



भारतीय कृषि एवं खाद्य परिषद्
INDIAN COUNCIL OF FOOD AND AGRICULTURE

INDIAN OIL SEED MARKET



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Indian Oil Seed Market

On the oilseeds map of the world, India occupies a prominent position, both with regard to acreage and production. India is the 4th largest oil seed producing economy in the world after USA, China and Brazil, which contributes about 10% of the world oilseeds production, 6-7% of the global production of vegetable oil, and nearly 7% of protein meal.

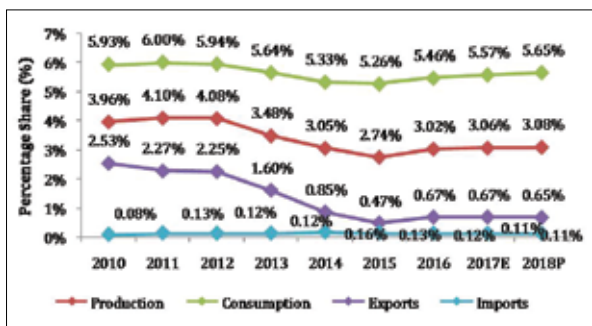
Although India has 20.8% of the world's area under

oilseed crops, it accounts for about 10% of global production. This is because of low productivity of oilseed crops and year to year fluctuations in production in India.

INDIAN OIL SEED MARKET

A wide range of oilseed crops are produced in different agro-climatic regions of the country. Three main oilseeds namely, groundnut, soybean, and rapeseed-mustard accounted for over 88% of total oilseeds output. Soybean is the most important crop grown mainly in Madhya Pradesh, Maharashtra, and Rajasthan accounting for more than 95% of total production. The second most important oilseed crop is rapeseed-mustard mainly grown in Rajasthan, Madhya Pradesh, Haryana, Uttar Pradesh, West Bengal and Gujarat with an estimated share of about 93% in total production in the country. Groundnut, which was the largest oilseed crop in the 1990s, lost its share and is now third important oilseed and grown in Gujarat, Andhra Pradesh, Tamil Nadu, Rajasthan, Karnataka and Maharashtra with a combined share of about 91% in total groundnut production in the country.

INDIA'S POSITION IN THE GLOBAL OIL SEED MARKET



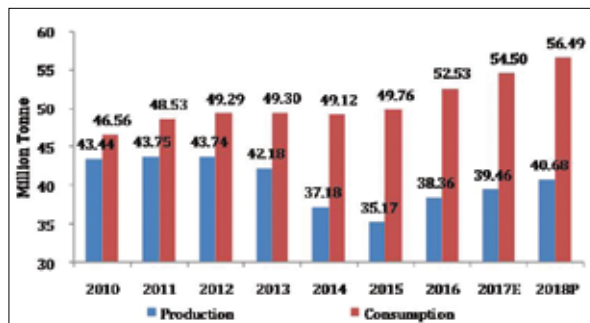
Source: NSAI, Company Reports and ICFA



INDIAN OILSEED MARKET – PRODUCTION AND CONSUMPTION ANALYSIS

Oilseeds are not high yielding crops in comparison with cereals and other competing crops. Moreover, compared with traditional cereals, these crops are generally more risky because oilseeds are mostly grown under rainfed conditions, and market price support is also not very effective. However, India's oilseed production in 2017 is forecasted to rise by approximately 3% to 39.46 million tonnes, pushing total oilseed supplies to an all-time high of 57 million tonnes. Though, over the last three years, an estimated two million hectares of traditional oilseed area was lost to dry weather

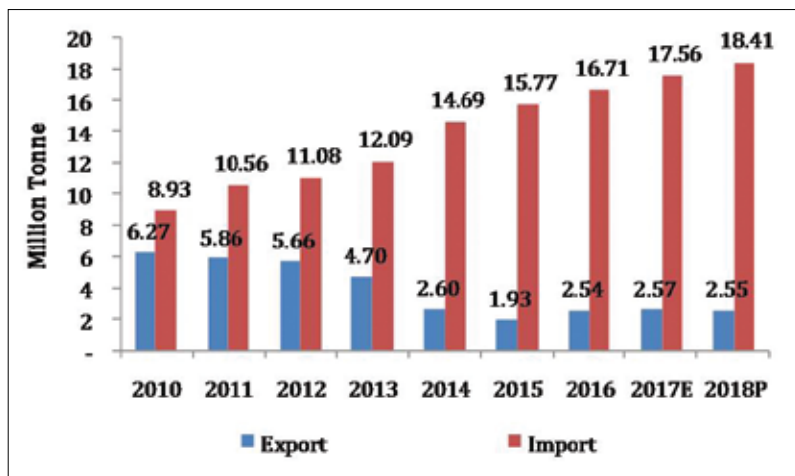
INDIAN OIL SEED – PRODUCTION AND CONSUMPTION



Source: OECD Statistics

Note: E = Estimated, P = Projected

INDIAN OIL SEED EXPORT AND IMPORT



Source: OECD Statistics, Note: E = Estimated, P = Projected

conditions or to competing crops.

However, the consumption levels of oil seeds have surged since 2010 from 46.56 million tonnes to 52.53 million tonnes in 2016, at a CAGR of 1.74%. The expansion is partly reflecting national policy measures in support of domestic crushing and refining industries along with the increasing demand for edible oils in the country.

