

# Yellow peas need procurement ramp-up, not an import levy, which may boomerang

G CHANDRASHEKHAR

The domestic pulse market is agog with reports that the government is considering levying an import duty on pulses, especially yellow peas, in order to lift indigenous pulse prices, most of which are ruling below the minimum support price. Any such fiscal move would be ill-advised and counter-productive.

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

The only practical way to defend MSP is to strengthen procurement operations across major producing centres. The current season will be the real test for the government to prove its ability to genuinely support pulse growers through robust procurement operations.

## COMMENTARY

The tragedy is that instead of adopting affirmative action — strengthening procurement — there is a risk that the government may resort to some negative tactics. One of them could be imposing customs duty on import of pulses such as yellow peas. It is a facile option that would mean shirking of sovereign responsibility towards consumers.

Major pulses that are imported are yellow peas, chickpeas (chana) and lentils (masur). Any move to burden these imported pulses with customs duty would be utterly misplaced and unjustified. It may not only prove counter-productive but also betray a lack of understanding of the market dynamics.

### Economical option

Specifically, yellow pea is the most economical pulse available in the global market, and in abundance. Canada, Russia and

Ukraine are the origins from where we import yellow pea at rates as low as \$300-350 a tonne. In other words, yellow pea provides the most economical vegetable protein for the protein-starved people of this country.

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, Bengal as also the north-eastern States. Indeed, during the dal price crisis of 2015-16, 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.

In recent years, yellow pea has proved to be a good substitute to 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 an MSP of ₹4,000) even

after suspension of futures trading. Even now, chickpea prices are well above the MSP; and the availability of yellow pea at economical rates 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 at large that import of yellow pea continues unrestricted without any tariff or non-tariff barrier.

*The author is a global agribusiness and commodities market specialist. Views are personal.*