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## India

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### Import Duty on Chickpeas Raised

**Report Categories:**

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**Report Highlights:**

On February 6, 2018, the Government of India (GOI) raised the import duty on chickpeas from 30 percent to 40 percent ad valorem, to curb imports as farmers are set to harvest the local crop in March, 2018. Earlier on December 21, 2017, the GOI imposed an import duty of 30 percent on chickpeas and lentils in a series of trade restrictive measures on pulse crops since March 2017.

## **General Information:**

### **India Raises Import Duty on Chickpeas...**

On February 6, 2018, the Ministry of Finance Central Board of Excise and Customs (CBEC) issued [a notification raising the import duty on chickpeas](#) from 30 percent to 40 percent ad valorem. On December 21, 2017, the GOI issued a [notification imposing an import duty of 30 percent on chickpeas and lentils](#) with immediate effect.

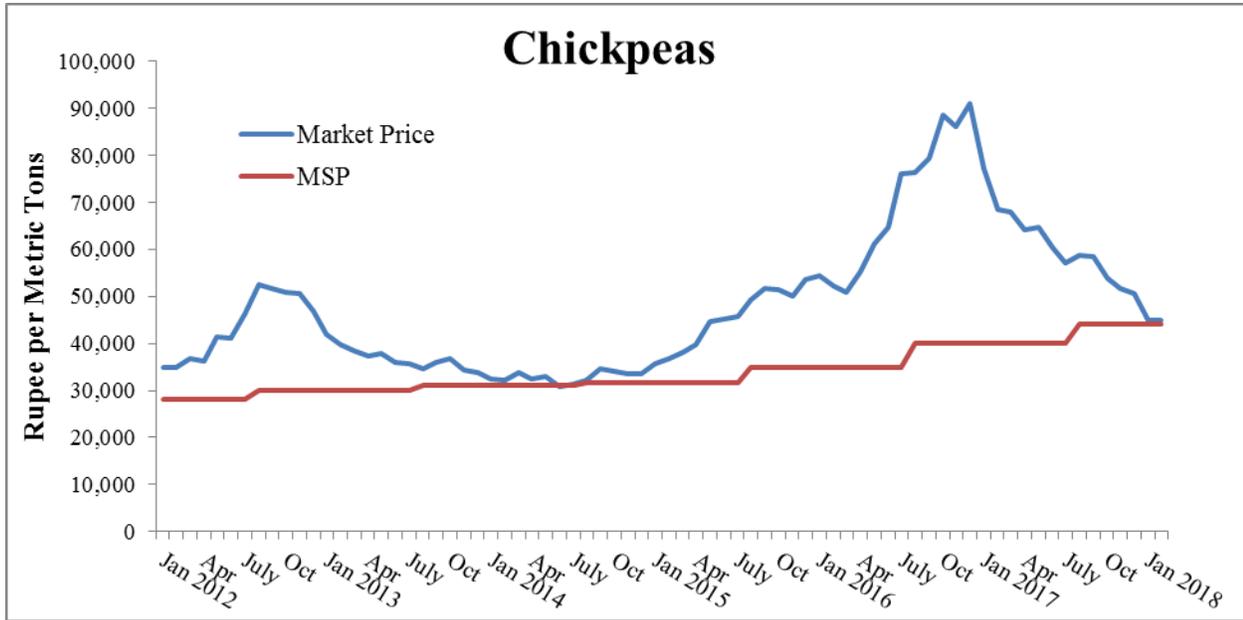
These measures are part of a series of several restrictive import measures, both quantitative restrictions and raising import duties, on various pulse crops taken since March 2017. Market sources report that imports of chickpeas had come to a halt after the imposition of the 30 percent import duty that largely affected supplies from Australia, Myanmar, several African countries, and the United States.

According to industry sources, the GOI decision to raise the import duty on chickpeas is to ‘stop’ imports as the local crop is set to harvest (March/April) and be marketed (March-May). Sources report that they expect that the additional tariff increase will send a strong market signal to bolster the domestic price for chickpeas and keep it above the GOI’s minimum support price (MSP) with the arrival of the upcoming harvest.

### **... On Domestic Price Concerns at Harvest...**

Despite the imposition of the 30 percent import duty in December, local chickpea prices continued to decline on expectations of a bumper harvest for the upcoming 2017/18 crop which saw higher planting (10.6 million hectares compared to 9.8 million hectare last year) and favorable weather conditions. Assuming normal weather conditions until the crop is harvested, market sources expect the 2017/18 chickpea harvest to be around a record 10 million metric tons (MMT) compared to last year’s record 9.3 MMT.

**Figure 1. India: National Average Monthly Wholesale Prices and MSP for Chickpeas**



Source: Agmarket News (<http://agmarkweb.dacnet.ic.in>), Ministry of Agriculture, GOI

### ... While All Politics is Local

The GOI is under tremendous pressure from domestic farmer interests and the political opposition to support pulse prices at levels above the MSP. The upcoming state elections in the major chickpea producing states of Madhya Pradesh and Rajasthan in 2018 and the declining domestic prices exacerbate the pressure on the government. The government has inadequate marketing and storage infrastructure and insufficient financial resources to undertake MSP pulse procurement operations or other price support operations. Consequently, according to sources, the GOI has decided to take the route of raising the import duties with the expectation that the local markets will respond and contain the price decline.