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Report Highlights:

FAS New Delhi's forecast for India's soybean oilseed production for marketing year (MY) 2023/24 is revised to 12 million metric tons (MMT), slightly lower than the MY 2022/23 at 12.4 MMT which accounts for the impact of the El Nino weather pattern. India's soybean oil production for MY 2023/24 is 1.7 MMT, a slight decrease from MY 2022/23 but still a relatively high-level owing to consistent yields and total supply of oilseeds used for "crush-to-oil" over the last two years. As domestic feed and food demand is higher, Indian soybean oil exports are minimal. The import of edible oils in MY 2023/24 decreased from nearly 17 MMT in MY 2022/23 to 15 MMT in the current MY. The top three vegetable oil imports – palm, soybean, and sunflower seed oil decreased by 6.5, 15.4 and 6.9 percent respectively due to various geo-political-economic dynamics and increased domestic production goals in India. India's soymeal production forecast for MY 2023/24 is 7.5 MMT which is lower than the MY 2022/23.

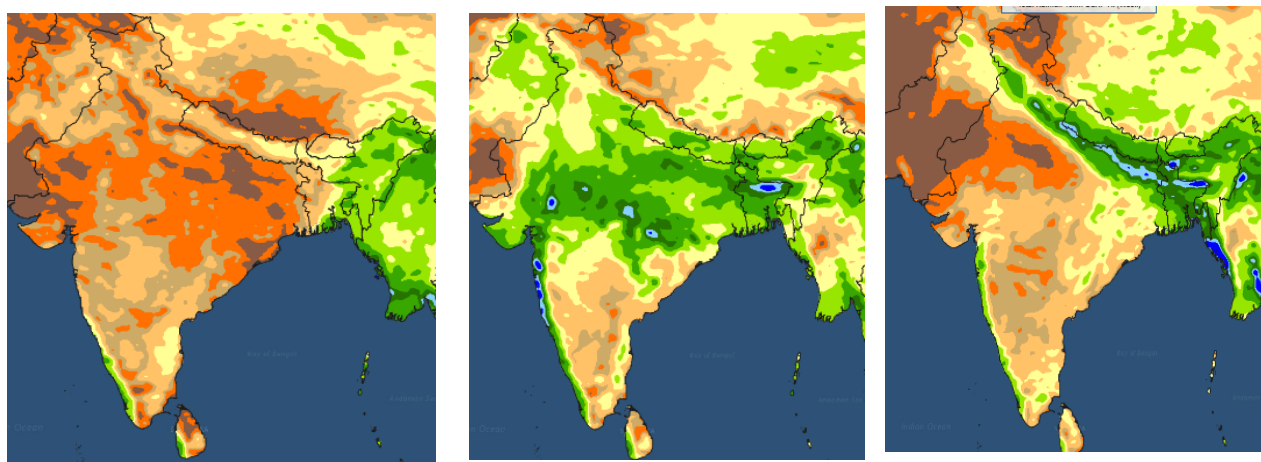
GENERAL INFORMATION:

Update on India's Current and Future Weather Patterns

Experts are predicting El Nino will have a more significant impact in India in 2024, which could affect a majority of the crops including oilseeds. There is still a degree of uncertainty at this time, considering El Nino has not always led to a lack of monsoon in India. There have been previous patterns of dry spells that were coupled with a cumulative average rainfall from the monsoon season. There is also the influence of the snow cover in the Himalayan region that intensifies the circulation and can bring more rain to the Indian subcontinent.¹ According to the U.S. Climate Prediction Center (CPC), the temperature of the equatorial sea surface will be below average until December 2023 and the El Nino effect will be between January and March 2024.²

India experienced near normal cumulative rainfall across most northwestern and central states this year while the southern states experienced more of a dry spell. Certain states were slightly delayed in the planting of *kharif*³ crops – namely Rajasthan, Madhya Pradesh, Maharashtra, and Andhra Pradesh – due to the monsoon's late arrival in mid-June, but heavy rains at the end of June offset the effects of the delay. As seen in Figure 1 and Figure 2, the rainfall in the state of Gujarat ensured a good crop production of peanuts. Likewise, the rain in Rajasthan for MY 2022/23 provided a good soybean crop.

