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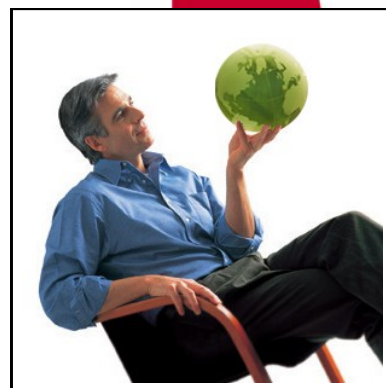
Agriculture et  
Agroalimentaire Canada

**International  
Markets  
Bureau**

**MARKET INDICATOR REPORT | DECEMBER 2009**

## **CONSUMER TRENDS**

### Pulses In India





#### ► EXECUTIVE SUMMARY

While India is the largest producer of pulses in the world, it is also the largest consumer and has been unable to meet its own demand since the 1970s. As a result, many of the trade barriers which were in place prior to the 1970s have been removed to encourage cheap imports of pulse products for general consumption.

A large percentage of the Indian population is classified as living in poverty and is, therefore, very price sensitive. This has allowed many Canadian exporters to thrive in the Indian market as yellow peas are generally considered a low cost substitute for domestically produced pulses such as *desi* chickpeas, which are sold at higher prices.

Despite lower per capita consumption of pulses over the past 30 years, consumption is still increasing in volume and value. Pulses are still in high demand among Indians as they are a major source of protein and used in many traditional Indian dishes. Over the past five years, Canadian pulse exporters have experienced rapid growth in the pulse trade with India as a result.

#### ► CONSUMER TRENDS

► Pulse consumption in India differs by region; pulses such as lentils are popular in northern India but are not the pulse of preference in southern India.

► Pulses which are popular in all parts of the country include: *Desi* chickpeas, green peas, yellow peas, and black eye beans.

► Pulses which are popular in northern India include: *Kabuli* chickpeas, lentils, and kidney beans.

► Pulses which are more popular in southern India include: pigeonpeas and *urd*.

► Low income, rural Indians tend to prefer *horsegram* (legumes from the tropics grown mostly under dry-land conditions) and *khesari* (European native pulse grown in the east of India).

► Canadian yellow peas, and other pulses, are often used as substitutes for the higher priced Indian-produced pulses. Canadian yellow peas, in particular, are much cheaper than Indian produced *desi* and pigeonpeas. This has given Canadian businesses an advantage over their foreign competitors and domestic Indian pulse producers.

► Most pulses in India are either split or used in the production of flour. Generally speaking, only *kabuli* and green peas are consumed in whole form. Split and whole pulses are usually cooked and served as part of a meal with rice or traditional Indian bread.

► Chickpea, *urd* and *mung* flours are generally very popular. All are important ingredients used in the preparation of snack foods in India. As snack food is also a fast growing market in India, due to rising incomes, pulse flours will be in higher demand.

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#### ► DID YOU KNOW?

- Demand for pulses is on the rise due to economic growth in India.
- Indian production of pulses is stagnant, creating opportunities for Canada.
- Yellow peas are Canada's leading pulse export to India.

