



A Study on Export of Wheat and Documents Required

Dr. Kalpana Agrawal, Assistant Professor, Prestige Institute of Management and Research, Indore.

Ritesh Sharma, Rinita Verma, Student of Prestige Institute of Management and Research, Indore.

Abstract:

India is the second largest producer of wheat in the world, with production hovering around 68–75 million tons for past few years. The latest estimated demand for wheat production for the year 2020 is approximately 87.5 million tons, or about 13 million tons more than the record production of 75 million tons harvested in crop season 1999–2000. Since 2000, India has struggled to match that record production figure and thus faces a critical challenge in maintaining food security in the face of its growing population. The current major challenges facing future wheat production in India are increasing heat stress; dwindling water supplies for irrigation; a growing threat of new virulence of diseases such as wheat rusts (yellow, brown, and black) and leaf blight; continuous adoption of rice-wheat systems on around 11 million hectares; changes in urbanization patterns, and demand for better quality wheat. In addition, the threat posed by the new stem rust race Ug99 cannot be underestimated. The wide gap (around 2.5 t/ha) between the potential and harvested yield in the eastern Genetic Plains also cries out for solutions. Addressing issues related to different stresses will require harnessing genes discovered in landraces and wild relatives following conventional as well as non-conventional approaches. For effective technology delivery in areas that suffer from poor linkages with farmers, participatory research needs to be strengthened.

Keywords Wheat - *Triticum aestivum* - Wheat improvement - India - Present status - Challenges - Future prospects

INTRODUCTION:

In the realm of food crops in the world, wheat (*Triticum spp.*) occupies the number one position. India is one of the principal wheat producing and consuming countries in the world. Its importance in Indian agriculture is second to only rice. Wheat flour based products, such as the *chapati*, is part of the staple diet in most parts of India - particularly in northern India. Wheat straw is also used for feeding cattle. The Green Revolution, which was initiated in the country in the late 1960s, has had a very significant effect in increasing the yield of wheat. The output ratio of wheat to rice has steadily increased 1:3 to 4:5. Since 1991, the Ministry of Agriculture has been giving massive thrust to boost its output in the country. At present Uttar Pradesh, Punjab and Haryana are the three major wheat producing states. They account for nearly 70 per cent of the total wheat produced in the country. Though Uttar Pradesh has the highest production in India, it lags behind Punjab and Haryana in terms of yield. Better irrigation facilities in these states are responsible for higher yield. In Haryana, 98 per cent of the area under wheat is irrigated and in Punjab the ratio is 96 per cent. However, in Uttar Pradesh, only 88 per cent of the area under wheat is irrigated. Wheat output in non-traditional states is also being popularized by improving irrigation facilities and developing seeds suitable for cultivation in these regions.

Wheat is cultivated in an area of around 25 million hectares which represents a fifth of the total area under food grains in India. Around 80 per cent of the area under wheat is irrigated. India accounts for about 11 per cent of the total area under wheat cultivation in the world. Efforts were initiated in 1976 to popularise the cultivation of wheat in areas, which had traditionally not cultivated it, such as West Bengal, Kerala, Assam, Orissa and Andhra Pradesh. India is broadly divided into 5 wheat zones based on agro-climatic conditions.



The wheat crop is harvested when the grains harden and the straw becomes dry and brittle. The harvesting time varies from zone to zone and also depends whether the wheat is under irrigated or rained conditions. The rained crop reaches harvesting stage much earlier than the irrigated crop. However, the yields under the rainfed crops are much lower compared to the irrigated crop.

This hard wheat is cultivated in clayey soil and is highly sought after for its physical characteristics. Its high gluten strength and uniform golden colour makes it ideal for bread making and pasta preparation unlike the softer commercially high yielding wheat, which lacks the strength and consistency of durum. Today, India is exporting sufficient quantities of all types of wheat and extensive research efforts are underway for improving its cereals and grain output in the years to come. Wheat cultivation has traditionally been dominated by the northern region of India. The northern states of Punjab and Haryana Plains in India have been prolific wheat producers. While this cereal grass has been studied carefully in the past, recent years of painstaking research by India's finest scientific talent has paid off with the development of distinctly superior varieties of Durum Wheat. With a production reaching ten times in past five years, India is today the second largest wheat producer in the whole world. Various studies and researches show that wheat and wheat flour play an increasingly important role in the management of India's food economy.

