Why dal imports have hit a seven-year high

Food inflation pressures in an El Niño and election year have reversed the relative self-sufficiency that the country has achieved in pulses.

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New Delhi | Updated: May 24, 2024 18:14 IST

Pulses posted an annual retail inflation of 16.84% in April 2024. (Express Archive Photo by Tashi Tobgyal/Representational)

In April 2024, the consumer price index for cereals was 8.63% higher than that in April 2023.

But this inflation in the price of *roti* may not have significantly hurt a majority of poor and lower middle class Indians, thanks to the government's flagship food security scheme that provides 5 kg of **rice or wheat**, free of cost every month, to some 813.5 million persons.

The same cannot be said about pulses, which posted an annual retail **inflation** of 16.84% in April 2024 — nearly twice that for cereals. This inflation would have hurt all the more, given that *dal*, unlike *roti*, is hardly sold through the public distribution system. Consumers, including low-income households, have to meet their requirement substantially, if not entirely, through open market purchases.

According to the Department of Consumer Affairs, the average all-India modal (most-quoted) price of *chana* (chickpea) — the cheapest available *dal* — was Rs 85 per kg on May 23, as against Rs 70 a year ago. The corresponding price rise has been even more for *arhar*/*tur* or pigeon pea (from Rs 120 to Rs 160 per kg), but less (from Rs 110 to Rs 120 per kg) for both *urad* (black gram) and *moong* (green gram). The modal retail price of *masoor* or red lentil has actually eased from Rs 95 to Rs 90 per kg.

Why dal prices have shot up

The main reason is the **El Niño-induced patchy monsoon** and winter rain, causing a decline in domestic pulses production from 27.30 million tonnes (mt) in 2021-22 and 26.06 mt in 2022-23 to 23.44 mt in 2023-24, as per the Agriculture Ministry's estimates.

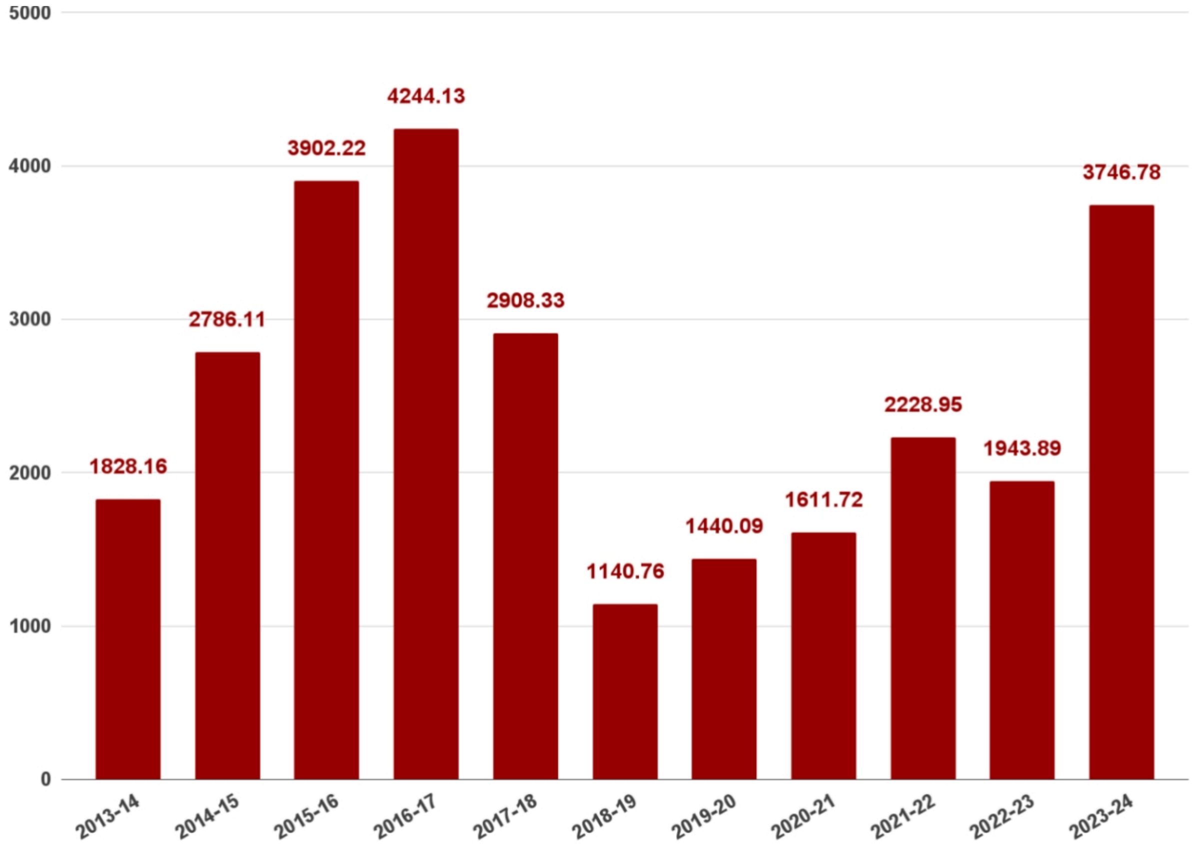
The two pulses to register the highest inflation have both seen sharp output falls: *chana* (from 13.54 mt in 2021-22 to 12.27 mt in 2022-23 and 12.16 mt in 2023-34) and *arhar*/*tur* (from 4.22 mt to 3.31 mt and 3.34 mt). Trade sources peg this year's *chana* production to be less than 10 mt and *arhar*/*tur* production to be below 3 mt.

