after the Russian invasion.

India's wheat exports hit 7.85 million tons in the fiscal year to March an all-time high and a sharp increase from 2.1 million tons in the previous year, Traders said, as Russia's invasion of Ukraine cuts off rival black sea supplies.

Earlier this month, A top government official said India would export a record 7 million tons of wheat in the 2021-22 fiscal year as a rally in global prices allowed the world's second-biggest producer of the grain to gain market share. India's new season wheat harvest is underway and this year's production is pegged at a record 111.32 million tons sixth straight surplus output encouraging traders to climb more exporters.

Indian Export policy, as per schedule-2 of Indian trade clarification (Harmonized System) export policy 2018 all commodities /items have been categorized into three categories namely (1) Free (2) Prohibited (3) restricted. Barring a few items, all the items are free for export. It focuses on those factors which have determined past export performance and will determine prospects that increased emphasis on exports should help accelerate industrial growth, remove import bottlenecks, and faster greater competition links from the rest of the economy to exports and from Exports to the rest of the are an important part of the analysis. India has a complex system of export incentives, without which many industrial exports would be completely unprofitable.

Objective: 1. The main aim of the study is to observe whether they have been an increase or decrease in the export of wheat at the global level ,and To identify the inter possible causes of wheat export during the period of the Russia and Ukraine war

Performance evaluation: To analyze the export performance of wheat has to collect secondary data from the market research annual reports for the 2017-2022 mid-year. In this way the researcher considers the following objectives :

- To examine the growth of the quantity of the wheat
- To find out the average growth of the value of wheat



- To examine the functional relationship between the value and quantity of exports

Hypotheses: Given the proposed objectives, the researcher has formulated the following null and alternative hypotheses.

Null hypothesis (H0): There is no functional relationship between the value and quantity of reports.

Alternative hypothesis (H1): There is a functional relationship between the value and quantity of exports.

Research methodology: Research design is the framework of the research study. The study lays out the structure, procedures, and data analysis of the research. In this connection, for the study export performance of wheat purpose, the researcher adopts various statistical tools.

Sources of data: The present study has adopted secondary data. The relevant data is collected from the publications of Indian market research, the ministry of commerce govt of India annual reports, brochures, and various websites.

DATA ANALYSIS TECHNIQUE: The researcher has used statistical tools like ordinary least squares (OLS) regression analysis to find out region-wise growth rates, and worked out find the behavior of the trade variables under the study .in addition routine descriptive statistics, like frequency, mean, standard deviation (SD), Shapiro- Wilk normality test were used. Analysis of growth rates is worked out by using the linear function and worked out of trade variables under the study.

REVIEW OF LITERATURE :

E. Gutiérrez-Moya, B. Adenso-Díaz, and S. Lozano (2019) outlined that Wheat is one of the three basic bowls of cereal providing the necessary calorific intake for most of the world's population. Hence, the authors concluded wheat trade is critical to many

countries to fulfill their internal demand and strategic stocks. The authors examined the helplessness of each country's dependence on the imports of this crop. The authors executed different analyses, simulating shocks of varying intensities for the main wheat producers by observing the population affected by the production drop. The author has also analyzed the effects of a global shock affecting all major producers, assessing its impact on every country. In this article, the author included the political decisions taken by governments following the pandemic COVID19 by observing the capital-intensive characteristics, so that no negative effects should currently be expected in the wheat market.

Jieke & Sousa, Carlos & He, Xinming. (2016) The authors synthesized and evaluated determinants of Export Performance using the design-vote-counting technique. The authors concluded that export performance has received increasing attention over recent decades, but the area was still characterized by fragmentation and diversity hindering theoretical and practical development. This paper integrates the findings of recent studies on export performance and provides further discussion from both theoretical and methodological aspects, and points out the directions for future research.

Dongyun Ma, Chenyang Wang, and Jianchao Feng (2021) concluded in their research paper that wheat is a widely cultivated crop and one of the most commonly consumed food grains in the world. They stated that the increase in demand for wheat grain phenolics' bio-activity is due to the possession of several nutritional elements and natural antioxidants. This review first summarizes the phenolics' form and distribution and the phenolic components identified in wheat grain. In particular, the biosynthesis path for phenolics is discussed, identifying some candidate genes involved in