Exports of wheat:

When saturation of domestic demand was observed and further compulsion of sustaining the present market condition, the only avenue of liquidation of inventories was Exports. But disparity of domestic and international prices were dealt with subsidized issue price which served prime objective of quick and faster replacement, reducing carrying cost which ultimately form the major share of subsidy and ultimately earn the foreign exchange which shall provide India a dependable supplier in the Wheat world market.

India's Position in World Wheat Market: (TABLE NO. 1)

Country	%Share of Country
China	22
India	13
USA	13
France	7
Romania	6
Russian federation	6
Canada	5
Australia	4
Italy	4
Turkey	4
Pakistan	3

Wheat importing countries from India

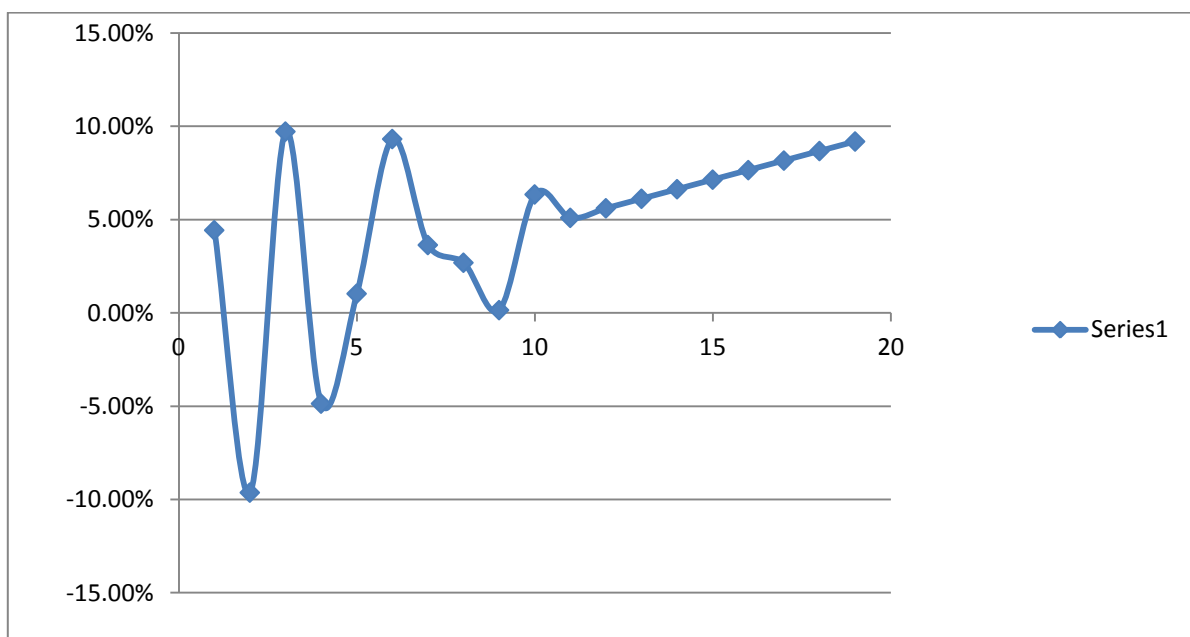
- Chicago (CBOT)
- Canada (Winnipeg commodity exchange)
- Kansas (Kansas city board of trade)
- Missouri
- Japan
- Australia
- Bulgaria (Sofia commodity exchange)
- China



Production of wheat:

Wheat is one of the most important staple food grains of human race. India produces about 70 million tons of wheat per year or about 12 per cent of world production. It is now the second largest producer of wheat in the world. Being the second largest in population, it is also the second largest in wheat consumption after China, with a huge and growing wheat demand. Wheat is one of the most important staple food grains of human race. India produces about 70 million tons of wheat per year or about 12 per cent of world production. It is now the second largest producer of wheat in the world. Being the second largest in population, it is also the second largest in wheat consumption after China, with a huge and growing wheat demand.

