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Report Highlights:

India's rapeseed and mustard production estimate for marketing year 2021/2022 (October-September) is revised upward to 10.8 million metric tons on account of significantly higher acreage at almost 9.2 million hectares, high domestic prices, and a good monsoon performance. Exports of rapeseed meal sank 66 percent between October 2021 through January 2022 due to lower crushing availability. Recently announced duty changes in palm oils will encourage domestic refineries to import crude palm oil and other edible oils as opposed to refined palm oil.

GENERAL INFORMATION

Rapeseed-Mustard Sowing Update: On February 4, 2022, India's Ministry of Agriculture and Farmers Welfare (MOAFW) published its official *rabi*[1] planting update. Area under Rapeseed-Mustard (RM) witnessed a sharp 25 percent rise over last year owing to high market prices and good residual soil moisture left by an extended southwest monsoon.[2] A strong northeast monsoon (October through December) further encouraged RM-crop planting across the country but particularly in Gujarat and Madhya Pradesh (Table 1).

India's experienced continued plentiful rainfall in January 2022, with excess precipitation reported across key RM crop growing regions in northwest and central India. This has led to minor crop damage in some areas in Rajasthan, Madhya Pradesh, and Haryana. The damage appears to be limited with expected overall higher yields and a good crop condition. The MOAFW reservoir storage bulletin as on February 11, 2022, indicates live storage (gross volume water storage) available in its reservoirs at 175.96 billion cubic meters and 68 percent of total live storage capacity.

Table 1. Rapeseed-Mustard Crop Sowing Progress (Million Hectares)

Area Planted as of February 4, 2022				
State	**2021/22**	**2020/21**	**Normal Area**	**% Change**
Rajasthan	3.52	2.56	2.55	38
Uttar Pradesh	1.41	1.23	0.7	15
Madhya Pradesh	1.17	0.8	0.7	50
Haryana	0.76	0.61	0.56	26
West Bengal	0.61	0.58	0.55	4
Gujarat	0.34	0.21	0.2	59
Assam	0.32	0.31	0.28	1
Jharkhand	0.405	0.431	0.26	(6)
Rest of India	0.633	0.582	0.355	1
All India	**9.168**	**7.313**	**6.155**	**25**

Note: Converted to million hectares from official data reported in *lakh* (100,000) hectares.
Source: MOAFW.

POLICY

Revised Edible Oil Import Duties

On February 14, 2022, the Indian government's Ministry of Consumer Affairs, Food and Public Distribution reduced its agriculture cess[3] on Crude Palm Oil (CPO) from 7.5 percent to 5 percent (Table 2). The move aims to limit Indian imports of refined palm oil and encourage domestic refineries to instead import CPO for refining. Additionally, the Indian government plan hopes to check inflation across its edible

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[1] *Rabi* crops are sown in winter and harvested in the spring in India.
[2] The southwest monsoon withdrew from India on October 25, 2021, while the northeast monsoon was established on the same date.
[3] The Agriculture and Infrastructure Development Cess is a kind of special-purpose tax which is levied over and above basic tax rates and to raise funds to finance spending on developing agriculture infrastructure.

oil basket and provide relief to consumers. The duty changes became effective on February 12, 2022 (Source: Indian Government Press Information Bureau).

Table 2. Import Duties on Edible Oils (Percentage)

Oil	Effective February 12, 2021				Effective December 20, 2021			
	Basic Duty	Agri Cess	Social Welfare Cess	Effective Duty	Basic Duty	Agri Cess	Social Welfare Cess	Effective Duty
Crude Palm Oil (CPO)	Nil	5	10	5.5	Nil	7.5	10	8.25
RBD Palmolein	12.5	-	10	13.75	12.5	-	10	13.75
RBD Palm Oil	12.5	-	10	13.75	12.5	-	10	13.75
Crude Soybean Oil	Nil	5	10	5.5	Nil	5	10	5.5
Crude Sunflower Oil	Nil	5	10	5.5	Nil	5	10	5.5
Crude Rapeseed Oil	35	-	10	38.5	35	-	10	38.5
Crude Cottonseed Oil	35	-	10	38.5	35	-	10	38.5
Refined Soybean Oil	17.5	-	10	19.25	17.5	-	10	19.25
Refined Sunflower Oil	17.5	-	10	19.25	17.5	-	10	19.25
Refined Rapeseed Oil	45	-	10	49.5	45	-	10	49.5
Refined Cottonseed Oil	45	-	10	49.5	45	-	10	49.5

Data source: Solvent Extractors Association (SEA).

