

Rising Pulses Prices

What is the issue?

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- Kharif pulses prices are rising after a gap of two years, due to production dip.

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- It calls for policy measures to reconcile producer as well as the consumer interests.

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How did it evolve?

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- Generous increases in procurement prices led to a spike in pulses acreage and output in 2016-17 and 2017-18.

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- E.g. tur MSP has been raised by about 30% from 2014-15 to 2017-18, to Rs. 5,675 per quintal now

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- Moong MSP was raised 25% to Rs. 6,975 over the last year, and chana MSP too was up 10% over this period.

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- However, the resulting rise in output led to prices falling way below these MSP levels, affecting producers/farmers interests.

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- Also, drought conditions are prevailing in Maharashtra, Karnataka, Andhra Pradesh and Gujarat.

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- These have impacted the standing crop of tur, urad and moong.

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- As a result, tur prices have crept up from Rs. 3,500-3,600 a quintal in mid-October, 2018 to about Rs. 4,500 now.

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- Kharif pulses output has come down to 9.22 million tonnes this year, against 9.34 million tonnes last year.

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What are the challenges?

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- Being a protein-deficient country, it is essential to sustain producer interest in pulses cultivation.

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- A shift from cereals to pulses is also critical to correct the nutrition imbalance, and water and fertiliser use over time.

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- However, recent reports suggest that a production dip in kharif may well extend to rabi pulses.

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- As, the area sown in Karnataka and Maharashtra are falling over the year-ago period.

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- Two good crop years have, however, ensured an inventory build-up in pulses of over three million tonnes.

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- Hence, an inordinate spike in prices does not seem very likely.

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- While favourable for the consumers, it is certainly not so for the producers.

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- The policy challenge is thus to balance both the interests.

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What could be done?

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- The key is to develop a procurement infrastructure in coordination with the States.

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- Also, use of real-time data is advisable to calibrate procurement in order to smoothen out price volatility.

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- While procurement agencies are clearing stocks to make way for arrivals, they should ensure price stability.

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- The recommendations of the Arvind Subramanian committee on pulses

should be implemented.

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- These include

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- i. removing stock limits and curbs on exports
- ii. allocating an additional Rs. 10,000 crore for pulses procurement
- iii. raising MSP for tur and urad to Rs. 60 a kg
- iv. creating a new institutional arrangement for pulses that facilitates coordination between all stakeholders

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Source: BusinessLine

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