YEAR	TY PRODUCTION	UNIT OF MEASURE	GROWTH RATE
2002	72770	(1000 MT)	4.43%
2003	65760	(1000 MT)	-9.63%
2004	72150	(1000 MT)	9.72%
2005	68640	(1000 MT)	-4.86%
2006	69350	(1000 MT)	1.03%
2007	75810	(1000 MT)	9.32%
2008	78570	(1000 MT)	3.64%
2009	80680	(1000 MT)	2.69%
2010	80800	(1000 MT)	0.15%
2011	85930	(1000 MT)	6.35%
2012	85133.333	(1000 MT)	5.10%
2013	86967.394	(1000 MT)	5.61%
2014	88801.455	(1000 MT)	6.12%
2015	90635.515	(1000 MT)	6.63%
2016	92469.576	(1000 MT)	7.14%
2017	94303.636	(1000 MT)	7.65%
2018	96137.697	(1000 MT)	8.17%
2019	97971.758	(1000 MT)	8.68%
2020	99805.818	(1000 MT)	9.19%



(TABLE NO. 2)



Government Policy Regarding Wheat:-

Since wheat prices at procurement level and at disposal level are placed under controlled mechanism with defined objectivity, scope of general price trend analysis also becomes govt. policies centric. The related price in the open market has got a substantial relationship with the prices of wheat traded in the open market. Therefore this aspect has a notion that the price elasticity of demand has got direct relationship on prices of wheat of other varieties (whatsoever be the size of share in total production). However availability of targeted variety (Mexican/Dara) wheat shall increase, if Govt. withdraws gradually from procurement at MSP; in the open market, which shall concede volatility.

Geographical Area under Wheat Cultivation:

It is cultivated from a sea level up to even 10,000 feet. More than 95 percent of the wheat area in India is situated north of a line drawn from Bombay to Calcutta and also in Mysore and Madras in small amounts.

The Major Wheat producing states in India is placed in the Northern hemisphere of the country with UP, Punjab and Haryana contributing to nearly 80% of the total wheat production.

Achievements of Indian wheat programme:

- 372 wheat varieties released in the country since 1965
- 119 genetic stocks for various traits
- Advanced production technologies with eco-sustainability through resource conservation
- The crop protection strategies acted as barrier to disease havoc since last 4 decades
- Germplasm enrichment and sharing across the country
- Infrastructure created to produce more around 30,000q of breeder seed
- Quality parameters standardized for specific products
- Strengthening the wheat research to partner countries for global food security
- Sound international linkages

Documentation:

An exporter without any commercial contract is completely exposed of foreign exchange risks that arises due to the probability of an adverse change in exchange rates. Therefore, it becomes important for the exporter to gain some knowledge about the foreign exchange rates, quoting of exchange rates and various factors determining the exchange rates. In this section, we have discussed various topics related to foreign exchange rates in detail. Export from India required special document depending upon the type of product and destination to be exported. Export Documents not only gives detail about the product and its destination port but are also used for the purpose of taxation and quality control inspection certification.

• Shipping Bill / Bill of Export:

Shipping Bill/ Bill of Export is the main document required by the Customs Authority for allowing shipment. A shipping bill is issued by the shipping agent and represents some kind of certificate for all parties, included ship's owner, seller, buyer and some other parties. For each one represents a kind of certificate document. Documents Required for Post Parcel Customs Clearance In case of Post Parcel, no **Shipping Bill** is required. The relevant documents are mentioned below:

• Customs Declaration Form:

It is prescribed by the Universal Postal Union (UPU) and international apex body coordinating activities of national postal administration. It is known by the code number CP2/ CP3 and to be prepared in quadruplicate, signed by the sender.

• Dispatch Note-

It is filled by the exporter to specify the action to be taken by the postal department at the destination in case the address is non-traceable or the parcel is refused to be accepted.