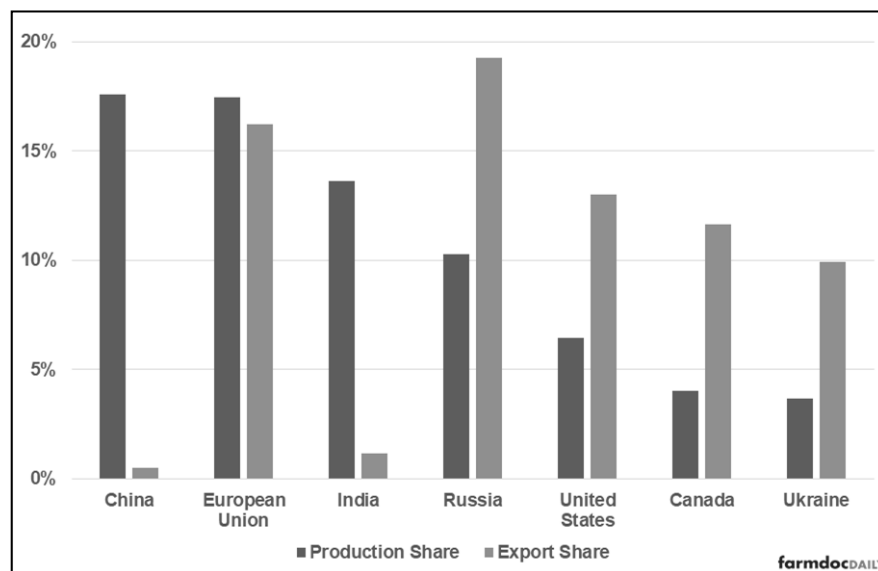


the biosynthesis of phenolic acids and flavonoids. After discussing the methods for determining antioxidant activity, the effect of genotypes, environmental conditions, and cultivation systems on grain phenolic component content is explored. Finally, the bio-availability of phenolics under different food processing methods is reported and discussed. Future research is recommended to increase wheat grain phenolic content by genetic engineering and to improve its bioavailability through proper food processing. Prana Rajib (2022) in his article "Tapping India's wheat export potential" reviewed the Infra hurdles, high support prices, and government interventions that hindered India from being a major player in the global wheat market, notwithstanding the human tragedy associated with the war between Russia and Ukraine, it has, nevertheless, opened up new opportunities for India. They found during March 2022, India achieved its highest-ever merchandise export, surpassing \$40 billion. The author concluded that though India exports many agricultural products, it is noteworthy that wheat exports

stood at \$1,742 million during April–January 2021–22, which was a 387 percent increase compared to that in the previous year. They considered that Russia and Ukraine together account for about 29 percent of the global wheat exports, their inability to export wheat has led to the doubling of wheat prices in the global market from \$229 per tonne in March 2021 to \$533 per tonne in March 2022. He stated that India is expected to produce 111 million tonnes of wheat for the 2021–22 crop year; further, the Centre's procurement target is around 45 million tonnes through minimum support price (MSP). In addition, the Food Corporation of India (FCI) currently has 23 MT of wheat stocks against a buffer stock requirement norm of 7 MT, indicating that India has a significant wheat surplus.

S.SUDHAKAR AND S. KISHORE KUMAR (2022) in their article "Wheat Research in India" aimed to collect the global output data in wheat using Scientro-metric analysis to fix up the relative position of India while fulfilling the major objective of identifying the dimensions of literature output in wheat research from India.

FIGURE 1: WORLD WHEAT PRODUCTION AND EXPORTS SHARES BETWEEN 2017-2021 AVERAGE

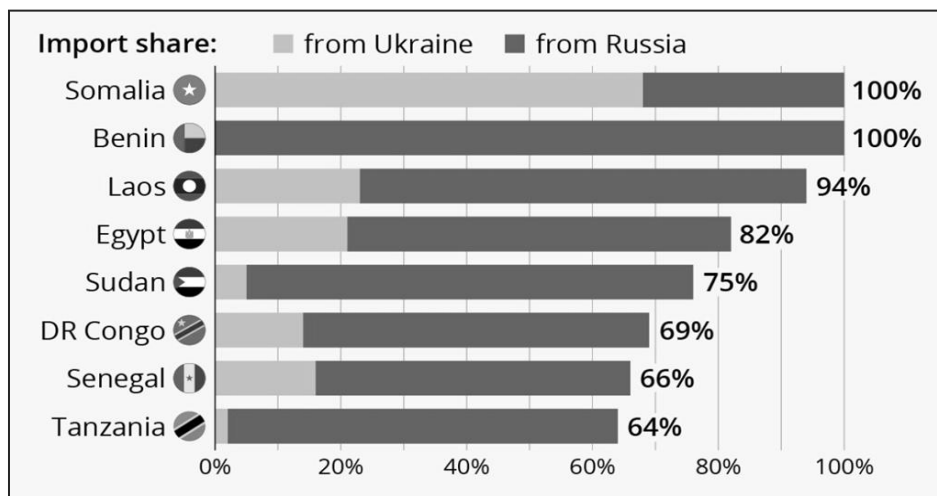


Source : farmdoc daily.