Figure 1. Total Rainfall in India June – August 2023



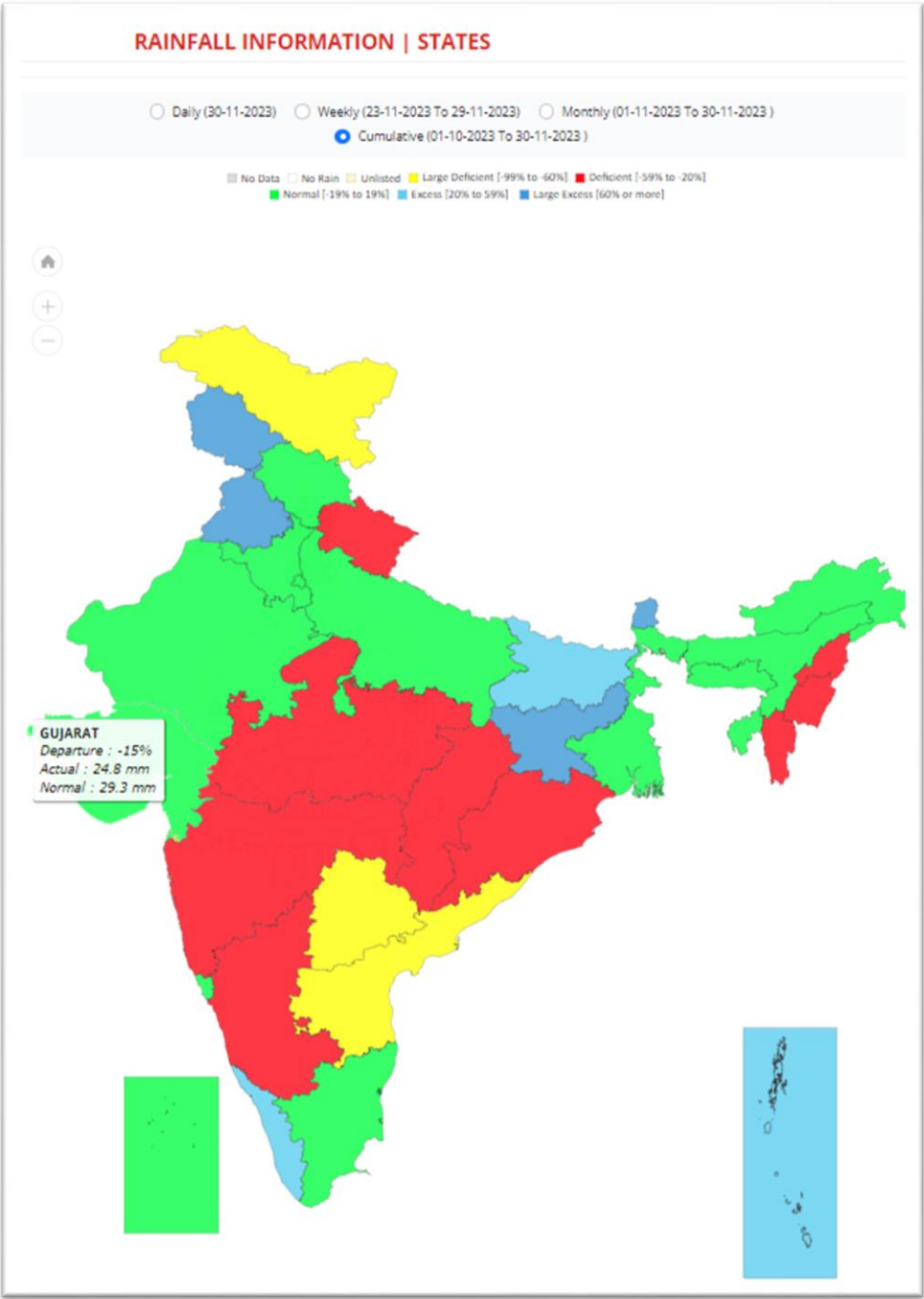
Data Source: USAF 7x (June, July, August 2023), USDA Global Agricultural and Disaster Assessment System