- **Commercial Invoice** – Issued by the exporter for the full realisable amount of goods as per trade term
- **Consular Invoice** – Mainly needed for the countries like Kenya , Uganda, Tanzania, Mauritius, New Zealand, Burma, Iraq, Ausatralia, Fiji, Cyprus, Nigeria, Ghana, Zanzibar etc. It is prepared in the prescribed format and is signed / certified by the counsel of the importing country located in the country of export.
- **Customs Invoice** – Mainly needed for the countries like USA , Canada, etc. It is prepared on a special form being presented by the Customs authorities of the importing country. It facilitates entry of goods in the importing country at preferential tariff rate.
- **Legalised / Visaed Invoice** – This shows the seller's genuineness before the appropriate consulate or chamber or commerce/ embassy.
- **Certified Invoice**- It is required when the exporter needs to certify on the invoice that the goods are of a particular origin or manufactured/ packed at a particular place and in accordance with specific contract. Sight Draft and Usance Draft are available for this. Sight Draft is required when the exporter expects immediate payment and Usance Draft is required for credit delivery.
- **Packing List** – It shows the details of goods contained in each parcel / shipment.
- **Certificate of Inspection**– It is a type of document describing the condition of goods and confirming that they have been inspected.
- **Manufacturer's Certificate**- It is required in addition to the Certificate of Origin for few countries to show that the goods shipped have actually been manufactured and is available.
- **Certificate of Chemical Analysis**- It is required to ensure the quality and grade of certain items such as metallic ores, pigments, etc.
- **Certificate of Shipment**- It signifies that a certain lot of goods have been shipped.
- **Health/ Veterinary/ Sanitary Certification** – Required for export of foodstuffs, marine products, hides, livestock etc.
- **Certificate of Conditioning**- It is issued by the competent office to certify compliance of humidity factor, dry weight, etc.
- **Shipping Order**- Issued by the Shipping (Conference) Line which intimates the exporter about the reservation of space of shipment of cargo through the specific vessel from a specified port and on a specified date.

Literature review:-

According to Mishra (2004) slow growth in total wheat production up to 1965 necessitated a large-scale grain import by India under the PL480 system. The series of agricultural changes following the utilization and exploitation of Norin 10 dwarfing gene in wheat after 1965 was called “green revolution”, the impact of green revolution made India self-sufficient in food grain production. The 80’s witnessed quantum jump of wheat production making India worth of stockpiling adequate buffer stock to thwart the adverse weather and other calamities.

Wheat production is now seeking a turning point towards keeping the wheat price and supply affordable for more than 240 million people below the poverty line. The Indian council of agriculture research (ICAR) having taken into cognizance the previous efforts, struggled to increase the productivity, concern the augment and sustain what has been achieved, issued the directives and guidance to develop the vision for research mandate to adopt in the forthcoming decades.



According to Kumbhar (2007), agriculture is the main occupation of the Indian people. Performance of Indian economy is dependent upon the growth of agriculture sector. It contributes nearly 16% of India's gross domestic product (GDP) and 13% of total export. It provides employment to 52% of the countries work force and livelihood security to more than 620 million people. Agriculture plays an important role in economies development, such as provision of food to the nation, enlarging exports, transfer of manpower to non-agriculture sector, contribution to capital formation, and securing markets for industrialization. Agriculture forms the backbone of Indian economy and even though large industrialisation in last 60 year, agriculture still occupies a place of pleasure.

Ahmed and Rustagi (2004) emphasised that liberalization of Indian economy has opened immense opportunities for exports of agriculture products. GCC countries are heavily dependent on import of agriculture commodities to fulfill the needs of rapidly growing population. Due to geographical proximity to GCC countries and natural comparative advantages to Indian farmers there is a large scope for exports of agriculture commodities to GCC.

Mitra and Ghosh (2008) found that agricultural exports from developing countries are facing stringent barriers in the form of sanitary and phytosanitary measures as well as technical barriers in the form of sanitary and phytosanitary measures as well as technical barriers: the need of the hour, therefore, is to develop robust agricultural exporting zones (AEZs) to promote organic cultivation of exportable produce. The analysis of the future growth potential of AEZs in India is based on two planks: a theoretical cost benefit analysis and a case study approach. The theoretical cost benefit analysis highlight the tradeoff between factors that enhance profitability on the one hand and other that lead to a reduction in profitability.

