

Voluntary Report – Voluntary - Public Distribution

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Report Name: GOI Lowers Tariff on Lentils till August 31_2020

Country: India

Post: New Delhi

Report Category: Grain and Feed, Trade Policy Monitoring, Agriculture in the Economy, Agricultural Situation

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Report Highlights:

On June 2, 2020, India's Ministry of Finance notified a decrease in the basic import duty on lentils (0713 40 00) for all origins, except the United States, from 30 to 10 percent until August 31, 2020. The basic import duty on lentils from the United States has been lowered from 50 to 30 percent. The government also announced imports of 200,000 metric tons of pigeon peas and other pulses from Mozambique, under the Memorandum of Understanding between the two governments for the Indian fiscal year 2020/21 (April-March) outside the quota limits announced for the select four pulses for other origins.

General Information:

Date of Announcement: June 2, 2020

Date of Enforcement: June 2, 2020 through August 31, 2020

Products effected: Lentils.

Agency in Charge: Government of India's (GOI) Ministry of Finance (MOF)

Tariff on Lentils Lowered for Three Months...

On June 2, 2020, MOF issued a [notification](#) specifying that the basic import duty on lentils will be 10 percent until August 31, 2020. The notification also clarified that the lentils originating from the United States will incur a basic import duty of 30 percent during this period. The duty change is scheduled to enter into force with immediate effect from midnight of June 2, 2020, Indian Standard time.

Prior to the notification, the import duty on lentils from other origins was 30 percent, and from the United States was 50 percent. Per the notification, the import duties will revert back to original levels after August 31, 2020.

... to Ease Domestic Prices

Market sources report that the GOI lowered the import duty to send market signals to the local trade to lower prices. The domestic lentil crop was harvested in March, and most of the crop has already been marketed. Despite the Ministry of Agriculture and Farmer's Welfare third advance estimate reporting the current year's (MY 2019/20) harvest higher at 1.44 million metric tons (MMT) compared to last year's 1.23 MMT, average spot prices in May 2020 were nearly 24 percent higher compared to last year's prices. Market sources report higher prices due to tight supplies as production is likely to be lower than government estimate, and higher household consumption demand due to the ongoing lockdown.

More importantly, the spot prices were nearly 17.5 percent over the GOI's minimum support price (MSP). Market sources expect that higher imports in the next few months will force domestic prices lower, as imports will augment domestic supplies. With most of the domestic lentil crop already marketed by farmers, the GOI is not concerned that imported products would adversely impact farmers' income. Since the local lentil production is a winter planted crop (*rabi* season), prices during next few months are unlikely to affect planting decision for the next crop.

Market sources report that the GOI's future decision on import tariff levels for lentils will depend on domestic prices relative to the MSP for the next crop season.

GOI allows Imports of 200,000 MT of Pulses from Mozambique in IFY 2020/21

On June 1, 2020, the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry (MOCI) issued a [trade notice](#) announcing that 200,000 metric tons of pigeon peas and other pulses from Mozambique would be allowed for import in IFY 2020/21 (April/March), outside of the quota restrictions previously announced on select four pulses (peas, pigeon peas, black gram lentils and mung beans) in March 2020. This quantity is per the Memorandum of Understanding (MOU) between the Government of the Republic of Mozambique and the GOI on cooperation in the field of production and marketing of pigeon peas. Per the MOU, both countries have agreed to target exporting 200,000 MT of pigeon peas and other pulses grown in Mozambique to India during 2020-21.

Earlier in March, MOCI issued notifications restricting imports of four pulses in the Indian fiscal year (IFY) 2020/21 (April/March) to a total of 950,000 MT, to be allocated to specified buyers for imports from any origin. However, the quantitative restrictions do not apply to GOI import commitments under any Bilateral or Regional Agreement, or MOU, including the one with Mozambique. These notifications can be accessed from the [DGFT trade notice No 56/2019-20](#) and [DGFT trade notice No 05/2020-21](#).

Attachments:

No Attachments.