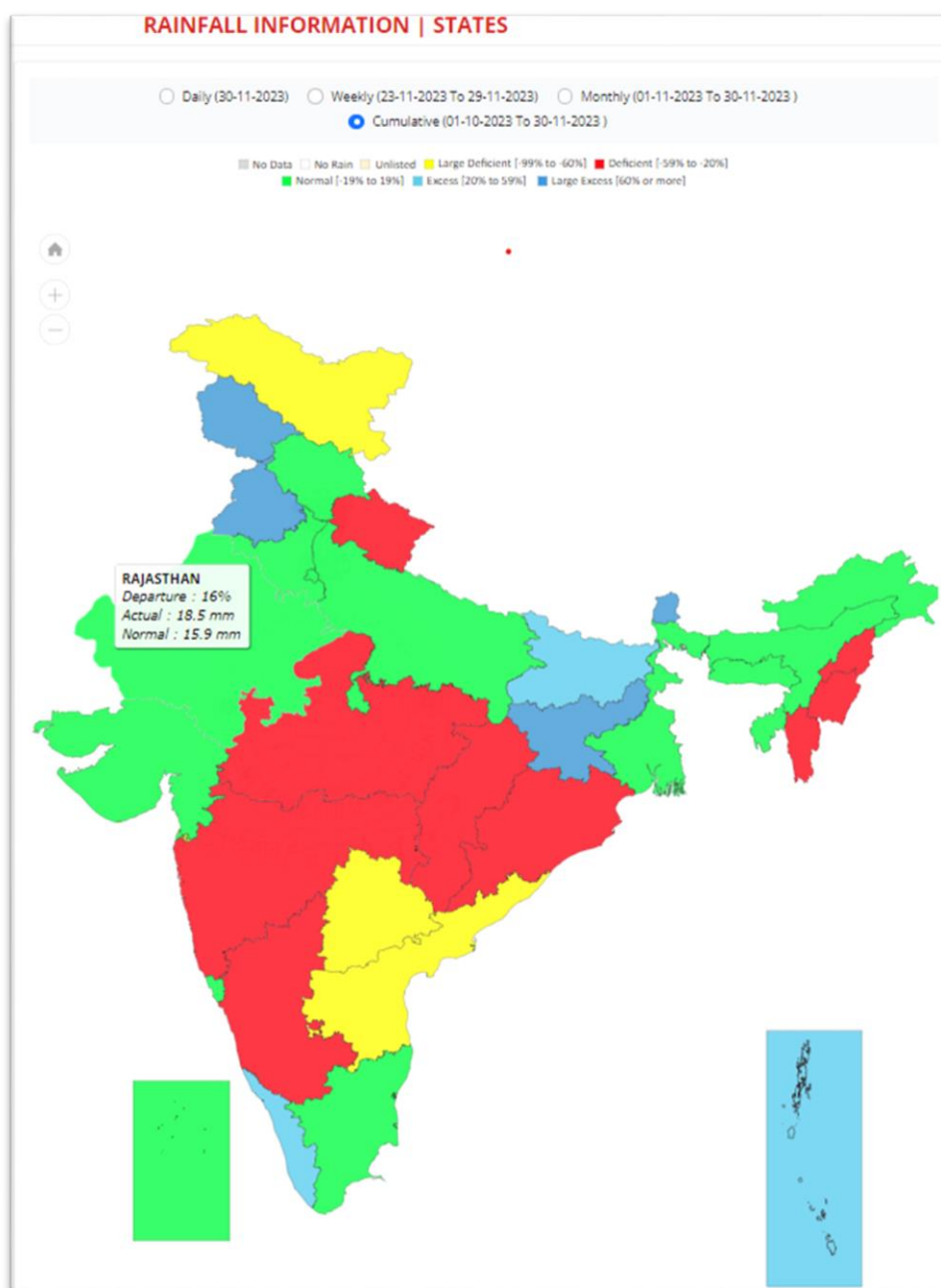
¹ See: “ENSO and the Indian Monsoon... not as straightforward as you’d think”, [NOAA Climate.gov](https://www.noaa.gov/news/indian-monsoon-2023), Published on July 2014.