The poor crops — especially in Karnataka, Maharashtra, Andhra Pradesh and Telangana, where farmers also planted less area due to irregular/deficient rainfall — is reflected in *chana* currently trading at an average of Rs 6,500 per quintal in Latur (Maharashtra) and *arhar*/*tur* at Rs 12,000 in Kalaburagi (Karnataka), well above their corresponding government-declared minimum support prices (MSP) of Rs 5,440 and Rs 7,000 per quintal. Even during their harvesting season in March-April and January-February respectively, the two pulses wholesaled at Rs 5,700-5,800 and Rs 9,500-10,300 per quintal.

The result: surge in imports

Chart 1 shows that India's pulses imports were valued at $3.75 billion in 2023-24 (April-March), the highest since the record $3.90 billion and $4.24 billion of 2015-16 and 2016-17.

In quantity terms, import of major pulses totaled 4.54 mt in 2023-24, up from 2.37 mt and 2.52 mt in the preceding two fiscals, although lower than the all-time-highs of 5.58 mt, 6.36 mt and 5.41 mt in 2015-16, 2016-17 and 2017-18 respectively.



Source: Department of Commerce.

The resurgence in imports marks a reversal of the relative self-sufficiency achieved by the country, with domestic pulses production increasing from 16.32 mt to 27.30 mt between 2015-16 and 2021-22. That was enabled by government policy measures incentivising farmers to grow pulses. These included MSP-based procurement and levying of duties leading to a near stoppage of imports, particularly of yellow/white peas (*matar*) and *chana*, by 2022-23.

Domestic production got a further boost with the breeding of **short-duration *chana* and *moong*** varieties, making it possible to cultivate these with little or no irrigation, using the residual soil moisture left by the previous crops. The 50-75 day varieties of *moong* now allow planting of as many as four crops a year: kharif (post-monsoon), rabi (winter), spring and summer.

Inflation, El Niño and elections

Renewed food inflation pressures have forced the Narendra Modi government to

On May 15, 2021, the annual QRs of 0.2 mt on *arhar*/*tur* and 0.3 mt on *urad* & *moong* imports, along with a 10% basic customs duty, were lifted. On July 26, 2021, the duty on imports of *masoor* was slashed from 10% to nil.

Yellow/white pea imports, till quite recently, were subject to a yearly QR of 0.1 mt, in addition to a 50% duty and a minimum price of Rs 200/kg, below which no consignment was cleared. All these curbs were removed on December 8, 2023. On May 3 this year, the 60% import duty on *desi* (small-sized) *chana* was done away with. Only in the case of *moong*, the earlier import restriction was restored on February 11, 2022.

IMPORTS OF MAJOR PULSES *(in thousand tonnes)*

	Peas (*Matar*)	Chickpea (*Chana*)	Lentil (*Masoor*)	Pigeonpea (*Tur/Arhar*)	*Urad* & *Moong*
2013-14	1330.43	276.13	708.71	465.82	624.23
2014-15	1951.97	418.88	816.47	575.22	622.89
2015-16	2245.39	1031.49	1260.19	462.71	581.60
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	666.70	370.67	854.46	449.78	381.52
2020-21	46.33	294.53	1116.17	442.62	416.63

2022-23	0.86	62.92	858.44	894.42	556.71
2023-24	1176.11	284.68	1676.09	771.02	628.51

Source: Department of Commerce

The effects of these actions — also a response to El Niño and electoral compulsions to check *dal* prices — can be seen in the accompanying *table*. Imports of *masoor*, mainly from Australia and Canada, touched a record 1.7 mt in 2023-24. Yellow/white pea imports — from Canada, Russia and Turkey — surged from virtually nothing to 1.2 mt. *Chana* imports (mostly from Tanzania, Sudan and Australia) rose as well, despite the duty abolition happening only earlier this month.

On the other hand, imports of *arhar*/*tur* (from Mozambique, Tanzania, Malawi and Myanmar) and *urad* (predominantly from Myanmar) have been flat, if not fallen.

The road ahead

Dal inflation in the coming months would largely depend on the southwest monsoon. Global climate models are pointing to El Niño transitioning to a "neutral" phase next month and even to **La Niña** — associated with good rainfall activity in the subcontinent — by the second half of the four-month season (June-September).

But the precarious domestic supply position (government agencies have procured barely any *chana* from this year's crop, compared to 2.13 mt in 2023 and 2.11 mt in 2022) and monsoon uncertainties make higher imports inevitable.

The government has already permitted duty-free imports of *arhar/tur*, *urad*, *masoor* and *desi chana* till March 31, 2025. It may have to extend the same for yellow/white peas imports too — beyond October 31, 2024 now.

Yellow/white peas, being imported at Rs 40-41/kg, are a cheaper substitute for *chana*, just as *masoor dal* is replacing *arhar/tur* for making *sambar* in many restaurants and canteens. It is imports of these pulses — grown in Canada, Australia and Russia — that are likely to go up more than *arhar/tur* and *urad* shipped from East Africa and Myanmar.

First uploaded on: 24-05-2024 at 15:50 IST

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