LONG TERM VISION FOR PROMOTION OF PULSES AND OILSEEDS

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Two biggest limiting factors in India's food cycle are pulses and oilseeds that continue to flummox policymakers and stakeholders including farmers and consumers. These two commodities have also emerged as the biggest challenge for successive governments in inflation management and forking out billions of dollars on imports.

Pulses and oilseeds have often disrupted the kitchen budgets of several families while farmers have never got a good deal to pursue cultivation in these commodities as 'profitable ventures'. The three crucial issues have not been adequately addressed over the years while the agriculture economists toyed with policy options to get over pulses and oilseeds shortage.

Concomitant issue also relates to industry lobbies that preferred India's dependence on imports of these two commodities to make a killing especially in times of shortages and spot purchases made in global markets as part of inflation management.

India's quest for achieving self-sufficiency in pulses goes back to 1990-91 when this vital commodity became part of technology mission set up on oilseeds. Integrated Scheme on Oilseeds, pulses, Oil palm and Maize (ISOPOM) took shape in 1995-96 as part of then government's strategy to achieve sufficiency in all these four commodities.

The previous government at centre rightly made pulses as part of the Food Security Mission. However, dedicated missions over the years have not really helped India achieve self-sufficiency in pulses and oilseeds.

As per official data, pulses imports in 2015-16 have touched an unprecedented 5.8 million metric tonnes while domestic output was 16.5 million metric tonnes. One significant reason for lower domestic output in pulses during last fiscal was successive droughts country faced in preceding two years. Pulses production peaked at 19.25 million metric tonnes in 2013-14.

Renowned agriculture economist and former chairman of Commission for Agricultural Costs and Prices (CACP) Ashok Gulati has argued in favour of creating two million metric tonnes buffer stocks in

pulses as an interim measure to get over shortages, rein in prices and manage food prices induced inflation.

As per official data, pulses contributed 23.9 percent to wholesale prices inflation (WPI) as late as September 2016 thereby driving home the urgency for a comprehensive policy for tackling pulses shortage.

Based on chief economic advisor Arvind Subramanian committee recommendations, Union Cabinet has swiftly gone ahead to create buffer in pulses that include 3.5 lakh tonnes *tur dal* and two lakh tonnes *urad dal*.

Subramanian committee has pushed for "enhancing domestic productivity rapidly as the only reliable way to minimise price volatility, safeguard interests of both consumers and farmers".

While about 80 per cent pulses production happen from 20 per cent districts spread across Madhya Pradesh, Rajasthan, Karnataka, Andhra Pradesh and Maharastra, these very areas will have to be targeted for achieving self-sufficiency under the Food Security Plan.

Providing price support to farmers, pushing up yields, managing their post-harvest produce are some of the issues that need to be comprehensively addressed by the government without delay. While pulses output reached 1,450 kilogrammes per hectare in countries like Myanmar, India continues to struggle with lower yield at 725 kilos per hectare.

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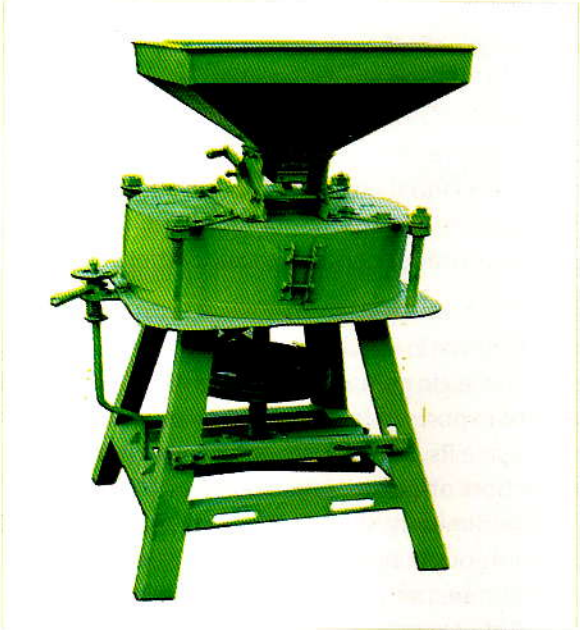
In the budget for this fiscal, Finance Minister Arun Jaitley announced comprehensive measures to meet domestic demand for pulses and perhaps even attempt exports in few years from now. For instance, he set aside Rs. 500 crore to enhance productivity and production of pulses under National Food Security Mission. Similarly, the government set aside Rs. 900 crores through price stabilisation fund to acquire 50,000 tonnes of pulses as part of larger procurement plan. But, experts have also pointed out that the funds set aside for pulses were inadequate. Finance Minister Jaitley had assured that "more funds would be made available" for achieving sufficiency in pulses in short term.

In sync with Arvind Subramanian Committee recommendations, gradual increase in minimum support price (MSP) on pulses over next three years has also been accepted to enable farmers realise better prices on their produce.

Oilseeds has been no different. Though India has emerged as fourth largest market for oilseeds and edible oil after US, China and Brazil, over 55 per cent demand is met through imports. Imports have surged exponentially over last 20 years from a meagre three per cent in 1992-93. Growing per capita consumption, over 1.2 billion population and stagnant domestic output at 28–30 million tonnes in edible oils year



ending October 2016 has given sleepless nights for agriculture economists and government.

While demand continues to grow in double digits annually, production has been lagging far behind pushing imports exponentially. Cooking oil imports during this oil year are expected to touch a staggering 15 million tonnes thereby reflecting the failure of technology mission on oilseeds to achieve self sufficiency in the country.

