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Report Name: Oilseeds and Products Update

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Report Highlights:

Assuming normal weather conditions through harvest (February through March), India is expected to produce an estimated 8.2 million metric tons of rapeseed and mustard in marketing year 2020/21 (October-September) from a record planting of 7.4 million hectares. Favorable weather conditions improved agronomic practices, and the absence of biotic stress should favor above-average yields. In addition, recently announced changes in crude palm oil import duties will offer a respite to soybean and sunflower oil demand and help control India's rising palm oil imports.

STATISTICAL TABLES

Oilseed, Rapeseed Market Year Begins	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	7200	7200	7400	6950	7200	7400
Area Harvested (1000 HA)	7200	7200	7400	6950	7200	7400
Beginning Stocks (1000 MT)	369	369	469	469	219	219
Production (1000 MT)	8000	8000	7700	7700	7650	8200
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8369	8369	8169	8169	7869	8419
MY Exports (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	6900	6900	7000	7000	6800	7200
Food Use Dom. Cons. (1000 MT)	650	650	650	650	650	750
Feed Waste Dom. Cons. (1000 MT)	350	350	300	300	300	300
Total Dom. Cons. (1000 MT)	7900	7900	7950	7950	7750	8250
Ending Stocks (1000 MT)	469	469	219	219	119	169
Total Distribution (1000 MT)	8369	8369	8169	8169	7869	8419
Yield (MT/HA)	1.1111	1.1111	1.0405	1.1079	1.0625	1.1081

Meal, Rapeseed Market Year Begins	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	6900	6900	7000	7000	6800	6800
Extr. Rate, 999.9999 (PERCENT)	0.5942	0.5942	0.5957	0.5957	0.5956	0.6029
Beginning Stocks (1000 MT)	447	447	446	446	326	451
Production (1000 MT)	4100	4100	4170	4170	4050	4100
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4547	4547	4616	4616	4376	4551
MY Exports (1000 MT)	876	876	950	825	800	920
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3225	3225	3340	3340	3300	3300
Total Dom. Cons. (1000 MT)	3225	3225	3340	3340	3300	3300
Ending Stocks (1000 MT)	446	446	326	451	276	331
Total Distribution (1000 MT)	4547	4547	4616	4616	4376	4551

Table 3. India: Commodity, Oil, Rapeseed, PSD

Oil, Rapeseed Market Year Begins	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	6900	6900	7000	7000	6800	6800
Extr. Rate, 999.9999 (PERCENT)	0.38	0.38	0.38	0.38	0.38	0.41
Beginning Stocks (1000 MT)	268	268	218	218	180	143
Production (1000 MT)	2622	2622	2660	2660	2584	2788
MY Imports (1000 MT)	62	62	78	40	80	40
Total Supply (1000 MT)	2952	2952	2956	2918	2844	2971
MY Exports (1000 MT)	4	4	6	5	5	3
Industrial Dom. Cons. (1000 MT)	80	80	80	80	80	80
Food Use Dom. Cons. (1000 MT)	2650	2650	2690	2690	2600	2700
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	2730	2730	2770	2770	2680	2780
Ending Stocks (1000 MT)	218	218	180	143	159	188
Total Distribution (1000 MT)	2952	2952	2956	2918	2844	2971

GENERAL INFORMATION:**Post Revises MY 2020/21 Rapeseed and Mustard Production**

Assuming normal weather conditions through harvest, India is expected to produce 8.2 million metric tons (MMT) of rapeseed and mustard (RM) in market year (MY) 2020/21 from a record 7.4 million planted hectares, six percent above the planted area in MY 2019/20. The highest increase in acreage is seen in the states of Jharkhand (53.7 percent), Gujarat (24.5 percent) and Assam (14.4 percent). Around 80 percent of the total area under RM production is attributed to Rajasthan, Madhya Pradesh, and Haryana.¹

The increase in RM planting was largely accelerated by high mustard oil and seed prices, adequate soil moisture, and cool weather conditions due to timely winter rainfall and an extended cold season. Timely completion of planting operations in key growing regions will further aid crop growth and productivity gains. In addition, increased adoption of improved agronomic practices and the absence of any major pest incidences should support better than average yields. However, crop yields are predicted to be below the MY 2019/20 estimated national average of 1.45 metric tons per hectare.