² See: [Business Line](https://www.businessinsider.com/el-nino-likely-to-continue-till-may-2024-says-us-weather-agency), “El Nino likely to continue till May 2024, says US weather agency”. Published on October 17, 2023

³ Kharif crops are cultivated and harvested during the monsoon season.

Figure 2. Cumulative Rainfall for Select Indian States October – November 2023





Data Source: India Meteorological Department Ministry of Earth Sciences Government of India.

POLICY:

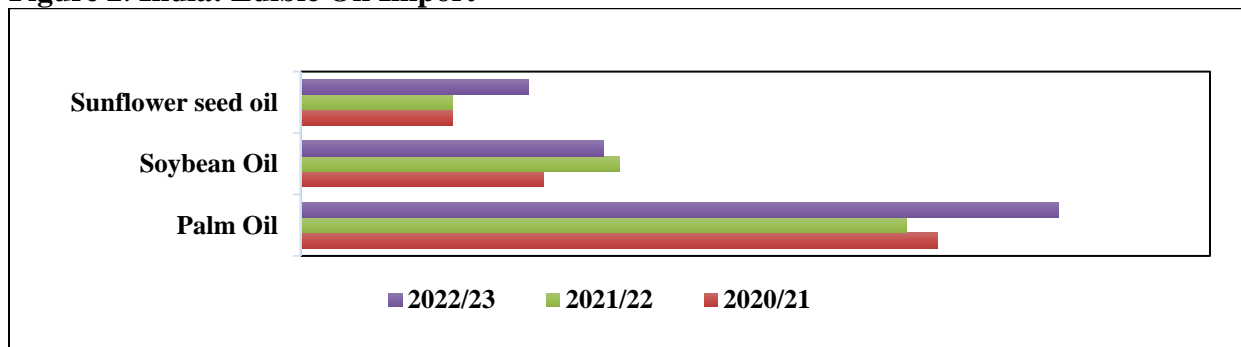
Government of India Final Oilseed Crop Production Estimates for 2022/23

On October 18, 2023, the Ministry of Agriculture and Farmers Welfare released the final total oilseed production estimate of 41.3 million metric tons (MMT) for MY 2022/23.⁴ Groundnuts, soybean, and rapeseed-mustard production are estimated at 10.3 MMT, 14.9 MMT, and 12.6 MMT respectively. Whereas United State Department of Agriculture (USDA's) official estimates for the same crops are estimated at 6.3 MMT, 12.4 MMT and 11.3 MMT respectively.⁵

Edible Oil Price Stabilization

Earlier this summer the Indian government reduced import duties for refined sunflower and soybean oils from 17.5 to 12.5 percent and similarly reduced duties for unrefined (crude) palm, sunflower, and soybean oils to 5 percent.⁶ The Indian government lowered these import duties to reduce domestic price volatility and to make edible oil accessible to consumers. Together with these reduced taxes, the global market's price adjustment provided cheaper edible oil, which increased Indian imports in MY 2022/23.

Figure 2. India: Edible Oil Import



Data Source: Trade Data Monitor, FAS research

As seen in Figure 2, sunflower seed oil and palm oil increased by 52 and 26 percent respectively during the MY 2022/23 compared to MY 2021/22. However, the import of soybean oil decreased by 6 percent for MY 2022/23 owing to lower supply from Argentina and an increase in domestic production.

Further, India's edible vegetable oil ending stocks surged to 3.7 MMT for the MY 2022/23 compared to the previous estimate of 2.1 MMT, due to higher imports of palm oil primarily and sunflower seed oil to a lesser extent. This allowed traders/framers holding stocks to achieve better prices.

For MY2023/2024, according to various sources, the import of edible oils from December 2023 to January 2024 will reduce due to higher stockpiles and the rising shipping cost for palm oil, valued currently at 77,500/MT (INR) or \$930/MT⁷.

⁴ "Final estimates of production of major crops released for the year 2022-23", Press Information Bureau, Release Id: [1968931](#)

⁵ A Minimum Support Price Hike for Rabi Crops for Marketing Year 2024 to 2025 - [IN2023-0084](#)

⁶ India Reduces Import Duties on Refined Sunflower and Soybean Oils - [IN2023-0045](#)

⁷ For purposes of this report, USD \$1 equals INR 83. One quintal equals to 100 kilograms.

