India : relatively atmanirbhar in Pulses compared to Edible Oil

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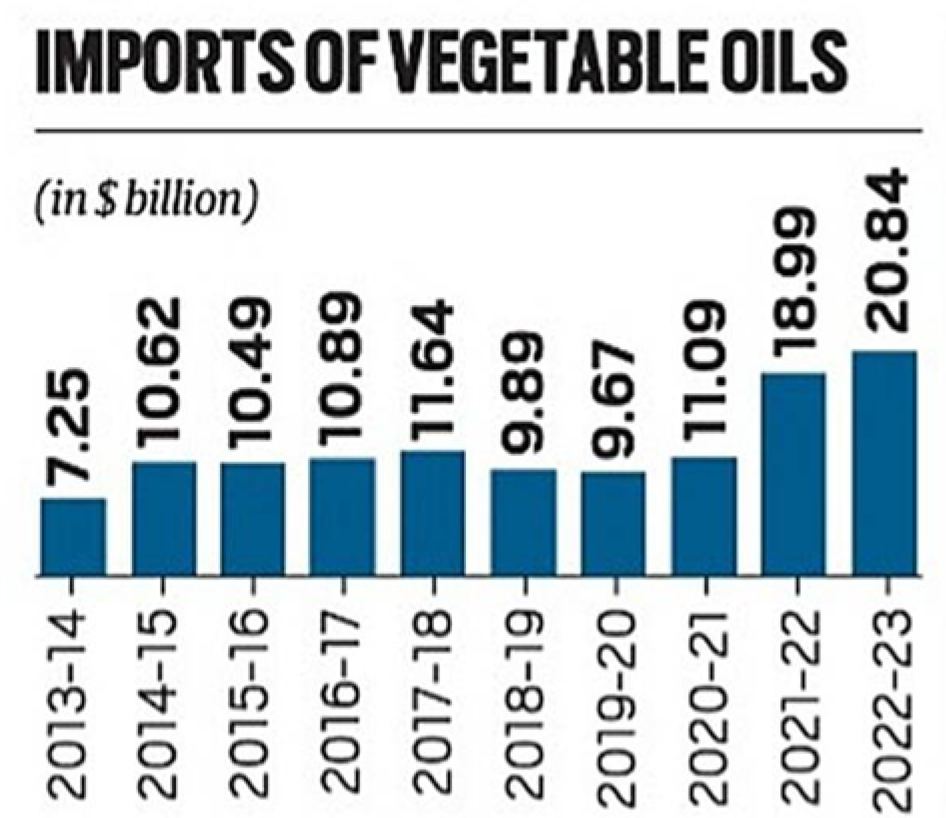
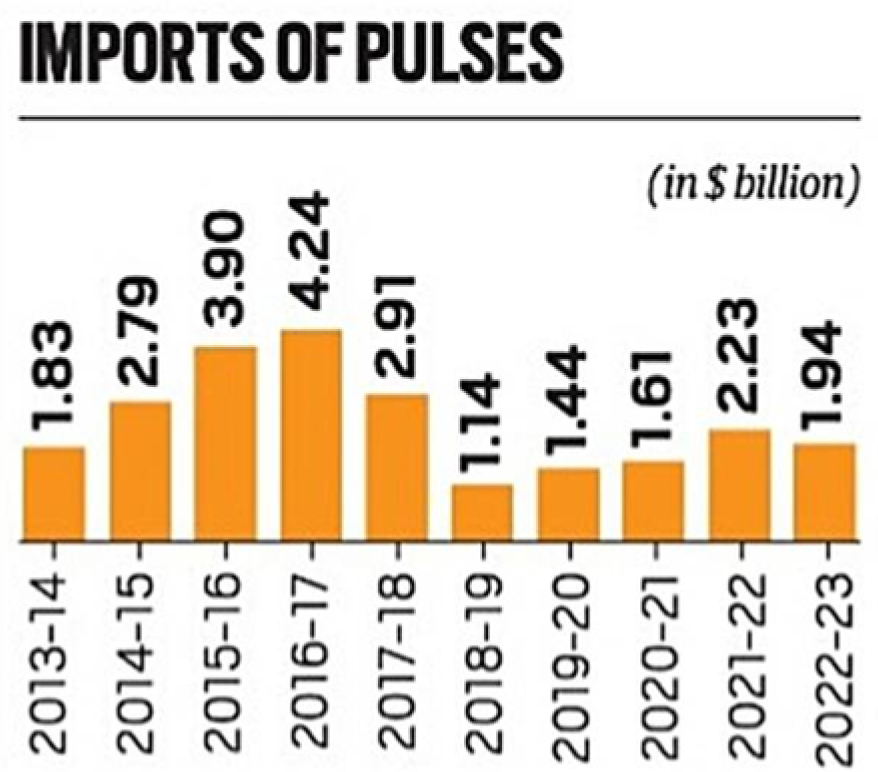
Why in News: There are two agric le oil and pulses in past decade but It's b



Relatively atmanirbhar in pulses



Between 2013-14 and 2022-23 (April-March), the value of India's vegetable oil imports has soared from $7,249.85 million (Rs 44,038.04 crore) to $20,837.70 million (Rs 167,269.99 crore). Much of this has been in just the last two fiscal years (chart 1).

Out of the 24-25 million tonnes (mt) cooking oil that the country consumes annually, only 9-10 mt is from domestically produced grain. The balance 14-15 mt is imported.

The value of imports has posted only a marginal rise during the nine years of the present government: From $1,828.16 million (Rs 11,036.75 crore) to $ 1,943.89 million (Rs 15,780.56 crore).

