Saving the Pulses Sector

What is the issue?

\n\n

The prices of pulses are volatile inspite of a good harvest in 2016-17 season.

\n\n

What was the problem?

\n\n

\n
- In 2015-16, the production of all pulses had came down to 16.5 million metric tonnes (MMT), and imports increased to 5.8 MMT.
\n
- The rising demand for imports from India also put international prices under pressure.
\n
- This has caused hardships to poor consumers at home as dal is their survival food.
\n
- Hence policy level concerns were raised to find ways to augment pulses supplies.
\n
- The previous policies have failed to achieve self-sufficiency in pulses.
\n
- So a committee under the chief economic advisor was formed to solve this problem.
\n

\n\n

What are the findings of the committee?

\n\n

\n
- **Low MSP -** The committee found that the farmers have to be incentivised to grow more pulses they must receive a sufficient profit.
\n

- The current MSP is around Rs.4500/quintal.
\n
- So the committee recommended Rs 7,000/quintal to compete with other crops.
\n
- However only Rs 5,000/quintal was offered in the current announcement 2016-17.
\n
- **Price Instability -** Inspite of low MSP farmers planted more area under pulses due to high market prices and a good rainfall.
\n
- So the production increased by 33%.
\n
- But this subsequently resulted in a massive drop in the market price of dal to level that is even below the MSP.
\n
- Even the measure like banning private trade & exports and increasing the government procurement could not enough to hold the price at the MSP.
\n
- Such low prices do not give much profit to pulses producers.
\n
- So they wont increase the amount of irrigated area under pulses. This will hamper the mission of self sufficiency of pulses.
\n

\n\n

What should be done?

\n\n

\n
- **Storage -** Stocking limits on private trade should be removed for atleast next three years so that private players are encouraged to buy and build ample storage capacity. Storage capacity is essential for maintaining the stability of prices.
\n
- **Exports -** Restrictions on exports of all pulses should be removed so that farmers are allowed to gain from exports in case of low domestic prices.
\n
- **Futures -** All pulses should be introduced in futures trading so that farmers can take planting decisions based on likely future prices, not based on past market prices.
\n
- **Government procurement** at MSP should be increased to maintain

buffer stock to reduce price volatality.
\n

- **Duty -** Import duty should be increased to 5-10% for a short time to check the domestic price from falling.
\n

\n\n

\n\n

Source: The Indian Express

\n