Plans to Increase Indian Oilseed Production and Trade

On November 2, 2023, India's Solvent Extractor's Association (SEA) signed a Memorandum of Understanding (MOU) with the Brazilian Association of Vegetable Oil Industries (ABIOVE) for soybean oil trade integration and to exchange technology to increase India's domestic production.⁸

New Minimum Support Price (MSP) hike for *Rabi* Crops Announced

To guarantee profitable prices for farmers and promote crop diversification among oilseeds, the Indian government recently increased support prices. In October, the Cabinet Committee on Economic Affairs announced the new MSP for several *Rabi*⁹ crops for the Indian crop year 2023/24 from October to March.¹⁰ The MSP for rapeseed-mustard increased by 3.6 percent and safflower by 2.6 percent respectively, from the previous crop year.

Genetically Engineered Mustard Seed Still Under Review

On October 18, 2022, the Genetic Engineering Appraisal Committee within the Ministry of Environment, Forest, and Climate Change recommended release of commercial cultivation of transgene-free mustard seed (DMH-11) based on gene editing that is not considered to be genetically modified.¹¹ However, the issue is being challenged and the Indian government is awaiting the Supreme Court's final verdict to start the trial. As a result, the crop faces uncertainty for the 2023/24 sowing season.

OILSEEDS SECTION

Production:

Marketing Year 2023/24 Soybean Production Estimate Revised Higher

FAS New Delhi (post) revises India's soybean production for MY 2023/24 (October-September) slightly upward from the previous forecast of 11.9 MMT to 12 MMT, harvested from 12.8 million hectares. The initial estimate accounted for the unpredictable rainfall linked to El Nino conditions during the soybean planting season during MY 2023/24. However, the latest projections from the National Oceanic and Atmospheric Administration's climate prediction center, indicates India may experience effects of El Nino that include dry spells and less rainfall. The forecast specifies the period between March and May 2024.¹² Incidentally, this would not have as great of an impact on soybean planting since the season in India falls between June and July. As such, post forecasts area planted at 13.1 million hectares for MY 2023/24, since soybean oilseeds offer a comparatively good profit due to competitive domestic pricing. However, area harvested is estimated at 12.8 million hectares to take into the account the erratic weather condition post planting season.

Post's estimates for MY 2022/23 for soybean production remain unchanged at 12.4 MMT, harvested from 13.1 million hectares. In Madhya Pradesh and Maharashtra, the planting of soybeans were impeded

⁸ See: [Economic Times](#), "India's SEA sign MoU with Brazil's ABIOVE for soyabean oil imports". Published on November 6, 2023

⁹ Rabi crops are sown in winter and harvested in the spring in India.

¹⁰ "Cabinet approves Minimum Support Prices (MSP) for Rabi Crops for Marketing Season 2024-25, Press Information Bureau, Release Id: [1968729](#).

¹¹ See: Ministry of Agriculture & Farmers Welfare, Press Information Bureau; Release Id: [1897008](#)

¹² See: [Economic Times](#), "Potential 'Super El Nino' in 2024 and its implications for India's monsoon". Published on October 16, 2023

by the monsoon's delayed arrival by over a week; nevertheless, early July rainfall aided in the crop's agile growth.

Stocks

Soybean stocks for MY 2023/24 is forecasted to be ending higher at 1.4 MMT as farmers are expected to hold onto soybean oilseeds to attain favorable pricing. Crush is forecasted at 9.8 MMT, approximately a 5 percent decrease from MY 2022/23.

Prices

For MY 2022/23, the domestic market price for soybean hovered mostly around \$566 to \$602/MT (INR 47,000 to 50,000/MT), which was slightly above the MSP of \$554/MT (INR 46,000/MT). Sufficient supply of soybeans due to higher beginning and ending stocks, and good domestic production for last 2 years kept the price comparatively lower in 2022/23.

For MY 2023/24, the spot price for soybean is forecasted to remain between \$578 to \$614/MT (INR 48,000 to 51,000/MT) until the sowing of next season's crop. On November 24, NCDEX spot prices were \$632/MT (INR 52,510/MT).

