

STOCK LIMIT ON PULSES

Prices of all pulses have been skyrocketing since last four months, thus making it something out of reach for aam aadmi. Price for tur dal has gone up to Rs 100 per kilogram from Rs 55 four months ago. The prices of other pulses like Moong and Urad have also increased by Rs 15 to Rs 20 per kilogram during the period this period.

Since last few days there has been significant decline in chana prices following the reports of stock limit imposition by various state governments. As per government statistics the major cause for the upsurge in pulses price is due to hoarding by stockists and traders. Different state governments have thus imposed stocks limits for stockists, processors and retailers.

CHANA INTRODUCTION

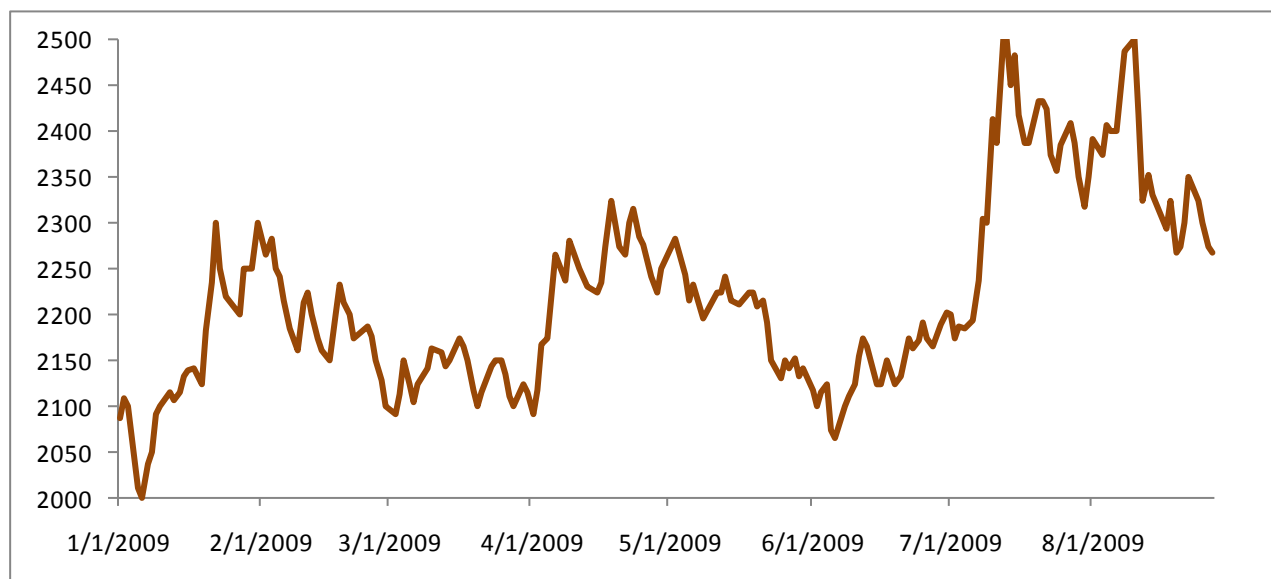
On the exchange platform, pulses such as Tur, Urad and Moong have already been banned. Chana is the major pulse trading currently. Chana is a Rabi sown crop while Soybean is a kharif sown crop.

Chana (*Cicer aritinum L*) also called as Bengal gram or chick pea is a major pulse crop in India and accounts 40 per cent of total pulse production. India is largest producer in the world accounting 66 percent production. The crop season for Chana begins during September and ends in March-April in Indian sub continent. Chana being a Rabi season crop the monsoon does not have an enhanced effect on prices.

PRICE MOVEMENT

Chana prices have witnessed very high volatile since January 2009. The prices were hovering in the range of Rs 2010 per quintal to Rs 2099 per quintal. The lower prices in the month of January were on account of fresh arrivals. **For the year 2008-09 chana production has been higher to 7.05 million tonnes against 5.75 million tonnes the previous year. Prices touched Rs 2488 per quintal by mid-August 2009.**

Chana spot rate (Rs per quintal)



Source: National Commodity & Derivatives Exchange Limited

But, recently taking cues from the reports of **imposition of stock limits**, prices have bounced back on the lower side to Rs 2268 per quintal, down by 9 percent.

GOVERNMENT POLICIES AND FALL IN PRICES

The stock limit has already been imposed in Delhi and Maharashtra during year 2008 due to inflating prices. Recently the state governments of Rajasthan and Gujarat have announced the imposition of stock limits for stockists, processors and retailers. Madhya Pradesh government is likely to make an announcement in this reference in near future. On the same line State government of Bihar is mulling to introduce a licence system to check hoarding of pulses by the wholesalers. As per the proposed initiative, it would be binding on the wholesalers to keep only a fixed stock of pulses and defiance of it would lead to legal action under the Black marketing Prevention Act and Essential Commodities Act. At present, there is no limit on the quantity of pulses a dealer can stock as edible items are out of the ambit of the act. Meanwhile, the state government is also planning to import 4,000 metric tonnes of moong and chana dal from Canada and distribute it among the below poverty line families.

As agriculture is a state subject, rules and regulation pertaining to agriculture vary from state to state. The stock limits for different states are:

- ♣ **Maharashtra:** 500 quintals for stockists/traders and 50 quintals for retailers
- ♣ **Delhi:** For pulses, stock limit is prescribed as 2000 quintals for wholesalers/producers for all pulses taken together, and 50 quintals for retailers. There is, however, no upper limit for imported pulses. There is no upper stock limit for the commission agents who do not retain any consignment of pulses received for a period exceeding 15 days from the date of its receipt.
- ♣ **Gujarat:** The stock limit for whole-sellers is 100 tonnes and for retailer it is 50 tonnes.
- ♣ **Rajasthan:** As per the decision, any wholesaler in the state can stock 1000 quintals of pulses while the limit for the retailers would be 30 quintals. Similarly, millers can stock raw pulses not more than the monthly capacity of their units while limit for the processed pulses would be in accordance with their 15 days' processing capacity.
- ♣ **Madhya Pradesh:** Likely to announce.

The continuity of stock limit is expected to pressurize the prices in near term. Moreover, exorbitant rate for pulses have already led to decline in demand since last few months.

Technical Price Outlook: Chana future prices have plunged from 2648 and currently trading lower at 2265 levels. However, market still has potential to correct further having support at 2200 levels. On break of the same it may test 2130/2100 in the near term. The resistances are at 2335 then 2400 levels.

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