PULSE MARKET REPORT
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INDIA HARVESTS RECORD PULSE CROPS: PULSE MARKET UPDATE

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The much awaited 2017/18 rabi pulse crop numbers, estimated by the Indian Ministry of Agriculture, point to production of another record crop at 23.9 million (M) tonnes, harvested from a record planted acreage of 16.9 M hectares (41.8 M acres). This is higher than 23.1 M tonnes of production from 16.1 M hectares (39.8 M acres) the previous year. Two years in a row, the world's largest producer, importer, and consumer of pulses has managed to harvest a significant crop.

The estimated size of the chickpea crop, planted on 10.8 M hectares (26.7 M acres), is 11.1 M tonnes. This is higher than the previous year's harvest of 9.4 M tonnes on 9.9 M hectares (24.5 M acres). This writer firmly believes the government's estimate of the size of the chickpea crop this season is overstated by at least 20%, and the actual harvest will be in the vicinity of 9 M tonnes - still a large enough crop.

Pulse imports into India from April to December 2017 were an estimated 5 M tonnes. For the entire financial year (until March 2018) the aggregate quantity is projected to reach 5.5 M tonnes. In the previous 2016/17 financial year import volumes reached 6.6 M tonnes.

It is clear that the Indian market is unable to absorb such large quantities of domestic pulse production plus imports. Demand growth needs to pick up. It is important that the pulse trade and industry engages with the government to suggest strategies for lifting consumption. Importantly, burdensome stocks have to be worked off. It may take several months for the market to find a balance.

The various restrictions imposed by the government since August last year (the quantitative ceiling on pigeon peas, urad, and moong followed by customs duty on yellow peas and lentils) has not had the desired impact on domestic market prices. Most pulses continue to rule below the minimum support price (MSP) announced by the government.

India's Pulse Production (in Million Tonnes)
Source: Ministry of Agriculture, Government of India

	2015/16	2016/17	2017/18
Chickpeas	7.1	9.4	11.1
Pigeon Peas	2.6	4.9	4
Urad	1.9	2.8	3.2
Moong	1.6	2.2	1.7
Others	3.1	3.8	3.9
Total	16.3	23.1	23.9

Growers are rather upset with the inability of the policymakers to ensure that they receive the assured MSP and anger is brewing. Low prices during the last 12 months are likely to affect the planting decisions for the upcoming kharif season.

Emerging La Niña conditions that prevailed until a couple of months ago have petered out. The official forecast of the southwest monsoon (June to September) by the India Meteorological Department will be out sometime in the second half of April. Some private forecasters have expressed reservations about the country facing normal rainfall this year. The fragility and vulnerability of Indian agriculture will once again be tested.

On current estimation, it appears it may take up to six months for the Indian market to regain a sense of balance. A series of Hindu festivals from August to October, is sure to lift pulse consumption up.

Because growers are sure to feel disillusioned and disheartened with the inability of the government to ensure they receive the MSP, some argue that farmers may consider switching to other crops. But prices of other crops like oilseeds are not exactly attractive. So, there could be only a marginal shift in acreage from pulses to other crops in the upcoming kharif season planting (starting in June). We saw it happen with pigeon peas in the 2017/18 kharif season.

It is also worth remembering that India's general elections are just about a year away. As months roll by, inflation control – principally food inflation – would become the main focus of the government. So, depending on how the southwest monsoon pans out, there may be a chance for the import policy to become less restrictive. One possibility is the enhancement of the quantitative ceiling on pigeon peas (200,000 tonnes), and on urad and moong (300,000 tonnes).

Supplying countries such as Myanmar and East African nations are likely to campaign for removal of quantitative restrictions or at least to raise the ceiling.

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