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India

Oilseeds and Products

Oilseeds Update - September 1998

Prepared by:
Weyland Beeghly
U.S. Embassy
Drafted by:
V.Shunmugam

Report Highlights:
Adulterated mustard/rapeseed oil is creating panic in the Indian vegetable oil market and is attributed to more than 30 deaths. The sale of mustard/rapeseed oil, which accounts for 26 percent of edible oil consumption, has been banned in 13 states. 1998/99 planted soybean area has been revised upward to 6.1 mha and production increased to 5.8 mmt. However, optimism regarding crop prospects is tempered by dry conditions in major, soybean-growing areas of Madhya Pradesh and Rajasthan. Vegetable oil prices continued to rise during August despite a pick up in the pace of imports.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Mustard/Rapeseed Oil Use Banned

(Note: In India, mustard oil is typically mixed with rapeseed oil and then referred to as mustard oil.) Large-scale adulteration of mustard/rapeseed oil with oil from the poisonous weed seed argemone mexicana has led to an outbreak of dropsy and resulted in more than 30 deaths. To date, 13 state governments have banned the sale of mustard/rapeseed oil, thereby increasing demand and prices for other oils. Mustard/rapeseed oil accounts for approximately 25 percent of the country's total vegetable oil consumption. While it is difficult at this point to assess the full implications of the ban, it will have no doubt a significant impact on the country's overall vegetable oil supply situation. To offset the shortage caused by the ban, imports of other oils are expected to increase in the coming months.

Argemone mexicana, popularly known as prickly poppy, is a common weed in north India. The seeds of this plant are similar to mustard seed/rapeseed, which makes adulteration difficult to detect. The sharp decline in last year's rapeseed production and resultant higher prices apparently motivated unscrupulous traders to mix this poisonous seeds with mustard seed. It is also reported that some oilseed processors deliberately mixed oil from this seed with rapeseed oil. An intake of argemone mexicana seed/oil, even in small dozes, causes dropsy (a lethal disease which affects the heart and blood vessels), the symptoms of which include swelling of the joints, skin pigmentation and nausea.

Dry Weather Tempers Soybean Production Outlook

The estimate for soybean area planted has been revised upward to 6.1 mha, compared to 5.6 mha last year. Earlier optimism regarding this year's soybean production has been recently tempered by inadequate rains in major soybean growing regions of Madhya Pradesh and Rajasthan. Prolonged moisture stress while the crop is in the critical flowering and pod development stages could significantly reduce yields. In addition, the poor quality of planting seeds saved from last year's rain-damaged crop and localized incidences of rust infestation are expected to limit production. Assuming an average yield of 950 k/ha, 1998/99 soybean production is forecast at 5.8 mmt. Prolonged, dry weather in the major peanut growing state of Gujarat is also causing some concern. Production outlook in the southern states appears to be good due to well-distributed rains in this region.

Spurt in Vegetable Oil Prices

Vegetable oil prices continued their upward spiral during August, with the indicative peanut oil price reaching a record rs. 60,000/mt (US$ 1,395/mt) by month-end. Prices of other vegetable oils have also increased significantly. A decline in supplies from producing centers coupled with enhanced demand in anticipation of the festival season contributed to the spurt in prices. Although imported oils are arriving in larger quantities following the government's decision to reduce the import duty on vegetable oils, the continued devaluation of the India rupee against the US dollar makes imported oils costlier. Prices are likely to remain firm until the new crop starts arriving in October.

Pace of Edible Oil Imports Up

High domestic prices for vegetable oils, the recent reduction in the import duty on vegetable oils and increased demand during the festive season have resulted in an increase in imports in recent months. Provisional data compiled by the Solvent Extractors Association indicate November/July 1997/98 imports at about 1.0 mmt, compared to nearly 1.2 mmt imported during the corresponding period of last year. The State Trading Corporation of India (STC) has bought close to 100,000 mt of palm olein on government account in recent weeks, out of an authorized quantity of 150,000 mt. Private imports have also been heavy in recent months. Reports indicate that August arrivals of edible oil in Mumbai port alone are expected to touch 130,000 mt (77,000 mt of palm olein and 53,000 mt of other oils, mainly soybean and sunflower oil). Although palm olein continues to be the most significant imported oil, the lower price of soybean oil vis a vis other oils has led to increased private sector imports of soybean oil in recent months. Due to higher world market prices for sunflower seed oil, imports are down sharply from last year's level.

Vegetable Oil Imports: November - July 1996/97 and 1997/98 (in mt)

Edible oil	1996/97	1997/98
RBD Palm olein	731,753	841,493
Sunflower seed oil	326,702	69,291
Soyabean oil	34,846	64,894
Refined Soyabean oil	0	21,988
Refined Rapeseed oil	0	13,760
Cotton seed oil	32,920	5,079
Rapeseed oil	27,203	4,787
Total	1,153,424	1,021,292

Commodity : Oilseed, Soybean (in ‘000 mt)(area in ‘000 ha)

PSD Table						
Country:	India					
Commodity:	Soybean					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Planted	5000	5000	5600	5600	5800	6100
Area Harvested	5000	5000	5600	5600	5800	6100
Beginning Stocks	0	0	0	0	0	0
Production	4100	4100	5350	5350	5500	5800
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4100	4100	5350	5350	5500	5800
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	3650	3650	4770	4770	4870	5170
Food Use Dom. Consump.	50	50	80	80	80	80
Feed Waste Dom.Consum.	400	400	500	500	550	550
Total Dom. Consumption	4100	4100	5350	5350	5500	5800
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	4100	4100	5350	5350	5500	5800
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Commodity : Meal, Soybean (in ‘000 mt)

PSD Table						
Country:						
Commodity:						
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Crush	3650	3650	4770	4770	4870	5170
Extr. Rate	0.8	0.8	0.7966457	0.7966457	0.798768	0.7930368
Beginning Stocks	390	390	170	170	370	370
Production	2920	2920	3800	3800	3890	4100
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3310	3310	3970	3970	4260	4470
MY Exports	2500	2450	2500	2500	3000	3000
MY Exp. to the EC	0	0	0	0	0	0
	0	0	0	0	0	0
	50	50	100	100	0	100
	590	640	1000	1000	900	1100
	640	690	1100	1100	900	1200
Industrial Dom. Consum	170	170	370	370	360	270
Food Use Dom. Consump.	3310	3310	3970	3970	4260	4470
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	0	0	0	0	0	0
Calendar Year Exports	2500	2450	3000	2500	3000	3000
Caldnr Yr Exp. to U.S.	0	0	0	0	0	0

Commodity : Oil, Soybean (in '000 mt)

PSD Table						
Country:						
Commodity:						
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Crush	3650	3650	4770	4770	4870	5170
Extr. Rate	0.1753425	0.1753425	0.1802935	0.1802935	0.1796715	0.1798839
Beginning Stocks	0	0	0	0	0	0
Production	640	640	860	860	875	930
MY Imports	60	60	70	120	60	100
MY Imp. from U.S.	20	20	30	15	30	20
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	700	700	930	980	935	1030
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	700	700	930	960	935	1030
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	700	700	930	960	935	1030
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	700	700	930	960	935	1030
Calendar Year Imports	60	60	70	120	60	100
Calendar Yr Imp. U.S.	20	20	30	15	30	20
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0