Stock Limits

On February 3, 2022, the Department of Food and Public Distribution issued the "Removal of Licensing Requirements, Stock Limits and Movement Restrictions on Specified Foodstuffs (Amendment) Order, 2022," where stock limits were placed on all edible oils and oilseeds (Table 3) (Source: Business Standard). However, six states, including Uttar Pradesh, Karnataka, Himachal Pradesh, Telangana, Rajasthan, and Bihar are exempt as they have already imposed their own stock limits. Other exemptions have also been provided to trading entities that meet certain procurement criteria.

Rajasthan, India's largest producing state of the RM crop, imposed its own stock limits on November 26, 2021, and these are valid through March 31, 2022. However, the move is reported to have limited impact as most of the stockists own multiple entities and can circumvent import requirements, in addition to the short validity period.

Table 3. India: Government Stock Limit Requirements

Name of Essential Commodity	Retail	Wholesale	Bulk consumers (Big chain retailers shops)		Processor
			Retail outlets	Depot	
Edible Oil	30 Quintals	500 Quintals	30 Quintals	1000 Quintals	90 days of storage capacity
Edible Oilseeds	100 Quintals	2000 Quintals	--		90 days production of edible oils, as per daily input production capacity

Note: One quintal equals 100 kilograms.
Source: Ministry of Consumer Affairs, Food and Public Distribution, Government of India.

Ban on Futures Trade

On October 8, 2021, the Securities and Exchange Board of India (SEBI), the regulatory body for commodity and stock markets, banned new futures and options contracts for the RM crop and its derivatives, and market participants were only given the option to trade their existing positions. While the SEBI did not cite any rationale behind the move, industry sources point to India's surging inflation (both retail and wholesale price index) as the reason behind the move. Furthermore, on December 20, 2021, the SEBI extended the ban on soybean and its derivatives, CPO, paddy rice (non-basmati), wheat, chickpeas, and mung bean (green gram) (Source: SEBI).

Rabi Oilseed Crop Minimum Support Price

On September 8, 2021, the Indian government announced its Minimum Support Price (MSP) for *rabi* crops for the current season. For oilseeds, the Indian government increased the MSP for rapeseed-mustard by nine percent to USD[4] 673 per metric ton (MT) (Indian Rupee [INR] 50,500/MT) from the previous season price of $619.5/MT (INR 46,500/MT) (Source: MOAFW).

COMMODITIES, OILSEEDS:
RAPESEED

Table 4. India: Oilseed, Rapeseed, Production, Supply and Distribution

Oilseed, Rapeseed	**2019/2020**		**2020/2021**		**2021/2022**	
Market Begin Year	**Oct-19**		**Oct-20**		**Oct-21**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (1000 HA)	7400	7400	8200	8200	7200	9200
Area Harvested (1000 HA)	6856	6856	6700	6700	8500	8600
Beginning Stocks (1000 MT)	469	469	269	269	369	369
Production (1000 MT)	7400	7400	8500	8500	10800	10800
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	7869	7869	8769	8769	11169	11169
MY Exports (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	7000	7000	7500	7500	9650	9650
Food Use Dom. Cons. (1000 MT)	250	250	650	650	650	650
Feed Waste Dom. Cons. (1000 MT)	350	350	250	250	350	350
Total Dom. Cons. (1000 MT)	7600	7600	8400	8400	10650	10650
Ending Stocks (1000 MT)	269	269	369	369	519	519
Total Distribution (1000 MT)	7869	7869	8769	8869	11169	11169
Yield (MT/HA)	1.0793	1.0793	1.2687	1.2687	1.2706	1.2558

Data source: OAA New Delhi historical data series. Post forecast for 2021/22, while 2020/21 and 2019/20 are FAS estimates.

[4] For purposes of this report, $1 USD = Indian rupee 75.06.

