Confrontation over Pulses Trade

What is the issue?

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- While India has hiked import duty for pulses to balance the interests of consumers and suppliers, it has evoked protests from supplier nations.
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- Consequently, the developed vs. developing countries tussle at WTO has also came to the fore in this issue.
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What caused the problem?

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- **The Action -** India’s pulses production in 2016-17 increased substantially resulting in a glut and prices falling in the domestic market.
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- The production of chana, for instance, surged about 40% to 23 million tonnes resulting in prices falling below the MSP.
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- To arrest further price fall, India raised the import duty on yellow peas to 50%, 30% on chana (gram) and masoor (red lentil), towards the end of 2017.
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- **The Reaction -** Canada is the biggest pulse supplier to India and fears that its trade will be adversely affected due to these decisions.
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- As Canada, Russia and Ukraine have raised these issues it was on top of the agenda at the recent meeting of WTO’s committee on Agriculture.
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- Additionally, the duty also seems to have irked other top farm produce exporting countries, like Australia, EU and US.
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- They’ve raised questions on Delhi’s claims of needing exemptions (like the

2013 peace clause) in order to achieve its food security objectives.
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What is India’s case?

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- India has indeed been citing food security concerns to demand that its MSP programmes should not be subjected to caps.
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- But by linking the decision to increase import duties on pulses with food security some developed countries are trying to create confusion.
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- India sees this as a case of agri-surplus developed nations want to project that India’s pricing policies are faulty to better position their case.
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- India has responded saying the recent increase in tariff was based on the demand-supply equation and that it did not breach WTO rules.
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- Further, India vouched that the increase in applied tariff is within the country’s committed bound rate of tariff.
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Source: Business Line

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