Imports went up initially to reach a high of $4,244.13 million (Rs 28,523.18 crore) in 2016-17, only to fall substantially thereafter (chart 2)

In quantity terms, India's imports of pulses more than doubled from 3.18 mt in 2013-14 to 6.61 mt in 2016-17. From those peaks, they have come down to 2.70 mt in 2021-22 and 2.52 mt in 2022-23.

Thus, the nine years of the Modi government has actually seen a decline, unlike in vegetable oils, where the quantum of imports too has surged from 7.94 mt to 15.67 mt between 2013-14 and 2022-23.

The reduction in pulses imports have come essentially on the back of higher domestic production.

According to the Agriculture Ministry, India's pulses output has increased from 19.26 mt in 2013-14 to 27.50 mt in 2022-23.

Private trade estimates of production are lower at 23-24 mt. Even taking 23 mt production and 2.5 mt imports translates into an atmanirbharta or self-sufficiency ratio of over 90% in pulses, as against hardly 40% for edible oils.

India's imports of major pulses

It can be seen that imports of two items have recorded dramatic drops: Yellow/white peas (matar) and chickpea (chana). At their height, yearly imports of the former topped 3 mt and the latter one mt. Those have since plunged to negligible levels.

Yellow/white peas – imported mainly from Canada, Russia, Ukraine and Lithuania – are basically a substitute for chana.

IMPORTS OF MAJOR PULSES (in thousand tonnes)

	Peas (*Matar*)	Chickpea (*Chana*)	Lentil (*Masoor*)	Pigeonpea (*Tur/Arhar*)	*Urad & Moong*
2014-15	1951.97	418.88	816.47	575.22	622.89
2015-16	2245.39	1031.49	1260.19	462.71	581.6
2016-17	3172.76	1080.63	829.44	703.54	574.52
2017-18	2877.03	981.32	796.62	412.95	346.97
2018-19	851.41	185.95	248.97	530.67	574.24
2019-20	666.7	370.67	854.46	449.78	381.52
2020-21	46.33	294.53	1116.17	442.62	416.63
2021-22	0.85	202.1	667.43	840.46	807.17
2022-23	0.86	62.92	858.44	894.42	556.71

Source: Department of Commerce

When chickpea prices went through the roof, as India's production dipped from 9.53 mt in 2013-14 to 7.33 mt and 7.06 mt in the following two years, split yellow peas replaced chana dal in many curry recipes.

There were even reports of besan (chana flour) makers resorting to adulteration by adding cheaper yellow/white matar. Imports of chickpea from Australia and Russia also spiraled during that period.

The situation changed after 2016-17, with domestic output of chana registering a jump to 11.38 mt in 2017-18 and further to 13.54 mt each in 2021-22 and 2022-23. While the trade's estimate is only 11-12 mt, it is still a considerable improvement over the production in the initial years of the Modi government.

The boost to chana production came from two key government measures, incentivizing Indian farmers to expand area under the pulses crop grown during the rabi (winter-spring) season.

The first is the levy of a 60% import duty on chana since March 2018. In yellow/white peas, there is a 50% duty plus a minimum price of Rs 200/kg below which imports are not permitted, the latter imposed in December 2019. These have resulted in a near-complete stoppage of imports.

The second intervention has been government procurement at minimum support prices (MSP). Such purchases amounted to 2.14 mt in 2020 (the rabi marketing season from March-June), 0.63 mt in 2021, 2.56 mt in 2022 and 2.23 mt this year till May-end. The MSP of chana itself has been raised from Rs 3,100 to Rs 5,335 per quintal between 2013-14 and 2022-23.

Trends in major pulses

Chana's success has, however, not been replicated for other pulses, particularly arhar/tur or pigeonpea. Its production has shown an erratic trend, rising from 3.17 mt in 2013-14 to 4.87 mt in 2016-17, before falling to 4.22 mt in 2021-22 and 3.43 mt in 2022-23. The trade, again, reckons this year's crop at just 2.5 mt.

The same goes for urad (black gram), a predominantly kharif (post-monsoon sown) crop like arhar. Its output in the last four years has averaged 2.42 mt, down from the 3.49 mt and 3.06 mt highs of 2017-18 and 2018-19

Moong (green gram) has fared better. Its estimated production of 3.74 mt in 2022-23, for the first time, overtook arhar's at 3.43 mt. In the last four years, moong has moved up from No. 4 (behind urad, arhar and chana) to No. 2 (next only to chana). While moong is largely cultivated during kharif, much of the recent output gain has been from the spring-sown and summer-harvested crop.

Implications for imports and inflation

The erratic production of most non-chana pulses has meant no let up in their imports. Arhar imports – from Mozambique, Myanmar, Tanzania, Malawi and Sudan – hit a record 0.9 mt in 2022-23.

Equally interesting is masoor (red lentil), whose imports from Canada and Australia have crossed 1.1-1.2 mt in some years. That has partly to do with it becoming a substitute for arhar.

Red masoor dal being used in place of yellow arhar – including for making sambar – is happening mainly in hotels, restaurants and canteens. It makes economic sense, when masoor dal is retailing at an average of Rs 90/kg, compared to Rs 120-plus for arhar.

Looking ahead, a subnormal monsoon can potentially lead to inflation in pulses. But there are at least two buffers against this.

The first is the ample government stocks of chana, which includes the newly procured 2.23 mt and the 1.47 mt carryover from last year's crop.

The second is imports: At $680-690 or Rs 56,000-57,000 per tonne, the landed price of raw masoor in India is below its MSP of Rs 60,000 and wholesale mandi rates of Rs 98,000-100,000/tonne for arhar. There is currently no duty on imports of masoor, arhar or urad.