

Dilly-dallying over pulses is a bad idea

With a good harvest in the bag this kharif season, the Government must go all out to defend minimum support prices

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After the Government imposed quantitative ceiling on the import of tur/arhar (two lakh tonnes) as also urad and moong (three lakh tonnes), there is now a clamour to restrict the import of other pulses too, especially yellow pea (peela matar) by imposing customs duty. The fact is, any such move would be totally ill-advised and counter-productive.

To be sure, for the second year in a row, the country has been blessed with a large kharif pulse crop. The crop size this season (2017-18) is an estimated 87 lakh tonnes, slightly below the 94 lakh tonnes of the last kharif; yet, it is the second largest harvest on record for the season. Harvesting is currently on.

Despite restrictions on the import of major kharif pulses and opening up of their export, farm-gate prices of tur/arhar, urad and moong are still ruling well below the minimum support price. The MSP for tur/arhar (pigeon pea) is ₹5,450 a quintal while market rates are at least 20 per cent lower. Large inventories comprising indigenous and imported material and the ongoing harvest have combined to pressure prices down. The Govern-

ment is at its wit's end, unclear about how to address the issue of low prices.

Without doubt, the primary duty of the Government is to defend the MSP for pulses it has announced and ensure that growers do not suffer low prices for the second time. If MSP is not well defended, it could lead to protests.

Practical defence

The only practical way to defend MSP is to strengthen the procurement operation across major producing centres. Last year's experience — procurement by designated government agencies — has left much to be desired; yet it can be excused because it was the first time and the challenge was daunting. But the current season will be the real test for the Government to prove its ability to genuinely support pulse growers through robust procurement operations.

The tragedy is that instead of adopting affirmative action — strengthening procurement — there is a risk that the Government may resort to negative tactics. One of them could be imposing customs duty on pulse imports, a facile option that would mean shirking responsibility.

Recent data show that the major



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pulses imported are yellow peas, chickpeas (chana) and lentils (masur). It would be misplaced and unjustified to burden these imported pulses with duty. It could prove counter-productive and betray a lack of understanding of market dynamics.

Yellow pea in particular is an interesting case. It is the most economical pulse available in the global market and in abundance. Canada, Russia and Ukraine are some countries from where we import yellow pea at rates as low as \$300-350 a tonne.

The pulse (peela matar) is now

being widely used especially in the eastern parts of the country in States such as Uttar Pradesh, Bihar, Jharkhand and Bengal as also the North-East. Indeed, during the dal price crisis of 2015-2016, it was the availability of imported yellow pea that provided a big relief to consumers in the eastern zone. Steady supplies of yellow pea imparted price stability to the overall pulse market, unlike tur/arhar.

Good substitute

In recent years, yellow pea has proved to be a good substitute for chickpea and continues to keep chickpea prices on a leash. We saw the chickpea market reach unprecedented levels in 2016 (over ₹10,000 per quintal versus MSP of ₹4,000) even after suspension of futures trading. Even now, chickpea prices are well above the MSP; and yellow pea is holding chickpea prices from running away.

There is anecdotal evidence that yellow pea flour is blended with chickpea flour. While any such blending is unauthorised and should fall within the ambit of the country's food safety and standards law, food technologists assert that such blending actually advances consumer interest and does absolutely no harm.

Our indigenous harvest of yellow pea (a rabi crop) is about 3-4 lakh tonnes and imports are 25-30 lakh tonnes. It is in the interest of dal mills and consumers that the import of yellow pea continues unrestricted without any tariff or non-tariff barrier.

Imported yellow pea does not directly compete with any of the major indigenous pulses while it keeps the volatile chickpea market on a leash.

Indeed, the Government must open up export of all pulses and adhere to a progressive export-import policy that keeps both windows open. Restricting export is anti-farmer while imposing tariff and non-tariff barriers on import would be anti-consumer. Both are best avoided.

'Pulse market intelligence' is rather limited within policymaking circles. It is necessary for the Government to lay down a system of monitoring of pulse imports — register import contracts to track quantity, quality, price and period of import — so that proactive decisions can be taken to regulate the market. Otherwise, another 'dal shock' can hit any time.

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