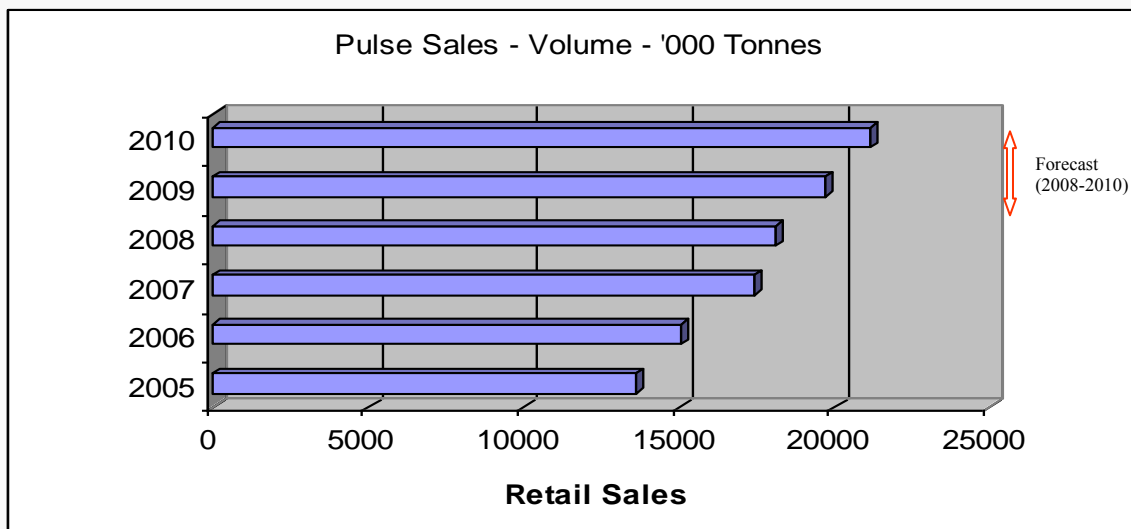


## ► RETAIL TRENDS

Pulses in India go through a large supply chain which drives up the price for consumers. This is generally due to the large number of intermediaries who take their “cut” of the value of the pulses. It is estimated that each middle-man in the pulse supply chain takes at least 1% commission on their sales.

The primary means of distribution is either through wholesalers or retail stores. Retail stores generally charge significantly higher prices than wholesalers, due to the number of intermediaries, profit-taking by the companies and overhead.

In addition, pulse importers generally buy on credit, something which may be scarce as a result of the economic downturn.



## ► THE YELLOW & GREEN PEA SECTORS

► Yellow peas are the most popular variety of Canadian pulses that are exported to India. Green peas are less popular but still very important to the Canadian pulse trade with India. Yellow peas tend to be popular in all regions of India and this has helped contribute to high demand.

► Yellow peas alone accounted for \$331 million in imports from Canada in 2008. Green peas accounted for approximately \$25 million, while split peas of an unspecified variety showed imports from Canada of \$29 million.

► There are facilities in western Canada for splitting peas, however Indian consumers believe domestic processing facilities are better than foreign.

► Green peas are one of the few pulses in India that are consumed whole, rather than in split or flour form. Green peas are generally more expensive than yellow peas, and these prices are even higher for American green peas which are considered the highest quality and garner a premium price.

► It should be noted that Canadians have a cost advantage due to the bulk nature of their shipments to India. In contrast, American pulses are bagged and then sent to India, and cost more as a result.





## Canada's Main Pulse Exports to India by Variety ('000 Tones)

Top 10 Pulse Exports to India - \$CAD	2004	2005	2006	2007	2008
Peas, nex, yellow, dired, shelled, whether or not skinned	70,388,195	110,636,166	115,255,787	251,484,725	331,138,888
Peas split, dried	2,034,620	1,475,734	1,668,135	3,932,865	28,765,201
Lentils, red, dried, shell, whether or not skin/split, nes	523,403	1,152,320	1,139,004	42,956,180	26,654,452
Peas, nes, green, dried, shelled, whether or not skinned	21,261,619	47,027,831	16,469,292	28,372,794	24,622,751
Lentils, green incl. French green (dark speckled), dried, shell, w/n skin/split, nes	2,185,715	2,884,772	6,492,583	37,081,332	6,874,405
Chickpeas, dried, shelled, whether or not skinned or split, nes	1,093,126	677,297	1,803,278	910,475	4,249,224
Lentil seeds of a kind used for sowing, dried, shelled	644,662	2,369,229	560,290	3,980,970	302,479
Chickpeas, Kabuli varieties, dried, shelled, whether or not skinned or split	4,411,615	555,926	4,061,294	205,354	211,550
Lentils, o/t seeds of sowing, dried, shelled, shether or not skinned or split, nes	387,881	327,749	357,124	989,636	0
Peas, nes, dried, shelled, whether or not skinned	3,584,128	967,210	971,392	829,773	0
Total	106,514,964	168,074,234	148,778,179	370,744,104	422,818,950

