Why dal prices have doubled

India consumes around 23 million metric tons (mmt) of pulses every year. This is an aggregate of a variety of pulses including gram (chana), tur or arhar, mung, masur and urad. Pulses are the main source of protein for a very large number of people in the country- (each 100 grams contains about 32 grams of proteins and several amino acids which are not made by the body). So, it is an essential part of Indian meals. Naturally, India is the largest producer (25.5 percent of total world production) and consumer of pulses in the world. But India's production of pulses had remained stagnant at around 13-14 million tonnes from 1975-76 to 2009-10, although a slight improvement is observed during the last three-four years (18-19 million tonnes during 2010-11 to 2013-14). The shortfall between production and consumption is made up by imports, mainly from Canada, Myanmar, Australia and some African countries.

This balance has been maintained at a huge cost to the people. Despite decline in share of total expenditure on pulses (by 0.3 percent in rural and 0.7 percent in urban area during 1987-2010), per capita per day availability of pulses has relentlessly declined over the past several decades (from about 61 gram in 1951 to about 42 grams in 2013) due to low level of production.
This year the balance has been rudely and dramatically upset. In 2014-15, production of pulses was clocked in at 17.4 mmt, a decline of 1.9 mmt or about 10 per cent over the previous year. This was caused by various factors including unseasonal rains, pests, and unprofitable prices for offered to farmers even as import duties were waived.

This decline appears to have been seized as an opportunity to make a quick killing by traders - both domestic and global. There are reports of pulses stocks lying in warehouses at ports as traders wait it out and allow shortages to pump up prices even more. And, exporters in touch with producers from Canada (mainly lentil or masur), Myanmar (mainly tur) and Australia (mainly chickpeas or Kabuli chana) have hiked up the rates because India is the biggest player in the pulses import market.

So, in 2014-15, it is reported that India has imported about 4.5 mmt pulses, up by about 22 per cent compared to the previous year. International prices have risen in tandem from Rs 32 per kg to Rs 50 for chana, from Rs 56 to Rs 75 for lentil, from Rs 40 to Rs 90 for tur, and from Rs 50 to Rs 77 for urad between October 2014 and August 2015 according to the latest agriculture ministry profile.

The government on its part is tinkering around at the periphery by ordering about 7000 metric tonnes of pulses in the international market and "invoking" the Rs.500 crore price stabilization fund to subsidise transport of pulses stocks from ports to retailers. In a country that consumes over 6000 metric tonnes of pulses every day, this can hardly be expected to bring down prices.

Experts have called for a new impetus to pulses production with new seeds, better pest control, better support prices and a much better organized market so that the future expected requirement of pulses can be met. Otherwise India faces a protein famine in the coming years.
Pulses need more than Price Support

MSP for most pulses crops have been increased substantially as compared to crops like paddy and wheat between the years 2000-01 to 2014-15. In case of tur and urad, MSP per quintal increased from Rs. 1200 to Rs. 4625, while the same increased from Rs. 1200 to Rs. 4850 for moong. Many field level studies point out that low yields and poor marketing arrangements are the major impediments for the production of pulses.

- Unlike wheat and paddy which saw a huge increase in productivity due to technology advances during the Green Revolution period, no such intensive R&D initiatives were directed towards pulses.
- Besides, pulses crops have increasingly become marginal crops grown largely on under less fertile lands which further hit yields.
- The irrigation coverage under pulses crops is very limited (only 16.1 percent of 24.46 million hectares in 2011-12) and therefore per hectare yield is also very low in India.
- Poor procurement not only leads to distress sale but also discourages farmers from cultivating pulse crops.
- Similar to paddy and wheat, as assured market with better procurement facilities, and warehouses with market information system need to be brought in order to safeguard the interests of pulses farmers.

Despite being world’s largest producer of pulses, only small exports of pulses are taking place from India, both because of restrictions on exports and the high domestic demand. The supply-demand balance sheet for pulses is provided in Table-1.

Table-1 Demand and Supply Balance Sheet for Pulses (million tonnes)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Production</td>
<td>18.24</td>
<td>17.09</td>
<td>18.34</td>
<td>19.25</td>
<td>17.38</td>
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<tr>
<td>Imports</td>
<td>2.78</td>
<td>3.50</td>
<td>3.80</td>
<td>3.70</td>
<td>4.50</td>
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<tr>
<td>Total supply</td>
<td>21.02</td>
<td>20.59</td>
<td>22.14</td>
<td>22.95</td>
<td>21.88</td>
</tr>
<tr>
<td>Total Export</td>
<td>0.21</td>
<td>0.18</td>
<td>0.20</td>
<td>0.20</td>
<td>0.23</td>
</tr>
<tr>
<td>Domestic Use</td>
<td>20.81</td>
<td>20.42</td>
<td>22.15</td>
<td>23.07</td>
<td>21.58</td>
</tr>
<tr>
<td>Total utilization</td>
<td>21.02</td>
<td>20.59</td>
<td>22.35</td>
<td>23.27</td>
<td>21.81</td>
</tr>
<tr>
<td>% imports to production</td>
<td>15.24</td>
<td>20.48</td>
<td>20.72</td>
<td>19.22</td>
<td>25.89</td>
</tr>
</tbody>
</table>
Nearly 75,000 tonnes of pulses seized from hoarders after raids across 13 states

Nearly 75,000 tonnes of pulses have been seized from hoarders in raids across 13 states as part of the measures to control the skyrocketing retail prices that have touched up to Rs 210 per kg.

Out of 74,846.35 tonnes of pulses seized so far, the maximum of 46,397 tonnes have been recovered from hoarders in Maharashtra followed by Karnataka at 8,755.34 tonnes, Bihar at 4,933.89 tonnes, Chhattisgarh 4,530.39 tonnes, Telangana 2,546 tonnes, Madhya Pradesh 2,295 tonnes and Rajasthan 2,222 tonnes.

Dal prices have risen across the country due to a shortfall in domestic output by 2 million tonnes in 2014-15 crop year on account of deficient and unseasonal rains. Moreover, the supply in global markets is also limited.

As per the Consumer Affairs Ministry’s data, retail prices touched as high as Rs 210/kg. Urad was selling at Rs 190/kg, moong dal at Rs 130/kg, masoor dal at Rs 110/kg and gram at Rs 85/kg. "The Centre has asked the state governments to have meeting with millers, wholesalers and retailers to make pulses available in retail markets at reasonable prices," the Consumer Affairs Ministry said, adding that few states have already moved in this direction. In a communication to the states/union territories, the Centre said the distribution of pulses at reasonable prices through ration shops by some states has helped stabilising the prices and asked other states to consider this step.