

# UNPRECEDENTED BULL RUN IN PRICES OF PULSES



The problem has persisted for three decades.

Since 1983-84, the average price of pulses has grown much faster than that of other items. The gap has only increased in the past decade.

High inflation of pulses hurts, as they account for nearly five per cent of the total food expenditure of an average Indian, according to a recent CRISIL report. Data of the past decade show the key agri commodity is prone to price spikes every three years. Why have the prices of pulses remained elevated for such a long time, in a country that is one of the largest consumers and producers of the protein-rich item?

The following data offer some answers:

## Price rise in pulses compared to WPI

(From 1983-84 to 2014-15)

Average WPI pulses inflation: **8.9%**

Average overall WPI inflation: **6.7%**

(From 2004-05 to 2014-15)

Average WPI pulses inflation: **9.4%**

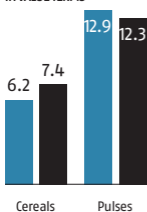
Average overall WPI inflation: **6.3%**

## Growth in consumption

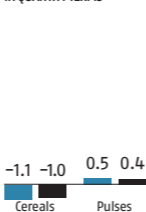
(Average annual percentage growth from 2005 to 2012)

■ Rural ■ Urban

IN VALUE TERMS

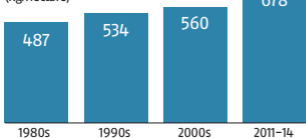


IN QUANTITY TERMS



## Average yield

(Kg/hectare)



Source: CRISIL

## Growing pulses risky and less profitable

- High monsoon dependency, as only 16% of pulses area covered by irrigation compared to 58% irrigation coverage in cereals

- Profitability low and declining in the past 10 years.

- While the output prices have risen on an average by 12% for urad in the past decade, the cost of cultivation has gone up by 12-26 in different states

- In the same period, the cost of cultivation of gram and tur has been rising at 12-18%, compared to 10% rise in output prices

- Pulses account for 20% of the area used for foodgrain production but contribute only 10% of the total foodgrain production

- During 2004-10, the sown area remained constant at 23 million hectare and output at 14-15 million tonnes

- The total acreage stands at 25 million hectare now, with four states — Madhya Pradesh, Maharashtra, Uttar Pradesh and Rajasthan — accounting for about 69% of the total output

- Total demand for pulses is expected to reach 39 million tonnes by 2050. It means average annual growth of 2.2% to meet the demand. The average growth in the last decade has been 0.9%