## Retail Sales of Pulses in the Indian Retail Market ('000 Tones)

India	2006	2007	2008	2009	2010
Fresh Food	171,460.30	187,854.80	205,065.50	222,562.90	240,962.50
Meat	3,340.50	3,697.80	4,110.20	4,578.80	5,089.50
Fish and seafood	4,585.40	4,904.40	5,293.20	5,740.80	6,173
<b>Pulses</b>	<b>15,064.20</b>	<b>17,422.30</b>	<b>18,120.40</b>	<b>19,670.40</b>	<b>21,130.10</b>
Vegetables	60,541.60	63,696.40	68,695.80	74,319.20	80,247.10
Starchy roots	27,671.20	29,113.70	32,155.40	35,706	38,990.80
Fruits	35,687.40	38,095.30	40,383.60	42,333.70	44,351.60
Nuts	380.7	413.2	491.7	546.2	598.7
Eggs	2,417.60	2,519.20	2,800.70	3,127	3,487.20
Sugar and sweetners	21,771.60	27,992.50	32,618.50	36,540.90	40,894.50

Sources: Fresh foods: Euromonitor

## ► LENTIL SECTOR

► Lentils are an important part of the Canadian pulse trade with India. They are consumed in larger amounts in the northern and eastern parts of India, compared to the south where they are generally seen as an inferior pulse.

► India is one of the largest producers of lentils in the world. However, this has not stopped India from becoming one of the major importers of lentils. Poor productivity in the Indian agricultural sector has encouraged lentil imports from countries such as Canada and Australia.

► Lentils alone were worth \$34 million, or 8% of all agri-food and seafood products Canada exported to India in 2008. They amounted to Canada's second largest export to India in 2008.

► Lentil consumption is not uniform by type or region. Large red lentils are preferred by Indian consumers and are used primarily for splitting.

► Yellow lentils are preferred in southern India where they act as a substitute when *tur* is priced too high for most consumers.

► Small red lentils are consumed in lesser amounts, and usually among the Muslim minority.

► Lentils are generally consumed as part of a side dish such as *dhal* fry, which is essentially cooked pulses served with fried onions.



## ► CHICKPEA SECTOR

► The two main chickpea varieties in India are *desi* and *kabuli* chickpeas.

► Chickpeas are the largest domestically produced and consumed pulse in India. They are also the most important in terms of the role they play in the preparation of traditional Indian cuisine.

► Canada exported approximately \$4.5 million worth of chickpeas to India in 2008. Chickpeas accounted for 1% of Canadian agri-food and seafood trade with India. However, chickpeas were still the fifth most important agri-food and seafood export to India from Canada in 2008.

► Chickpeas are consumed in a variety of different ways. They can be consumed whole, split and cooked as part of *dhal* or turned into *basan* flour which is used in the preparation of Indian snack food.

► *Desi* chickpeas are the primary chickpeas used in the production of *basan* flour. These chickpeas are produced locally in large quantities and earn a higher price on the market as they are considered of the highest quality. Yellow peas, which Canada exports much of, are considered a low end substitute in the creation of *basan* flour.

► Canada exports a small number of *desi* chickpeas, which are generally considered low quality by Indian importers due to their high moisture content. Indian importers are looking for low moisture *desi* chickpeas as these are what are favoured by their customers.

► *Kabuli* chickpeas are usually consumed whole as part of a meal. These chickpeas are not used as much as *desi* in the preparation of chickpea flour. They are mainly limited to northern India in terms of consumption, however recent trends indicate they have also been growing in popularity in the southern regions of India.

“  
CHICKPEAS ARE THE LARGEST PULSE IN  
  
TERMS OF DOMESTIC PRODUCTION AND  
  
CONSUMPTION IN INDIA.  
”

## ► COMPETITION



India was a net importer of pulses in 2008 and has been since the 1970s. In 2008, Canada was the largest supplier of pulses to India, for the second year running. Other major suppliers of pulses to India include Myanmar, Australia, the US, Tanzania and China.