¹ Planting data in this report is from the India Ministry of Agriculture and Farmers' Welfare (MoAFW), Government of India (GOI), and is for Indian Crop Year (ICY) 2020/21 (October-March).

Strong RM Price and Residual Soil Moisture Encouraged Planting

The 2020 Southwest Monsoon, which extends from June-September, lasted ten days later than normal. As a result, abundant rains, and high soil moisture in the latter half of the monsoon season prompted farmers to exploit the opportunity through timely RM crop planting, particularly in the northwest and central regions. According to the Indian Meteorological Department, post-monsoon rainfall during the 2020 northeast monsoon season (October-December) was one percent higher (125 millimeters) than the normal fifty-year average. Central India and the southern peninsula received 12 and 15 percent excess rainfall, respectively, while northwest India experienced a significant drop-off in rainfall (38 percent reduction). Reports indicate cold days and dry weather conditions in the northwestern and central regions.²

In calendar year 2020, the COVID-19 pandemic sparked a sharp rise in RM seed prices owing to short supply because of supply chain constraints during the national lockdown and rising household demand due to the perceived immunity boosting benefits of this oilseed. Rape and mustard seed prices were largely maintained at \$61.64 per quintal³ (Indian Rupee [INR] 4,500 per quintal; 1 quintal = 100 kilograms) in January 2020 and rallied to \$68.49 per quintal (INR 5,000/quintal) in May. Prices peaked at \$90.41 per quintal (INR 6,600/quintal) in November 2020 on the GOI's announcement of a Minimum Support Price (MSP) increase and abundant monsoon. In January 2021, rape and mustard seed prices remained strong at INR \$82.19 per quintal (INR 6,000/quintal levels). Further, RM seed prices are likely to remain firm for the next two months despite forecasts of increased production.

In October 2020, the GOI announced an MSP⁴ for RM crop that witnessed a sharp increase of \$3 or INR 225 per quintal to \$62.8 per quintal (INR 4650 per quintal) from the previous \$59.8 per quintal (INR 4,425/quintal).

Rabi Oilseeds Planting Moderately Above Last Year

As of January 2021, *rabi* (winter planted, spring harvested) oilseed crops planting for rapeseed, mustard, peanut, and sunflower stood at eight million hectares, six percent above last year. Among all the states growing *rabi* oilseeds, Rajasthan occupies over one-third of the total planted area, of which, RM constituted 2.5 million hectares, 11.5 percent or almost 260,000 hectares above last year. Increased planting area was reported in Jharkhand at 54 percent, which witnessed the highest growth in planted area of rape and mustard seed compared to last year. This was followed by Gujarat (24.5 percent), Assam (14 percent) and Madhya Pradesh (11 percent growth).

² Dry weather is essential for the timely harvesting of RM crops.

³ 1 USD = INR 73.0

⁴ Based on GOI's decision to provide 50 percent return over its cost of production and aligned with the larger GOI mandate to double farmers' income by 2022.

This season, *taramira* (*Eruca sativa* or jamba oil) and *toria* (*Brassica rapa*) crop planting in Rajasthan and Uttar Pradesh are reported at 887,000 hectares and 421,900 hectares, respectively. This combined total of 1.3 million hectares for MY 2020/21 represents massive growth of over 684,200 hectares planted a year earlier. *Taramira* and *toria* can be raised profitably on marginal lands deemed unsuitable for successful production of cereals, but their yields are typically lower than those of the major varieties of rapeseed and mustard crops.

Water Availability in Reservoirs Better than Last Year

Per the Indian government’s reservoir storage bulletin of January 28, 2020, the live storage available⁵ across 128 reservoirs was 109.24 billion cubic meters (BCM) of water, or 63 percent of total live storage capacity. As northwestern and central India contributes more than 80 percent of the rapeseed and mustard crop, the current storage position in primary RM crop growing regions is significantly better than the average storage levels of the last ten years, indicating adequate soil moisture for RM crops. The eastern and northeastern RM producing states also received above-normal rainfall, indicating predictable production levels, which historically are approximately 20 percent of India’s oilseed production.