Executive director of Solvent Extractors Association of India (SEAI) has maintained that in case domestic production does not increase, imports would touch a staggering 75 per cent of demand in a few years. One strategy that SEAI has strongly advocated was that productivity will have to be enhanced by at least 100 kilogrammes each year from prevailing 1,000–1,100 kilogrammes per hectare. India's output has apparently been at an abysmally low of 50 per cent global average.

Government's action plan to achieve self sufficiency in oilseeds apparently includes pushing up the per hectare yield of oilseeds to 1,500–1,600 kilogrames in next five years as a first step.

Genetic up-grade of oilseeds, integrated nutrient and fertiliser management, pest and disease management strategies are being seriously considered for enhancing the per hectare yield.

Deployment of post-harvest technologies, providing adequate water especially in arid and dry zones through lift irrigation and sprinklers, soil quality testing, financing and credible marketing support for oilseeds is some of the measures that have already been initiated by the Centre in coordination with states to enhance output.

Pushing up cost-effective oil palm cultivation has been identified as another option. Oil palm trees are reportedly 6–10 times more efficient than other temperate oilseeds crops like rapeseed, soybean, sunflower or groundnut.

By placing a medium term strategy to enhance domestic oil palm cultivation and reduce dependence on imports, Narendra Modi Government has set aside ₹10,000 crore package to support farmers over next three years. Oil palm trees take three to five years for starting yield of fruit.

A radical shift from wheat and rice to oilseeds by Punjab and Haryana is also under active consideration of the Centre. Some industry experts are even pushing for weaning away at least 50 per cent of wheat land in Haryana and Punjab be set aside for mustard by 2025 as part of long term strategy on oilseeds.

In the short term, the government seems keen to slash the edible oil imports valued at US$ 10 billion annually. Finance Minister Arun Jaitley recently signalled that government will not allow cheap imports to flood the market and disrupt the domestic edible oil ecosystem. This is also seen as an exercise to prune the edible oil import bill and re-align foreign exchange balances.

One suggestion being considered by the Centre was to enhance the import duty on vegetable oil presently levied at 12.5 per cent and 20 per cent on refined oil as a restrictive measure and provide incentives directly to oilseeds farmers.

With focus on farm sector reforms and farmers welfare, the Modi Government seems firm on achieving self-sufficiency in oilseeds and pulses. Sceptics keep their fingers crossed, given the huge let down in the past forcing the country to take recourse to imports as a state policy without building domestic capabilities.

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GOVERNMENT INCREASES MINIMUM SUPPORT PRICES OF PULSES, OILSEEDS

The Cabinet Committee on Economic Affairs (CCEA) gave its approval in June for the increase in the Minimum Support Prices (MSPs) for all *kharif* crops of 2016-17 season that became effective from October 1, 2016. In addition to that the government also announced bonus on pulses and oilseeds to incentivise their cultivation in the country, payable over and above the approved MSP.

The CACP being the expert body, its recommendations are generally accepted as such. However, to incentivise cultivation of pulses and oilseeds, the Cabinet has decided to give a bonus, over and above the recommendations of the CACP, of ₹ 425/- per quintal for *kharif* pulses, namely *Arhar* (Tur), *Urad* and *Moong*, a bonus of ₹ 200/- per quintal for Sesamum and a bonus of ₹ 100/- per quintal for other *kharif* oilseeds namely, Groundnut-in-shell, Sunflowerseed, Soyabean, and Nigerseed. There is an increasing gap between the demand and domestic supply of pulses and oilseeds and reliance on import is increasing. Government has, therefore, announced this bonus on pulses and oilseeds to give a strong price signal to farmers to increase acreage and invest for increase in productivity of these crops. The increase in cultivation of leguminous pulses and oilseeds will also have additional environmental benefits as these crops are less water consuming and help in nitrogen fixation in the soil.

The Minimum Support Prices (MSPs) for all *kharif* crops of 2016-17 season have been increased and are given in table below:

Commodity	Variety	MSP for 2015-16 Season	MSP Recommended for 2016-17 Season	Increase		Bonus
				Absolute	% age	
		Rs/ Quintal	Rs/ Quintal	Rs/Quintal	%	Rs/Quintal
Tur (Arhar)	-	4,625 (includes ₹ 200/- Bonus)	5,050 (includes ₹ 425/- Bonus)	425	9.2	425
Moong	-	4,850 (includes ₹ 200/- Bonus)	5,225 (includes ₹ 425/- Bonus)	375	7.7	425
Urad	-	4,625 (includes ₹ 200/- Bonus)	5,000 (includes ₹ 425/- Bonus)	375	8.1	425
Groundnut-in-shell	-	4,030	4,220 (includes ₹ 100/- Bonus)	190	4.7	100
Soyabean*	Yellow	2,600	2,775 (includes ₹ 100/-Bonus)	175	6.7	100
Sunflower Seed	-	3,800	3,950 (includes ₹ 100/-Bonus)	150	3.9	100
Nigerseed	-	3,650	3,825 (includes ₹ 100/-Bonus)	175	4.8	100
Sesamum	-	4,700	5,000 (includes ₹ 200/-Bonus)	300	6.4	200

*MSP of soyabean will be applicable to both yellow and black varieties

Government is focusing on improving production and productivity of crops such as rice, wheat, coarse grains and pulses under the National Food Security Mission (NFSM). For 2016-17, out of the total Central Share of Rs 1700 crore under NFSM, Rs, 1100 crore has been allocated to improve pulse production.

Source: PIB