In 2008, Myanmar was the second largest exporter of pulses to India, exporting \$507 million worth. Myanmar's main pulse exports to India in 2008 were: beans, chickpeas and unspecified pulses. Beans were the largest variety of pulses exported to India, accounting for \$247 million. Myanmar exports different types of pulses to India than Canada and, in most areas of the market, does not directly compete with most Canadian exporters.

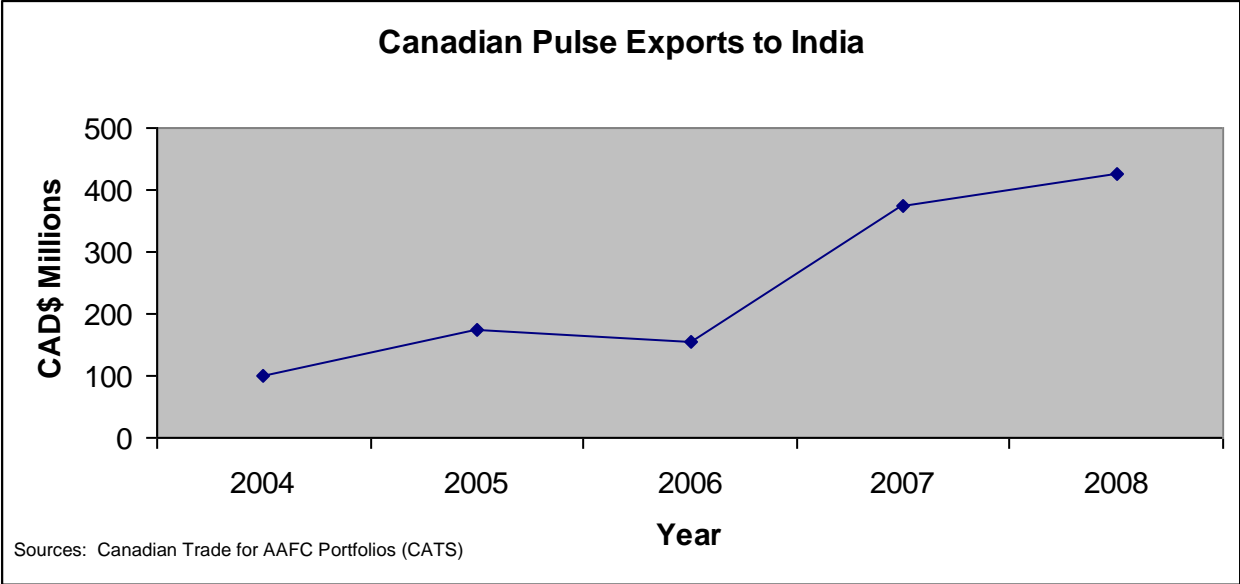
Australia is the third largest supplier of pulses to India, exporting \$103 million worth. Australia's main pulse exports to India were: chickpeas, dried peas and beans. Australia is a major competitor with Canada for the pulse market, producing many of

the same varieties. Some Australian pulses, specifically chickpeas and lentils, are generally considered to be of higher quality by Indian purchasers than Canadian pulses due to their lower moisture content. Australian pricing is more competitive than American, allowing Australian pulse exporters to compete much more readily with Canadian exporters.

The United States was the fourth largest supplier of pulses to India in 2008, exporting \$92 million worth. The United States' main pulse exports to India in 2008 were: peas, lentils and chickpeas. Peas were the largest pulse export from the United States to India, worth \$89 million. The United States is a major competitor as it produces many of the same pulse types as Canada. American pulses are generally more expensive and considered to be of higher quality than Canadian pulses by Indian purchasers. However, due to the high prices these pulses have difficulty competing with cheaper Canadian and Australian pulses.



▶ **CANADIAN PERFORMANCE**



The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

**Consumer Trends—Pulses in India**

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