GOI Announces Updates to Import Duties on Edible Oils

On February 1, 2021, Finance Minister Nirmala Sitharaman presented the Indian government’s annual budget for IFY 2021/22, which introduced an Agriculture Infrastructure Development Cess (AIDC) on certain edible oils (Table 4) and other agricultural imports. The intent of the cess (tax) is to finance infrastructure development for agriculture and related activities. The GOI also reduced the Basic Customs Duty (BCD) on items being imported through the AIDC. The import duty on crude palm oil that was reduced from 37.5 percent to 27.5 percent in November 2020, again includes revised changes due from the applicable AIDC.

Table 4. India: Proposed Import Duty Changes in Annual Budget 2020/21

HS Code	Commodity	Basic Customs Duty	Social Welfare Surcharge	AIDC	Applicable Tariff
15111000	Crude Palm Oil	15% on tariff value	17.5% on tariff value	10%	35.75% on tariff value
15071000	Crude Soybean Oil	15% on tariff value	20% on tariff value	10%	38.50% on tariff value
15121110	Crude Sunflower Oil	35% on invoice value	20% on invoice value	10%	38.50% on invoice value

Source: Ministry of Finance, GOI and FAS New Delhi Research

⁵ The portion of the reservoir that can be used for flood control, power production, navigation, and downstream release.

Rapeseed Meal and Soybean Meal Exports Inch Higher

India's MY 2019/20 combined oil meal exports totaled 1.8 MMT. Despite stiff global market competition, rapeseed meal and soybean meal exports surged upwards, due to increased availability for exports, higher processing of rapeseed cake and outbreaks of Highly Pathogenic Avian Influenza (HPAI)⁶ that have affected domestic demand for soymeal. Major export destinations for Indian soybean meal include Indonesia, Vietnam and Bangladesh, and primary markets for Indian rapeseed meal include South Korea, Bangladesh, and Taiwan.

Table 5. India: Oilmeal Exports, Metric Tons (MT)

Month	Soybean Meal	Rapeseed Meal	Peanut Mal	Total
Apr-20	25,940	21,493	149	47,582
May-20	46,614	144,244	128	190,986
Jun-20	56,638	122,573	0	179,211
Jul-20	61,957	148,170	190	210,317
Aug-20	58,190	50,580	545	109,315
Sep-20	68,576	140,830	0	209,406
Oct-20	120,290	101,909	0	222,199
Nov-20	198,776	45,050	0	243,826
Dec-20	251,221	141,866	0	393,087
Apr-Dec, 2020	888,202	916,715	1,012	1,805,929
Apr-Dec, 2019	569,349	741,199	697	1,311,245
% Change	28	14	45	20

Source: Solvent Extractors Association of India

MY 2020/21 Vegetable Oil Imports Decline Marginally

Indonesia and Malaysia are the top palm oil suppliers to India. Indian imports of refined bleached deodorized (RBD) palmolien significantly declined after the GOI placed the commodity on a restricted list, with imports permitted only under a special import license. However, crude palm oil import duties that fell in November 2020, from 37.5 percent to 27.5 percent, prompted a surge of crude palm oil imports. RBD palmolien imports are expected to decline after March 2021 following the recently proposed import duty. Indonesia and Malaysia are top palm oil suppliers to India. Argentina is the top exporter of crude soybean oil to India, while Ukraine and Russia are the primary crude sunflower oil suppliers.

⁶ See [GAIN-IN2021-0020](#).

Table 6. India: Vegetable Oil Imports, (Thousand MT)

Commodity	Sep-20	Oct-20	Nov-20	Dec-20	Sept-Dec 20	Sept-Dec 19	Change %
RBD Palmolein	121	5	10	3	139	599	-77
Crude Palm Oil	615	754	589	748	2706	2419	12
Crude Palm Kernel Oil	16	17	19	19	71	52	36
Total Palm Oil	752	776	618	770	2916	3070	-5
Total Soybean Oil (crude)	316	278	251	323	1168	974	20
Total sunflower Oil (crude)	67	170	214	235	686	747	-8
Grand Total	1135	1224	1083	1328	4770	4791	0

Source: Solvent Extractors Association of India

FSSAI Retracts Order Prohibiting Mustard Oil Blending

On December 4, 2020, the GOI's Food Standards and Safety Authority of India (FSSAI) withdrew its September 23, 2020 [Draft Food Safety and Standards Amendment Regulation](#), which prohibited the manufacturing and sale of blended edible vegetable oils with mustard oil. Local industry had argued that blending of mustard oil allows for more affordable cooking oils for end consumers.

Attachments:

No Attachments