

Pulse Guidance Notes

~Indian Special Edition~

~ Guidance notes for the Australian Pulse Value Chain ~

Edition 8, April 2020

This special edition of the Pulse Guidance Notes has been prepared in light of the changing situation in India, as that country institutes measure to contain the spread of COVID-19.

The situation and information is fluid and this information is current as at April 3rd, 2020.

To clarify the situation, today we look at a few key areas influencing the pulse market in India, and thus, globally:

- Unlocking COVID-19 lockdown
- Getting documents through
- The rabi harvest update.

Key Points:

- **Indian pulse supply chains have been, and are likely to continue to be disrupted and distorted by COVID-19:**
- **Rabi harvest estimates continue to fall as harvest gets underway.**
- **India is forecast to import 3 million tonnes of pulses this year.**
- **Trade restrictions may be eased if pulse supply levels and logistics begin to impinge on food security.**

Unlocking the COVID-19 Lockdown:

India commenced its COVID-19 twenty-one-day lockdown on 25th March, just as the previous Pulse Guidance Note was published. The lockdown is due to end next Monday April 13.

The notice of the lockdown threw pulse trading, along with most other commodities, into a spin in India, as the lockdown included wharves, transport and agricultural supply chains. Shortly after the Indian Government clarified what was meant by ‘essential services’ reiterating that food supply chains were not subject to the lockdown, but the supply chains were by March 25 already ‘broken’ as much of the supply chain labour had headed back to their villages.

Once the Government has clarified the situation, the supply chain began to ‘repair’ and return to normal, but this took some time as basic support infrastructure such as labour, trucks and





credit were re-established. By the end of the month, the Government had requested ports to waive demurrage and any other charges to expedite movement off ports and back through the supply chain.

Similarly, the Government clarified that moving food from farm to market was also an essential service, and that mandis were also not affected. This is of critical importance as the rabi harvest gets underway.

As has been well reported, the Indian Government, a day after the lockdown commenced, announced a **\$A35 billion aid package** to provide 5 kg of food grains (mostly wheat and rice) and **1kg of pulses per household** to over 800 million of the countries poorest and most disadvantaged people. (The Government also announced a raft of additional support measures targeting the poor and the elderly).

The aim of the food aid package was to ensure that the poorest of the poor would not go without food, but also to **spur the grain transport and other grain supply chain elements back into business**.

Last Thursday, Prime Minister Modi suggested a ‘staggered’ unlocking of the lockdown, and has asked States to develop plans accordingly.

In dealing with a health crisis, the Government will be ensuring the situation is not amplified by food shortages in any state. COVID-19 will inevitably disrupt food supply chains, despite the best efforts of state and national governments. The current focus is ensuring the current rabi crop is harvested and moved to market as soon as possible; the next priority will be to ensure seeding for the kharif crops is not stalled due to labour shortages. For now, supply is not the issue- availability of labour is the issue as workers chose to stay away from work to avoid the risk of infection.

It is fair to say that COVID-19 has a long way to run in India, as it does in most countries, with Indian food supply chains particularly vulnerable to disruption. This may see an emergency easing of tariffs on wheat and pulses later in the year if food shortages become apparent.

Getting Documents Through:

A number of members have reported that there are delays in delivery of paperwork to buyers in many markets, as either air freight companies have suspended services or general lockdown requirements have created bottlenecks.

In relation to acceptance of phytosanitary certificates, there have been some developments.

GAFTA (Grain and Feed Trade Association) has advised that India will release the imported consignment on a phyto certificate verified /received through mail by the Australia’s Dept of Agriculture.

The IGTC (International Grain Trade Coalition) is pressing the issue, and GTA, local IGTC member, is taking this up with Dept of Agriculture. Unfortunately, while e-phyto is becoming reality for many countries, India is yet to be able to accept e-phytos- but will operate as per the GAFTA advice.



The Department of Agriculture will be issuing an Industry Advice Notice (IAN) to outline the situation with delivery of phytosanitary certificates. This will be posted on the [Department's website](#) once issued.

Unfortunately, in terms of other paperwork, such as LC/BOL payment arrangements can only be sorted out between buyer and seller.

Rabi Harvest Update:

As harvest gets underway, the impact of the heavy rain and hail-bearing thunderstorms at the start of March are now becoming apparent. Reports of between 15% and 30 % loss have been made, with a senior official of the Agriculture department quoted as saying, "A survey is on and the loss of Rabi crop will be a minimum of 20 per cent as per preliminary estimates." From an initial estimate of 11.16 mmt of chickpeas, the actual harvested figure could be well below 10mmt, which has historically been the 'trigger' level below which imports are required.

The Indian Pulse and Grain Association (IPGA) is estimating that 3 million tonnes of pulses will be required to be imported to meet domestic demand this year, and the IPGA is reportedly seeking a removal of import duties and caps on peas to meet the shortfall.

Bottom Line

India has instituted significant measures in an attempt to limit the spread of the COVID-19. While not intended, these have, and will continue to have, impacts on the supply chain for pulses (and other food grains). While managing an unprecedented health issue is a priority today for the Indian Government, food security is an absolute and ever-pervasive priority, Concern over losses from the rabi harvest, combined with possible labour shortages for both rabi harvest/distribution and kharif planting will serve to only exacerbate the food security issues,

Australia is well placed to augment India's pulse supply should the need arise. Should any current or looming pulse deficit in India become apparent in coming months, we could expect trade restrictions to be eased.

For a more in-depth view of the market situation for pulses in India in light of COVID-19, the Global Pulse Confederation (GPC) last week [published this insightful interview](#) with G. Chandrashekar, Senior editor and policy commentator for the Hindu Business Line.

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