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India

Oilseeds and Products Update

2015

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Report Highlights:

Post revises down rapeseed and mustard production for marketing year (MY) 2014/15 (October-September) by 400,000 metric tons (MT) to 7.1 million metric tons (MMT). This revision reflects a nine-percent decline in area planted which will reach 6.51 million hectares. Despite the expected decline in area planted, Post forecast yields will be five percent higher than the previous estimate, which will partially offset lower area planted.

Post:	**Commodities:**
New Delhi	Oilseed, Rapeseed Oil, Rapeseed Meal, Rapeseed

Author Defined:

Higher Yields Will Partially Compensate for the Decline in Area Planted for Rapeseed and Mustard in MY 2014/15

Post revises down its rapeseed and mustard production forecast for MY 2014/15 by 400,000 MT to 7.1 MMT. This revision is due to an unanticipated nine-percent decline in area planted, which will reach 6.51 million hectares in MY 2014/15. Yields are increased by five percent over the previous estimate and will partially compensate for the decline in area planted.

Net Decline in Area Planted

Rajasthan, which produces about 40 percent of India's rapeseed and mustard, experienced an area planted decrease of 410,000 hectares, a 13 percent drop from last year. Conversely, area planted in Madhya Pradesh decreased by 151,000 hectares, a 19 percent decline from last year. Incremental rises in area planted in Uttar Pradesh, West Bengal, Assam, and Telangana was not enough to compensate for the unexpected decreases in area planted in Rajasthan and Madhya Pradesh.

Warm Temperatures in October Discouraged Additional Planting

Warmer than optimal temperatures during the *rabi* (winter sown) crop planting season in northwestern India discouraged northwestern farmers from planting additional oilseed crop acres. An estimated 55 percent of India's total *rabi* oilseed area is located in that region. More generally, area planted for all major *rabi* season crops, to include wheat, rapeseed, mustard, and gram have decreased. This reduction in *rabi* area planted is largely due to deficit 2014 southwest monsoonal rainfall and the subsequent reduction in ground and irrigation water, as well as the warmer temperatures.

***Taramira* (*Eruca sativa*) Oilseed Area in Rajasthan Dropped 46 Percent From Last Year**

Area planted under *taramira*, an Indian oilseed crop, particularly in Rajasthan, declined from 300,000 hectares in MY 2013/14 to 160,000 this year,. Marginal lands, which are often unsuitable for cereal crop production, are typically used for profitable cultivation of *taramira*. *Taramira* yields are typically lower than rapeseed and mustard. Many farmers switched a portion of their cultivable land to shorter-duration horticultural crops, coriander, gram, and barley a small minority chose to keep their land fallow. .

Favorable Weather Will Boost Yield of Rainfed Rapeseed and Mustard Crop

Rapeseed and mustard are sturdy winter crops and over 50 percent of India's rapeseed and mustard area is rainfed. These areas are expected to see more robust yields due to (unusually) favorable weather conditions throughout the growing period, particularly following the October 2014 planting period. Additionally, below average incidences of insect and pest damage, coupled with timely winter rains will support crop yields. Post expects yields to increase over the previous estimate and will partially compensate for the net decline in area planted.

Planting Higher than Last Five-Year Average

Inspite of lower rapeseed and mustard planting, the total area planted is higher than the most recent five-year average of 6.2 million hectares. Even in Rajasthan, the area planted (2.64 million hectares) is higher than its five-year average of 2.5 million hectares.

Strong Market Prices Assisted Planting Intention

During the past 12 months, rapeseed and mustard wholesale prices have risen by more than eight percent to the current levels of INR 3,500-3,550 per quintal. Strong market prices, particularly during first quarter of MY 2014/15, have encouraged planting. In addition to favorable market prices, farmer were further encouraged to plant rapeseed and mustard because the MSP for rapeseed and mustard was raised by INR 50 in MY 2014/15 to INR 3,100 per quintal.

Rapeseed and Mustard Crop Has Reached Maturity/Advanced Stage of Maturity

Industry experts believe that heavy late-season heavy precipitation in February over India's major rapeseed and mustard production regions are unlikely to affect yields, as most crops have reached maturity or are already in advance stage of maturity. However, Post sources note that some late-planted crops, which are less developed, could be negatively impacted by late rains. However, the percentage of late-planted rapeseed and mustard is expected to be relatively smaller this year.

Oil meals

Indian oilmeal exports were down 56 percent to less than 1 million MT in first four months of MY 2014/15 (Table 1). Sluggish soybean meal exports dragged total soybean meal exports to one-third of total sales made during the corresponding period last year. Moreover, Indian millers are discouraged by a glut of low-cost vegetable oil imports (mostly palm) and low international demand for Indian soybean meal. Concurrently, Post revised up total oilmeal export estimate (road + high-sea sales) in MY 2013/14 from 3.9 MMT in to 4.1 MMT to include road/surface transport of rapeseed meal. An estimated 250,000 MT of rapeseed meal was exported to neighboring countries last year.

Vegetable Oils

Vegetable oil imports, mostly crude palm oil (CPO), rose 19 percent to 4.6 MMT during the first four months of MY 2014/15 (Table 2). Indian importers were encouraged to increase stocks of vegetable oil due to lower than anticipated domestic oilseed production, as well as the availability of low-cost palm oil from Indonesia and Malaysia. As a result, vegetable oil stocks grew by more than 2 MMT in January 2015, a notable increase over the 1.5 MMT imported in January 2014. Indonesia and Malaysia eliminated export duty on CPO, as well as maintained zero and/or low export duties on other value-added palm products. As a result, CPO processing was reduced in those countries and pushed additional CPO exports to India.