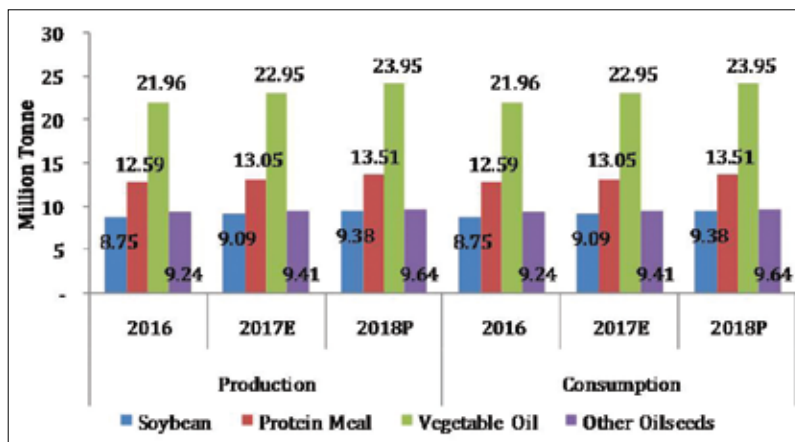
INDIAN OIL SEED MARKET – TRADE ANALYSIS

India is the largest producer of oilseeds in the world but domestic production of edible oils has not kept

pace with the rising demand for edible oils in the country, leading to a substantial increase in the imports of edible oils over time. India was nearly self-sufficient in edible oils and a net exporter of oilseeds complex till the mid-sixties. However, with stagnating production and yield as well as rise in demand for edible oils due to increase in population, oilseed production fell far short of its demand in the 1970s.

However, in 2012, government started promoting National Mission on Oilseeds and Oil Palm (NMOOP) for the period of 2012-2017 to achieve objectives such as increasing Seed

INDIAN OIL SEED MARKET – PRODUCTION AND CONSUMPTION BY CATEGORIES



Source: OECD Statistics, Note: E = Estimated, P = Projected

Replacement Ratio (SRR) in oil crops with focus on Varietal Replacement, increasing irrigation coverage under oilseeds from 26% to 36%, diversification of area from low yielding cereals crops to oilseeds crops, inter-cropping of oilseeds with cereals/ pulses/ sugarcane, use of fallow land after paddy/ potato cultivation, expansion of cultivation of Oil Palm and tree borne oilseeds in watersheds and wastelands, increasing availability of quality planting material enhancing procurement of oilseeds and collection, and processing of tree borne oilseeds.

INDIAN OIL SEED MARKET BY SEGMENTS

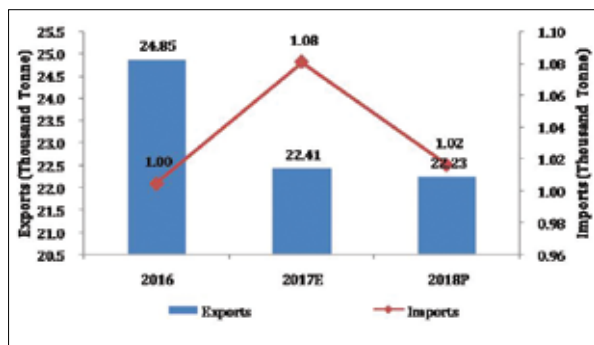
Of all, vegetable oil production and consumption is highest. They are obtained from crushing local oilseeds, mustard in northern and eastern India; groundnut in Gujarat, Maharashtra, Karnataka and Andhra Pradesh; sesame and groundnut in Tamil Nadu; and coconut in Kerala, in kachchi ghanis.

India is one of the largest exporters of oil meals, particularly of soybean meal. Soybean accounts for more than 70% of the total exports of oil meals, followed by rapeseed, castor seed and rice bran. Soybean oil is primarily imported from Argentina, Brazil and the USA, with an estimated share of about 73%, 16% and 9%, respectively during the last five years.

India exports oil meals to a large number of countries but bulk of exports are to South and South East Asian countries with a share of over 77% followed by Middle-East and Africa region (about 15%). Japan is the largest importer of oil meals from India, followed by Vietnam, South Korea, Iran and Thailand.

Indian vegetable oil economy is world's fourth largest, which accounts for 7% of world's oilseeds output, 7% of world's oil mill production, 6% of world's oil mill exports, 6% of world

INDIAN SOYBEAN MARKET TRADE



INDIAN PROTEIN MEAL MARKET TRADE



Source: OECD Statistics, Note: E = Estimated, P = Projected

vegoil production, 14% of world's imports and 10% of world edible oil consumption. Palm oil has been accounting the largest share of India's total vegetable oil imports followed by soybean and sunflower. About 80% of the palm oil is imported as crude palm oil and the remaining as refined oil because of high import duty on crude oil compared to refined. India imports palm oil mainly from Indonesia and Malaysia and the share is about 71% and 28%, respectively. During the last decade, Indonesia has lost its share while Malaysia has increased its share.



Indian agriculture has made considerable progress, particularly in respect of food crops such as wheat and rice in irrigated areas; however, performance has not been so good in case of other crops particularly oilseeds, pulses, and coarse cereals. Therefore, after achieving self-sufficiency

in food grains the government is focusing attention on these agricultural commodities. The oilseeds scenario in the country had undergone a sea change in the last fifteen years while India changed from net importer in the 1980s to a net exporter status during the early 1990s. Again, it has come

back to net importer status importing more than 40 percent of its annual edible oil needs.

However, India is bestowed with a number of oil yielding species including annuals, perennials, minor oil bearing species of forest and tree origin and as a component in by-products of some non-traditional sources such as rice bran, cotton seed and maize. India has also diverse agro-ecological areas for their growth. The cultivation of oil crops, in general, is not labor-intensive and thus these crops can be managed in labor scarce areas. Their cultivation is very economical and remunerative, and thus, helps in improving the socio-economic status of the farmers. Thus, Oil crops are an ideal component in the sustainable production system in Indian agriculture. ■





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