Venkatraman and Prahaladachar (1981) estimated and analyzed the growth rate in area, yielding and output of major crops in six states including Bihar, for the period 1950-51 to 1974 to 1975 and also the impact of growth rates on cropping pattern in these states. In Bihar, the review of cropping pattern changes during 1950 to 1975 indicated that within the cereals rice, maize and wheat gained in area whereas barley lost in area. In the cropping pattern the relative importance of wheat and maize improved from 6 to 15 per cent and 6 to 18 per cent, respectively. The output growth rate during the period 1950 to 1975 was highest for wheat (9.5%), followed by maize (3.7%).

SyeddaKhatoon (2005) in his study found that Indian agricultural has been hit hard during post WTO period (1995-2005). The share of agro goods in India's global export has declined during this period. During post WTO period, agricultural subsidies of developed countries have been rather increased. Therefore it is very difficult for India to face global agricultural competitiveness. In this scenario, the global agricultural trade would likely to become oligopolistic. The returns of various crops have declined due to increase in cost of production, slow growth of agricultural productivity, weak marketing mechanism, increase in input intensity and fall of water table. As a result farmers have become highly indebted and resorting to suicides. In the near future also the total quantum of exports particularly agriculture and light manufacturing goods cannot be raised significantly in the global market in the near future because of limited and uncertain domestic export surplus and particularly their inelastic demand at world market. In other words, Indian exports were considered to be supply constrained and also were not responsive to relative price changes at the global level. Raising the levels of productivity and quality standards to internationally competitive level is one of the major challenges following the dismantling of quantitative restriction on imports, as per the WTO agreement on agriculture.

Mitra (2007) contended that given the slow growth of wheat in the recent past, the increased provision for agricultural infrastructure is an essential prerequisite not only for inclusive growth but also for sustained reduction in the propensity to import food will imply that more earned income are ploughed back into the economy and subjected to the multiplies.



Objectives of the study:-

- To study the trend of export of wheat from India.
- To study the documents required for the export of wheat.
- To study the problems faced by exporters of wheat.

Research Methodology

- **The Study:**
The present study was undertaken to comprehend the export of wheat from India and documents required for it.
- **The Sample:**
The sample of the study comprises of secondary data, which was collected from secondary sources like internet, government official website and journals. The sample includes the export data for the period of last ten years (2002-2011).
- **Tools for data collection:**
Data required for the present study was secondary in nature. The yearly export reports of wheat from India have been used. The data were gathered from various official websites such as, www.commerce.nic.in, www.exim.com, www.books.google.co.in, <http://nmce.com/default.aspx> etc.
- **Tools for data analysis:**
The trend analysis was used to analyze the trend of export of wheat from 2002-2011 from India.
- **Trend Equation:**