Table 1. India: Oilmeal Exports, Metric Tons

	Soybean meal	**Rapeseed meal**	**Peanut meal**	**Sunflower meal**	**Total**
Oct-13	29,071	140,393	263	0	169,727
Nov-13	110,806	39,133	395	0	150,334
Dec-13	193,832	129,707	0	0	323,539
Jan-14	104,426	44,361	0	0	148,787
Road Transport*	200,000	-	-		
Oct 14-Jan-15	**638,135**	353,594	658	0	992,387
Oct 13-Jan-14	1,951,750	320,923	1,243	0	2,273,916
% Change	-67	10	-47		-56

Source: Solvent Extractors' Association of India, *: Global Trade Atlas

Table 2. India: Vegetable Oil Imports, in 1000 Metric Tons

	Oct-14	**Nov-14**	**Dec-14**	**Jan-15**	**Oct 14-Jan 15**	Oct 13 - Jan 14	% Change
RBD palmolein	143	56	45	70	314	735	57
Crude palm oil	712	713	779	581	2,785	2,193	27
Crude palmolein	0	779	0	0	0	0	
Crude Palm kernel oil	10	581	13	8	58	47	23
Total palm oil	**866**	**797**	**836**	**659**	**3,157**	2,975	6
Crude soybean oil	219	121	97	224	661	340	95
Refined soybean oil	0	0	0	0	0	0	0
Total soy oil	**219**	**121**	**97**	**224**	**661**	340	95
Crude sun oil	101	194	152	156	**603**	482	25
Refined sun oil	0	0	0	0	0	0	0
Total sun oil	**101**	**194**	**152**	**156**	**603**	482	25
Canola Rape oil	45	37	36	44	**162**	58	180
Cottonseed Oil	0	0	0	0	0	0	0
Safflower oil	0	0	0	0	0	1	100
Coconut oil	0	0	0	0	0	0	
Grand Total	1,230	1,149	1,122	1,083	**4,584**	3,856	19

Source: Solvent Extractors' Association of India

STATISTICAL TABLES

Table 3. India: Commodity, Oilseed, Rapeseed, PSD
(Area in 1000 hectares and production in 1000 metric tons)

Oilseed, Rapeseed	**2012/2013**		**2013/2014**		**2014/2015**	
Market Begin Year	**Oct 2012**		**Oct 2013**		**Oct 2014**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	6,750	6,730	6,800	7,130	6,600	6,517
Area Harvested	6,750	6,730	7,130	6,850	6,600	6,517
Beginning Stocks	729	827	569	685	519	603
Production	6,800	6,800	7,300	7,300	6,850	7,100
MY Imports	0	20	0	20	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	7,529	7,647	7,869	8,005	7,369	7,723
MY Exports	0	2	0	2	0	2
MY Exp. to EU	0	0	0	0	0	0
Crush	6,000	6,000	6,300	6,300	6,200	6,200
Food Use Dom. Cons.	660	660	750	750	650	800
Feed Waste Dom. Cons.	300	300	300	350	200	330
Total Dom. Cons.	6,960	6,960	7,350	7,400	7,050	7,330
Ending Stocks	569	685	519	603	319	391
Total Distribution	7,529	7,647	7,869	8,005	7,369	7,723
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0

Table 4. India: Commodity, Meal, Rapeseed, PSD
(Units in 1000 metric tons, Extraction rate in Percent)

Meal, Rapeseed	**2012/2013**		**2013/2014**		**2014/2015**	
Market Begin Year	**Oct 2012**		**Oct 2013**		**Oct 2014**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	6,000	6,000	6,300	6,300	6,200	6,200
Extr. Rate, 999.9999	0.5900	0.5900	0.5905	0.5905	0.5903	0.5903
Beginning Stocks	21	402	30	592	20	441
Production	3,540	3,540	3,720	3,720	3,660	3,660
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,561	3,942	3,750	4,312	3,680	4,101
MY Exports	901	750	1,327	1,071	1,000	1,200
MY Exp. to EU	2	0	2	0	2	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2,630	2,600	2,403	2,800	2,660	2,800
Total Dom. Cons.	2,630	2,600	2,403	2,800	2,660	2,800
Ending Stocks	30	592	20	441	20	101
Total Distribution	3,561	3,942	3,750	4,312	3,680	4,101
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	882	800	1,200	800	1,000	800
CY Exp. to U.S.	0	0	0	0	0	0
SME	1,871	1,850	1,710	1,992	1,893	1,992

Table 5. India: Commodity, Oil, Rapeseed, PSD
(Unit in 1000 metric tons and Extraction rate in Percent)

Oil, Rapeseed	2012/2013		2013/2014		2014/2015	
Market Begin Year	Oct 2012		Oct 2013		May 2014	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	6,000	6,000	6,300	6,300	6,200	6,200
Extr. Rate, 999.9999	0.3917	0.4100	0.3968	0.4097	0.3952	0.4100
Beginning Stocks	158	225	114	181	167	192
Production	2,350	2,460	2,500	2,581	2,450	2,542
MY Imports	8	8	160	0	250	150
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2,516	2,693	2,774	2,762	2,867	2,884
MY Exports	2	2	2	0	2	2
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	60	60	70	70	80	75
Food Use Dom. Cons.	2,340	2,450	2,535	2,500	2,650	2,600
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2,400	2,510	2,605	2,570	2,730	2,675
Ending Stocks	114	181	167	192	135	207
Total Distribution	2,516	2,693	2,774	2,762	2,867	2,884
CY Imports	50	0	50	0	50	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	2	0	2	0	2	0
CY Exp. to U.S.	0	0	0	0	0	0