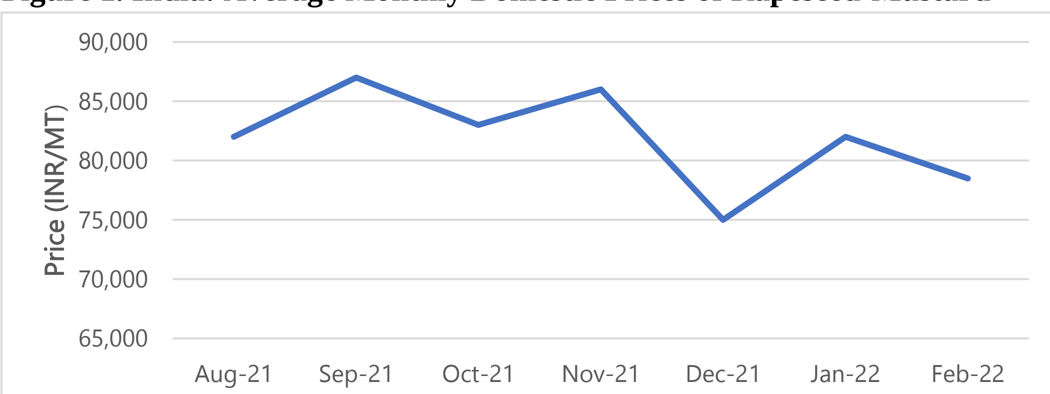
PRODUCTION

Market Year 2021/2022 Rapeseed-Mustard Production Revised Upwards: Indian rapeseed and mustard crop production for marketing year (MY) 2021/22 (October-September) is revised upwards to 10.8 million metric tons (MMT) on a record 9.2 million hectares, based on industry reporting higher acreage and yield estimates from plentiful monsoon precipitation. Key RM-crop growing states of Rajasthan, Uttar Pradesh and Madhya Pradesh have reported increased planting area over last year by 38, 15, and 50 percent respectively (Table 1). Popular RM crop varieties include brown and yellow *sarson*, *raya*, and *toria*, while *gobhi sarson* is the emerging variety in North India.

PRICES

The higher MSP announcement by the Indian government encouraged initial plantings, however, bullish domestic prices have encouraged farmers to sow greater RM-crop acreage this year—a trend that is likely to continue next season. Domestic RM-crop prices reached $116.50 per quintal[5] (INR 8,750/quintal) the first week of February 2022, the highest to date. The arrival of newer crop in the market (expected at the end of February) will likely lead to price corrections within the $100-$104/quintal (INR 7,500-7,850/quintal) range. According to industry sources, prices are expected to remain firm (Figure 1), despite higher production, which is attributable to stable domestic demand and the Indian government's decision to ban blending of mustard oil with other edible oils. (See: GAIN IN2020-0173)

Figure 1. India: Average Monthly Domestic Prices of Rapeseed-Mustard



Note: All prices ex-Jaipur (Rajasthan) market.
Data source: OAA New Delhi historical data series.

[5] One quintal = 100 kilograms.

COMMODITIES: MEAL
RAPESEED MEAL

Table 5. India: Meal, Rapeseed, Production, Supply and Distribution

Meal, Rapeseed	**2019/2020**		**2020/2021**		**2021/2022**	
Market Begin Year	**Oct-19**		**Oct-20**		**Oct-21**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush (1000 MT)	7000	7000	7500	7500	9650	9650
Extr. Rate, 999.9999 (PERCENT)	0.5957	0.5957	0.5971	0.5971	0.5959	0.5959
Beginning Stocks (1000 MT)	261	261	531	531	600	600
Production (1000 MT)	4170	4170	4478	4478	5750	5750
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4431	4431	5009	5009	6350	6350
MY Exports (1000 MT)	950	950	1032	1032	1200	1200
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)	2950	2950	3377	3377	4471	4471
Total Dom. Cons. (1000 MT)	2950	2950	3377	3377	4471	4471
Ending Stocks (1000 MT)	531	531	600	600	679	679
Total Distribution (1000 MT)	4431	4431	5009	5009	6350	6350

Data source: OAA New Delhi historical data series. Post forecast for 2021/22, while 2020/21 and 2019/20 are FAS estimates.

