



**GP Agri Brokers**

# Indian Desi Chick Pea (Chana) Scenario

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# Flash Back

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Production for 2016-17 (crop year) estimated at 58 lakh tons (Only Desi) and recovered to normal levels after 2 back to back drought seasons

Prices have collapsed from the records of Rs.13000 per quintal seen during second last year.

As compared to other pulses chana prices were much higher than MSP till Jan 2018

Demonetisation and GST affected seasonality move in prices during 2016-17

Government imposed very high import duty of 40 % ( Effective duty is 44 % )

Government has allowed exports of pulses which was banned in 2006.



# Acreage

Chick Pea Area in Lakh hectares			
State	2016-17	2017-18	y/y % Change
MADHYA PRADESH	32.5	35.9	10%
MAHARASHTRA	18.7	19.9	6%
RAJASTHAN	15.8	15.1	-5%
KARNATAKA	10.8	13.8	28%
ANDHRA P	3.9	5.2	32%
GUJARAT	1.7	3.0	74%
UP	6.4	5.6	-13%
CHHATISGADH	3.7	3.6	-3%
OTHERS	5.9	5.7	-5%
<b>Total</b>	<b>99.5</b>	<b>107.6</b>	<b>8%</b>



# Observations

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Total area is up by 8 % year on year at 107.63 lakh ha mainly due to better realization to farmers last season in comparison with other crops

Year on year 10% increase of area in MP and Maharashtra which is much higher than the normal acreage in state

In Rajasthan area is down by 5 % due to low availability of water

Improved soil moisture also helped acreage to revive and increase above the normal season in Karnataka



# Production Forecast

Chickpea Yield and Production Estimates 2018-19 Lakh tons		
State	Yield kg/ha	Production
MADHYA PRADESH	780	28.00
MAHARASHTRA	705	13.00
RAJASTHAN	530	9.00
KARNATAKA	500	6.90
ANDHRA P	950	4.90
GUJARAT	1200	3.50
UTTAR PRADESH	650	3.60
CHHATISGADH	850	3.00
OTHERS	550	3.10
Total	697	75.00
Less Kabuli		7.00
<b>Total Desi</b>		<b>68.00</b>



# Observations

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Based on ground survey production is expected to increase by 14% to 68 lakh tons against last year

In MP yield is little bit higher as weather remained favorable during the growth stage. In some areas of Maharashtra yield is little bit down due to weather conditions.

In Rajasthan yield is expected to remain low due to low availability of water

Yield in Karnataka to return to normal levels

Initial impact of recent rains during 10-15<sup>th</sup> Feb suggest minor quality loss in small regions of Maharashtra and MP .



# Supply and Demand

Supply and Demand Balance Desi Chana		
in Lakh tons	2016-17	2017-18
Beginning Stock	1	5
Production	58	68
Import	10	3
Total Supply	69	76
Used in Sowing	6	6
Total Availability	63	70
Consumption	58	<b>66</b>
Exports		1
Ending Stock	5	<b>3</b>



# Supply and Demand 2017-18 (Crop Year)

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Beginning stocks for this season is at of 5 lakh tons, due to higher production and imports last season

Imports for the season are estimated at 3 lakh tons, sharply down from 10 lakh tons last year

Imports at 3 lakh tons would be normal imports seen during pre drought years..

With sharp fall in prices of chana, demand is expected to increase sharply by 7%, shift in demand from yellow peas to chana is expected by around 4-5 lakh tons

Chana premium to yellow peas at Delhi market is currently at Rs.1300 per quintal and during the coming days the premium is expected to narrow to Rs.800 per quintal

Robust growth is seen in industrial consumption (packed foods and Besan) by around 14-15% which would continue in coming year too...

Government has allowed exports of Desi which was banned in 2006, this would encourage exports of around 1 lakh ton.

India has potential to export to Bangladesh, UAE, Sri Lanka and Nepal



# Major Factors

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Bhavantar ( Reimbursement ) scheme in Madhya Pradesh to keep selling pressure higher than normal during Bhavantar period of March – May

Rajasthan , Gujarat and Maharashtra Govt. may start Chick Pea Procurement at MSP level.

In the year 2016-17 the import of all pulses was at 6.3 Million Tons which drop down to 3.7 Million Tons in 2017-18. And in coming period the import is to remain at very low level due to import restrictions and import duty. So hopefully it is expected to clear major surplus stocks of pulses in India by the month of June.

Exchange warehouse stocks and non demated stocks to be closely monitored especially in Akola, Bikaner, Jaipur and Ashok Nagar..

Price movement of yellow peas to be closely monitored, its largely imported and has huge import duty of 55% (including 10% social welfare surcharge on duty of 50 %)

One has to keep eye on Government policy changes...

Government's focus is to support the Indian farmers. So this may be the reason for price to remain firm in coming year..

Worlds production prospects growth to slow down due to uncertainty in price of pulses.



# Price Outlook

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Indian Desi variety prices likely to bottom around Rs.3700-3800 per quintal in Delhi.

Higher range for the season would depend on next monsoon and Govt. policy but as the domestic price of Chick Peas is at very low level, it would give good return to traders if they buy at current level and hold the stock for few months...

**Thank You...**



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