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India

Oilseeds and Products

Monthly Lock-up Report: September

2006

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Report Highlights:

MY 2006/07 soybean planting is up 4 percent at 8 million hectares. Kharif (fall and early winter harvested) peanut planted area declined sharply by 19 percent due to adverse weather conditions in the major growing states of Andhra Pradesh and Gujarat. MY 2005/06 (Oct-Sep) vegetable oils imports through July 2006 were down 15 percent at 3.1 million tons. April through July 2006 oilmeal exports increased by 12 percent to 1.1 million tons.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Oilseed planting lagging

Progressive planting report by the Agriculture Ministry shows total area planted to *kharif* season oilseed crops, which includes mostly soybeans, peanut, and sunflower, up to August 21, is down 6 percent from last year's level, with the entire decline confined to peanuts. Area planted to soybeans in MY 2006/07 is estimated to have increased marginally to 8 million hectares from 7.6 million hectares last year, thanks to well-distributed rains in major growing states of Madhya Pradesh and Maharashtra. Peanut planting was adversely affected by poor early season rains followed by heavy rains and floods in major growing regions of Andhra Pradesh and Gujarat. Up to August 21, 2006, area planted to *kharif* peanut is estimated at 4.3 million hectares, 19 percent below last year's level. However, both the crops are likely to benefit from excellent rains received in August. A clearer picture of the crop size will emerge only by end-September.

Edible oil imports down

MY 2006/07 total vegetable oil imports through July 2006 are down 15 percent at 3.1 million tons, with most of the decline in palm oil due to higher import duty vis-à-vis soybean oil. The following table shows monthly edible oil imports by type during November 2005 to July 2006, with corresponding data for the previous marketing year.

India: Vegetable Oil Imports - November 2005 to July 2006 (Metric Tons)

	Nov'05	Dec'05	Jan'06	Feb'06	Mar'06	Apr'06	May'06	June'06	July'06	Nov- July'06	Nov- July'05
RBD palm olein	11,248	18,339	16,185	12,114	9,084	6,199	5,300	8,249	1,748	88,466	342,440
Crude palm oil	196,196	138,683	59,355	133,139	202,022	175,313	240,112	188,007	159,733	1,492,560	1,723,340
Crude palm olein	1,998	999	3,740	7,999	5,698	12,171	3,299	3,399	5,604	44,907	169,716
Crude palm kernel oil	8,247	750	0	500	1,499	1,507	2,600	2,509	0	17,612	29,042
Total palm oil	217,689	158,771	79,280	153,752	218,303	195,190	251,311	202,164	167,085	1,643,545	2,264,538
Crude soybean oil	108,896	47,100	111,212	92,704	169,800	159,094	129,500	182,614	290,250	1,291,170	1,278,637
Refined soybean oil	0	2,197	0	0	9,060	0	0	0	0	11,257	25,003
Total soybean oil	108,896	49,297	111,212	92,704	178,860	159,094	129,500	182,614	290,250	1,302,427	1,303,640
Crude sunflower oil	0	12,000	38,749	21,595	3,000	0	8,500	3,000	0	86,844	2,018
Refined sunflower oil	0	0	0	1,050	0	0	0	0	0	1,050	0
Total sunflower oil	0	12,000	38,749	22,645	3,000	0	8,500	3,000	0	87,894	2,018
Coconut oil	1,000	0	0	999	0	0	9,840	500	6,400	18,739	6,782
TOTAL	327,585	220,068	229,241	270,100	400,163	354,284	399,151	388,278	463,735	3,052,605	3,576,978

Source: Solvent Extractors' Association of India (www.seaofindia.com)

Oilmeal exports increase

Total oilmeal exports from April 2006 through July 2006 are up 12 percent at 1.1 million tons, with most of the increase in soybean meal due to its price competitiveness in the world market.

India: Oilmeal Exports - April 2006 to July 2006 (Metric Tons)

Month	Soybean	Rapeseed	Peanut	Rice bran	Sunflower	Castor	TOTAL
April 2006	316,925	53,425	12,400	5,650	---	10,825	399,225
May 2006	140,075	77,400	18,525	4,750	---	15,575	256,325
June 2006	108,975	79,900	12,175	11,000	---	7,600	219,650
July 2006	119,450	49,500	---	11,000	---	---	179,950
Total (Apr-Jul)'06	685,425	260,225	43,100	32,400	---	34,000	1,055,150
Total (Apr-Jul)'05	506,650	287,245	42,575	36,050	---	99,750	945,300
IFY 2005/06 (Apr-Mar)	3,424,600	533,275	137,925	125,325	750	201,150	4,423,025
IFY 2004/05 (Apr-Mar)	1,861,325	588,805	121,475	43,056	4,790	70,750	2,690,201

Source: Solvent Extractors' Association of India (www.seaofindia.com)

Vegoil tariff values hiked

Effective July 31, 2006, the government increased the tariff values of various vegetable oils to reflect world prices. The increase was more significant in the palm group of oils vis-à-vis soybean oil, which combined with the higher import duty on palm oil, should temper palm oil imports. Although the GOI further significantly raised the tariff values on various oils on August 14, 2006, it was subsequently rolled back (except in the case of soybean oil) due to fears of its inflationary pressure on the economy.

Vegetable Oil Tariff Values

Type of Oil	Effective 07/14/06 (\$ per ton)	Effective 07/31/06 (\$ per ton)	Effective 08/14/06 (\$ per ton)
Crude Palm Oil	432	447	447
RBD Palm Oil	459	476	476
Other-Palm Oil	446	462	462
Crude Palmolein	460	481	481
RBD Palmolein	463	484	484
Other-Palmolein	462	483	483
Crude Soybean Oil	566	570	572

Source: www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/csnt88-2k6.htm

Mustard oil usage in vanaspati made mandatory

The Directorate of Vanaspati, Vegetable oils and Fats under the Ministry of Consumer Affairs, Food and Public Distribution, issued an official Order on July 3, 2006, making the use of mustard oil mandatory for the manufacture of vanaspati (hydrogenated vegetable oil). The official Order requires a minimum usage of 12 percent of indigenous oils (other than mustard

oil) and 20 percent mustard oil (obtained from indigenous mustard seed by the method of expression) by weight on a monthly basis. This, however, would be subject to the condition that the government would ensure the supply of such quantity of mustard oil obtained by processing domestic mustard seed through the National Agricultural Cooperative Marketing Federation (NAFED) to vanaspati producers at a predetermined price established by the government. This move is intended to reduce the large stocks of mustard seed stocks currently held by the NAFED under the government's price support program.