TRADE

Indian rapeseed meal exports plummeted 66 percent October 2021 to January 2022. In December 2021, exports shrank by almost 91 percent compared to December 2020 (Table 6). This drastic reduction occurred as India’s 2020/21 rapeseed crop supply was crushed mostly during the early months of the season, thereby affecting availability for late-year exports. New crop crushing should ensue by the end of February 2022 onward. South Korea, Vietnam, Thailand, Bangladesh, and Taiwan were the top importers of Indian rapeseed meal during the 2020/21 market year.

Table 6. India: Oil Meal Exports (Metric Tons)

Month	Soybean Meal	Rapeseed Meal	Peanut Meal	Total
October-2021	14,538	52,875	0	67,413
November-2021	42,951	42,383	319	85,653
December-2021	43,260	12,980	285	56,525
January-2022	52,771	16,164	0	68,935
Oct-2021 to Jan-2022	**153,520**	**124,402**	**604**	**278,526**
Oct-2020 to Jan-2021	**853,454**	**363,065**	**5,549**	**1,222,068**
% Change	**(82)**	**(66)**	**(89)**	**(77)**

Data source: SEA.

Other Oilseed Meals Impacting Trade: India's soybean meal exports drastically fell by 82 percent between October 2021 and January 2022, as Indian soymeal continues to remain outpriced globally. The January 2022 average price for Indian soybean meal (ex-Kandla) was quoted at $750/MT, as compared to Argentina ($460/MT) in the same period. India's soymeal exports will likely remain lower for the upcoming quarter due to higher price parity and tight crushing margins. Consequently, tighter market arrivals for soybeans as farmers are holding on to the crop harvested in late 2021 have led to lower crushing, encouraging greater soybean oil imports.

The Soybean Processors Association of India, an Indian-based soybean advocacy group, has urged the Indian government to provide inland transport subsidies to support domestic exporters of soybean products to remain competitive in the global market (See: Times of India; January 20, 2022).

COMMODITIES: OILS
RAPESEED OIL

Table 7. India: Oil, Rapeseed, Production, Supply and Distribution

Oil, Rapeseed	**2019/2020**		**2020/2021**		**2021/2022**	
Market Begin Year	**Oct-19**		**Oct-20**		**Oct-21**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush (1000 MT)	7000	7000	7500	7500	9650	9650
Extr. Rate, 999.9999 (PERCENT)	0.38	0.38	0.38	0.38	0.38	0.38
Beginning Stocks (1000 MT)	218	218	180	180	334	334
Production (1000 MT)	2660	2660	2854	2854	3667	3667
MY Imports (1000 MT)	78	78	25	25	40	40
Total Supply (1000 MT)	2956	2956	3059	3059	4041	4041
MY Exports (1000 MT)	6	6	7	7	10	10
Industrial Dom. Cons. (1000 MT)	80	80	70	70	70	70

Food Use Dom. Cons. (1000 MT)	2690	2690	2648	2648	3575	3575
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	2770	2770	2718	2718	3645	3645
Ending Stocks (1000 MT)	180	180	334	334	386	386
Total Distribution (1000 MT)	2956	2956	3059	3059	4041	4041

Data source: OAA New Delhi historical data series. Post forecast for 2021/22, while 2020/21 and 2019/20 are FAS estimates.

TRADE

Malaysia and Indonesia continue as the top palm oil suppliers between October 2021 to December 2021. During this period, India also imported crude degummed soybean oil from Argentina, and Brazil, while Ukraine and Russia exported crude sunflower oil to India (Table 8). Between October 2021 to December 2021, India imported a small volume (32,238 MT) of rapeseed oil (colza) and Mustard Oil (HS Code: 1514). India's exports of rapeseed oil are negligible.

Table 8. India: Edible Oils Imports (1000 Metric Tons)

Commodity	Oct-21	Nov-21	Dec-21	Jan-22	Total
Total Palm Oil (RBD Palmolein, crude palm oil, crude palm kernel oil)	772	540	566	553	2,431
Total Soybean Oil (crude)	217	474	392	391	1,474
Total Sunflower Oil (Crude)	117	125	258	308	808
Oct-2021 to Jan-2022	1,106	1,139	1,216	1,252	4,713
Oct-2020 to Jan-2021	1,224	1,083	1,328	1,158	4,793
% Change	(10)	5	(8)	8	(2)

Data source: SEA.

Attachments:

No Attachments