

The Pulse & Oilseed Conundrum: Why Indian Farmers Lose Out

India's agricultural policy has long been praised for its grain revolution—robust MSP procurement, buffer stocks, and assured offtake for rice and wheat. Yet, pulses and oilseeds—crops tailor-made for large swaths of central and peninsular India—remain on the sidelines. The data paints a stark picture:

1. Zero MSP Procurement

- Unlike rice/wheat, moong, chana, masoor, and soyabean see almost no government buying at MSP.
- Farmers must hawk their harvest in the open market—often booking losses despite planting high-yielding, recommended varieties.

2. Record Pulse Imports

- 2024–25 saw a record 7.3 mt of pulses imported at a \$5.5 billion outlay—up from an annual average of 2.6 mt (\$1.7 b) in 2017–18 to 2022–23.
- A one-two punch of El Niño drought (2023–24) and duty cuts (mid-2023) slashed domestic output from 27.3 mt (2021–22) to 24.2 mt, then nudged to 25.2 mt in 2024–25, even as cheap imports undercut farmgate prices.

3. Soaring Vegetable Oil Imports

- Over the last decade, oil imports doubled—from 7.9 mt (2013–14) to 16.4 mt (2024–25), ballooning in value from \$7.2 b to \$20.8 b.
- Domestic edible-oil output limps at ~10 mt, forcing a >60% import dependency.
- Recent tariff cuts (crude palm/soyabean/sunflower duty down from 20% to 10%) have further flooded markets with cheap oil, crushing local prices.

4. Farmers' Predicament

- Black cotton–soil belts (Vidarbha, Marathwada, Bundelkhand) have few alternatives to pulses/oilseeds—yet no safety net exists for these crops.
- Depressed farm incomes push many producers toward distress sales or abandon pulse/oilseed cultivation outright.

Why the Policy Gap?

• Selective Procurement

MSP isn't the problem; procurement is. Lack of APMC/FCI tie-ups for pulses/oilseeds renders MSP a “floor price” only on paper.

• Reactive Import-Driven Stabilization

Duty cuts cool inflation short-term but decimate farmers' earnings.

• Crop Insurance & Credit

Pulses/oilseeds get lower coverage, higher premiums, and slow claim disbursal—disincentivizing risk-taken farmers.

Potential Fixes

- 1. Systematic Procurement Expansion**
 - FCI/APMCs should allocate at least 15–20% buffer stock for pulses & oilseeds.
 - State governments can launch direct-purchase centers in major growing districts.
- 2. Dynamic MSP & Market Linkages**
 - Index MSP to actual production costs + 50% margin.
 - Link farmers to private processors via contract farming, ensuring remunerative offtake.
- 3. Targeted Import Management**
 - Calibrated tariffs: Counter-season duty increases to protect local soyabean pulse cycles.
 - Temporary surge-taxes on extra volumes when domestic prices dip below MSP.
- 4. Diversification & Value Addition**
 - Promote intercropping with pulses (e.g., cereal + pulse) to boost nitrogen and incomes.
 - Support village-level oilseed crushing units—retain value locally.
- 5. Financial & Insurance Reforms**
 - Pulse/oilseed-specific crop insurance with faster payouts and lower premiums.
 - Kisan Credit Card top-up limits tied to certified pulse yields.
- 6. Research & Extension**
 - Scale up El Niño–resilient, drought-tolerant pulse varieties.
 - Mobile advisories & meteorological alerts to optimize sowing windows.

Beyond the Numbers: Farmers' Stories

In Madhya Pradesh's Sehore district, a soyabean farmer sold at ₹2,800/quintal in Feb 2025—well below the ₹3,950 MSP. Across the road, an FCI depot lay unused. Imagine the difference one depot could make in arresting distress sales.

What's Next?

- Should India establish a **National Oilseed & Pulse Board**—mirroring the Wheat & Rice Board—to oversee procurement, R&D, and trade policy?
- How can **farmer-producer organizations** (FPOs) be galvanized to aggregate and market these crops collectively?
- Which **global best practices** (e.g., Brazil's soyabean auctions or Canada's pulse-procurement schemes) can be tailored for India?