$$S = a + bt$$

$$\sum S = Na + b\sum T$$

$$\sum ST = a\sum T + b\sum [T]^2$$

Where S=results

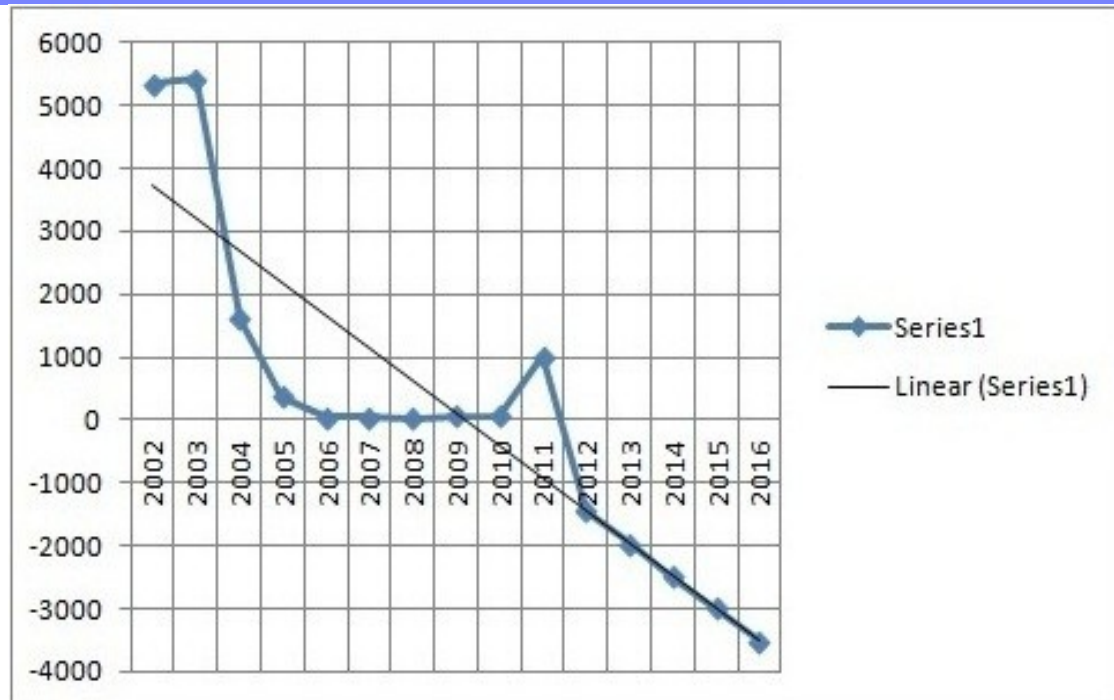
a,b= constant

T= Time, Total

Results:

YEAR	TY EXPORT	Trend value	GROWTH RATE
2002	5350	3727.36	65.43%
2003	5425	3209.46	1.40%
2004	1605	2691.55	-70.41%
2005	369	2173.65	-77.01%
2006	33	1655.75	-91.06%
2007	43	1137.84	30.30%
2008	21	619.94	-51.16%
2009	62	102.04	195.24%
2010	60	-415.86	-3.23%
2011	1000	-933.76	1566.67%
2012	-1451.67	-1451.66	656.81%
2013	-1969.57	-1969.56	747.76%
2014	-2487.47	-2487.47	838.70%
2015	-3005.38	-3005.37	929.65%
2016	-3523.28	-3523.27	1020.59%

www.indexmundi.com



Discussion:

Wheat exports from India reached a hike of above 5000 Million tons during the year 2002-2003 and then markedly declined at an even pace to 1605 Million tons in 2004. Again in 2005 it further showed a deep declining trend as the government halted export subsidies because of tightening of domestic supplies and reduced Indian competitiveness in international markets, although private traders remained free to export wheat. Further the fate of Indian wheat export bleak as the trend above during 2006-2010 wheat exports were almost nil. Due to unmanageable food grains stocks, the Govt. of India decided to export its Wheat stocks at a highly subsidized price (declared at port cities) through Govt. agencies such as STC, MMTTC and PEC. As there was generally a flat moment during these periods, the possibility of increasing our wheat exports was dangled. But it got proved wrong and then suddenly during 2011 the export of wheat raised to 1000 million tons. Still after having a look of the exports of the previous years, there may be a possibility of a rise in the exports in the future time period. Looking ahead to 2017, an inclining trend is expected and also the average level of wheat prices is expected to go higher than the previous years.

Wheat: India may be out of the world market

After heavy exports over the past several months, Indian wheat exports have started tapering off, with few vessels now loading at Indian ports. According to trade sources, if no government export subsidy is forthcoming, exports will cease, as Indian wheat will no longer be competitive vis-a-vis wheat from other origins like the Ukraine, Romania, Eastern Europe, and Australia will take lead. With wheat currently priced at \$170 FOB, even neighboring importers like Bangladesh and Sri Lanka have started looking at other origins for their wheat requirements. Although private importers still have wheat stocks they procured this year from the domestic market in the hope of a government export subsidy, they will soon start selling it in the domestic market if no government subsidy is offered.

Conclusion:

The study also revealed that India is growing more wheat than it ever has. That may sound like very good news given the fact that India along with China is the largest consumer of wheat, but the fact is, it does not quite know what to do with it. India doesn't have policies that will allow the country to use the wheat efficiently. It doesn't even have enough places to store it. There is also no surety that wheat



production will be equally robust in the coming years. The current state of plenty is just two seasons old. Following the bumper harvest (80.17 million tons) of 2010, the country is now looking at another 81.74 million tons in a harvest season that has just begun.