Global production and export shares for wheat averaged from 2017 to 2021, are reported for the top 7 wheat-producing countries in figure 1. Russia and Ukraine account for 14% of global wheat production and rank 1st and 5th respectively. Both countries are prominent exporters, providing nearly 30% of global wheat exports. The EU, the US, and Canada are also major producers of wheat. China and India are major wheat producers, but are net importers and provide relatively small shares of global wheat exports.

Table-2 - The Most Vulnerable Countries Amid Wheat Shortages

Countries among the world's least developed which are most dependent on wheat imports from Russia and Ukraine



Least developed and/or African countries

Source: UNCTAD, Statista

The war in Ukraine is endangering crucial wheat supplies in many of the least developed countries in the world. Among them, countries like Somalia 100%, Benin 100%, Laos 94%, Egypt 82%, Sudan 69% Dr condo 69%, Senegal 66% Tanzania 64% in Africa and the middle east particular are heavily dependent on wheat imports from Russia and Ukraine, According to the UN com-trade database, dependency of Egypt stood at 82 percent, according to the dat **India's wheat export result during Russia – ukrain war :**

India's wheat export performance throughout the war: According to traders, wheat shipments in 2021–22 totaled 7.85 million tonnes, exceeding the goal of 7 million and pointing to strong exports in the 2022–23 fiscal year, which

started on April 1. As a result of Russia's invasion of Ukraine cutting off competitor Black Sea supply, merchants reported that India's wheat exports reached an all-time high of 7.85 million tonnes in the fiscal year ending in March.

An important government official predicted earlier this month that India, the world's second-largest producer of wheat, will export a record 7 million tonnes of the crop in the fiscal year 2021–2022.

A few days ago, Earlier this month, a top government official predicted that India will export a record 7 million tonnes of wheat in the fiscal year 2021–2022, taking advantage of a rise in grain prices to expand its market share.



A total of 7.85 million tonnes of wheat were sent in 2021–22, above the aim of 7 million, according to traders. This indicates strong exports in the 2022–23 fiscal year, which started on April 1.

According to merchants, India also shipped wheat to South Korea, Sri Lanka, Oman, and Qatar in addition to Bangladesh. According to them, most export agreements were made for between \$225 and \$335 per tonne free on board.

According to Rajesh Paharia Jain, a prominent trader headquartered in New Delhi, "business has been quite brisk, and both Mundra and Kandla ports have been very active handling outgoing wheat shipments." Wheat shipments from Russia and Ukraine, which together account for around 29% of global wheat exports, have significantly decreased as conflict rages across the Black Sea area.

CONCLUSION:- Other countries with fairly large wheat export shares include Australia (8.4%), Argentina (6.6%), Kazakhstan (4.1%), and Turkey (3.4%). Ukraine and Russia are also among the world's top exporters of other important food staples. Around two-thirds of the global exports of crucial sunflower products like oil and feed come from Ukraine and Russia. While crop failures are to be expected in Ukraine in 2022, Russia has imposed an export ban on products such as wheat until the end of June 2022, leading observers to predict shortages and rising prices among their trade partners and on the world market. Egypt and Somalia are among the countries where wheat is traditionally used in some of the most common food staples. According to the Guardian, a food shortage had already been looming in the latter country because of a resurgence of conflict and drought, causing international organizations to warn of the risk of severe hunger even before the invasion.

Ukraine exported slightly more than 18 million mt of wheat in FY 2021-22. According to its agriculture ministry, The Ukrainian Grain Association has projected the country's wheat export at 10 million mt in FY 2022-23. The Russia-Ukraine war impacted the global supply chain un-predicting the flow of goods fueling dramatic cost increases and product shortages and creating food shortages around the world. The government is optimistic about long-term export opportunities not only for wheat but for all cereals including millets and super foods.

If India's wheat prices remain competitive and geopolitical and weather conditions stay favorable the scope is good for wheat exports. Russia is the market leader for wheat export and Ukraine is also a major producer. India exports to produce 112 million tons of wheat in the current season with surplus wheat production, opportunities have opened up this fiscal and exports in FY 23 are to beat the target of 10 million tons. According to AMI, the global wheat production forecast for 2022 is only slightly below that of 2021, with higher production forecasts for Canada, Russia, and the United States offsetting lower export prospects for the European Union and India. Prices remained stable in the second half of August amid the signs of resurgent international demand, increased tensions in the black sea region, and worries about soil moisture conditions ahead of the 2023/24 planting in some regions.

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