The last couple of years, India have had a good monsoon and hence the production was good. But if she has even one bad monsoon, there will be dire shortage. These bumper harvests are the outcome of a two-pronged government approach of banning exports, and raising the minimum support price (MSP) as an incentive to bring more land under wheat cultivation. The gains at the height of the Green Revolution in the 1970s and 80s riding on the back of high-yield seeds and pesticide use have been slowing down. Between 2000 and 2010, the land under wheat cultivation grew by just 1.21 percent and there was a drop in yield (compared to the 1980s). Wheat production had fallen to 9.23 million tons in 2006-07 and export was banned in October 2007, however, such an approach doesn't provide sustained support for wheat farming.

One part of the problem "lies with the procurement system. Any farmer can sell any amount of wheat to the government and the government has to buy it. The MSP too has been raised to an unreasonable level as it is a political issue."

The other part of the problem is that the government is not equipped to efficiently store and use bumper crops for future consumption, thanks to the pathetic conditions of the warehouses run by the Food Corporation of India (FCI). Enormous volumes of grains rot every year.

Implications of the study:

It may be concluded from the present study that the production and productivity of wheat in India is expected to increase in the present decade, even then the country is likely to remain in deficit, so far demand supply balance of wheat is concerned. Comparatively higher prices of wheat during lean period suggest that more warehouse and storage facilities be created so that farmers could store wheat during post harvest period and release it when prices are higher. So far as price spread in wheat marketing is concerned an efficient transportation system and reduction in cost on commission charges and taxes as well as margin of profit taken by the wholesalers and retailers may further improve the marketing efficiency.

From the above discussion the following policy implications emerges:

- There is need to establish adequate storage and warehousing facilities and also to popularize their advantages among the farmers to encourage them to store the produce to create time utility.
- To improve the technology of wheat production and needs to be extended in a big way to farmers in order to increase the productivity level of wheat in India and to wipe off the deficit or gap.

Suggestions:

• Govt. Should Encourage Private Players:

Encouraging private players in the procurement and storage process will enable the government to absorb the production from states where FCI infrastructure is inadequate. In its attempts at increasing storage capacity, last year the FCI started a scheme to invite private participation in building more warehouses. The plan invites private players to build granaries and the FCI guarantees at least 10 years of rent for them. So far, deals to build 10 million tonnes of storage have been signed but these granaries will be completed only by next years.



- **Limited Procurement:**

The government should set a quota for how much wheat it will buy from farmers, and let them export the rest or sell in the domestic market itself. The total production is at the end of the harvest season and only if we have enough for our buffer stocks should we take a call on whether to allow export of wheat or not. Countries such as Russia and China, which are large producers of wheat, have had a poor harvest and are not exporting their produce. If we start exporting now, and then realize we will be falling short later, we will face a problem where availability and price of wheat in the import market is concerned.

- **Build Strategic Reserves:**

For safety from fluctuations in supply, globally as well as domestically, maintain a constant stock of wheat by creating long-term storage facilities. This will ensure food security. It will also give clarity on the possibilities of exporting wheat when international demand is high. The global wheat scenario is already raising concerns in many countries. Russia, the world's third largest exporter, stopped wheat exports after it lost a quarter of its crop last year to its worst drought in 50 years. China, the world's largest producer, too may lose about two-thirds of its crop after an exceptionally dry winter in its wheat growing region. The impending shortage in the import market has pushed global prices close to their all-time high of 2008.

Countries in West Asia and North Africa are stocking up with orders being placed for several thousand tones. These points to fears of an impending crisis of availability and price. Russia had announced its intent to build strategic wheat reserves along with China and India and even give out 20 million hectares in joint ventures for wheat farming in early 2010. This would protect Russia's wheat prices and be a counter to the US' wheat diplomacy (the US is sitting on a stockpile of 30 million tons). But that, of course, was in the months following Russia's 100 million tone production and before drought brought that figure down to 60-65 million tones.

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