Trade

For the MY 2022/23, India imported 7 MMT of soybean oilseeds mostly from west and east Africa. India exported 22 MMT of soybean oilseeds. Canada accounted for 11 MMT, and the rest went to neighboring countries, Nepal and Sri Lanka.

Table 1. India: Oilseed, Soybean, Production, Supply and Distribution

Oilseed, Soybean	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	12700	12700	13000	12800	13000	13100
Area Harvested (1000 HA)	12147	12147	13084	13100	13000	12800
Beginning Stocks (1000 MT)	120	120	1493	1504	1579	1495
Production (1000 MT)	11889	11900	12411	12411	11000	12000
MY Imports (1000 MT)	555	555	700	702	500	600
Total Supply (1000 MT)	12564	12575	14604	14617	13079	14095
MY Exports (1000 MT)	61	61	25	22	50	75
Crush (1000 MT)	8500	8500	10300	10300	9500	9800
Food Use Dom. Cons. (1000 MT)	660	660	800	900	850	950
Feed Waste Dom. Cons. (1000 MT)	1850	1850	1900	1900	1550	1850

Total Dom. Cons. (1000 MT)	11010	11010	13000	13100	11900	12600
Ending Stocks (1000 MT)	1493	1504	1579	1495	1129	1420
Total Distribution (1000 MT)	12564	12575	14604	14617	13079	14095
Yield (MT/HA)	0.9788	0.9797	0.9486	0.9474	0.8462	0.9375
(1000 HA) ,(1000 MT) ,(MT/HA)						

Data source: Post forecasts for 2023/24; 2021/22 and 2022/23 are estimates.

MEALS SECTION

Production and Trade Forecasts:

Post maintains the soymeal production for MY 2023/24 at 7.5 MMT, which is lower than the MY 2022/23 level and takes into account the lower soybean oilseed production for the current MY. India's soybean meal exports for the current MY are expected to be lower to meet the domestic demand from the feed, fortified foods, and high protein meals industries. Additionally, India's increased crushing is expected to lower imports compared to the previous MY.

For MY 2022/23, post has adjusted the soybean meal production in India at 8.2 MMT which is almost 20 percent higher than the previous year. With an increased crushing in 2022/23 and a higher domestic production, import reduced drastically compared to MY 2021/22. The export of soymeal increased from 0.6 MMT to 1.8 MMT from MY 2021/22 to MY 2022/23. For MY 2022/23, Argentina and Brazil were the largest exporters of soymeal in India. India Vietnam, Bangladesh, and Nepal remain the top importers of Indian soymeal due to regional proximity.

Table 2. India: Meal, Soybean, Production, Supply and Distribution

Meal, Soybean	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	8500	8500	10300	10300	9500	9800
Extr. Rate, 999.9999 (PERCENT)	0.8	0.8	0.8	0.8039	0.8	0.7704
Beginning Stocks (1000 MT)	189	189	422	425	187	113
Production (1000 MT)	6800	6800	8240	8280	7600	7550
MY Imports (1000 MT)	646	646	50	29	100	100
Total Supply (1000 MT)	7635	7635	8712	8734	7887	7763
MY Exports (1000 MT)	940	661	1825	1871	600	600
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0

Food Use Dom. Cons. (1000 MT)	400	450	425	450	450	450
Feed Waste Dom. Cons. (1000 MT)	5873	6099	6275	6300	6600	6500
Total Dom. Cons. (1000 MT)	6273	6549	6700	6750	7050	6950
Ending Stocks (1000 MT)	422	425	187	113	237	213
Total Distribution (1000 MT)	7635	7635	8712	8734	7887	7763
(1000 MT) ,(PERCENT)						

Data source: OAA New Delhi historical data series. Post forecasts for 2023/24; 2021/22 and 2022/23 are estimates.

OILS SECTION

For MY 2023/24, post forecasts India's soybean oil production at 1.7 MMT, owing to the improved yields over the last two years and the increased availability of oilseeds for "crush-to-oil". As domestic feed and food demand is higher, Indian soybean oil exports are minimal. For MY 2022/23, India imported 3.9 MMT of soybean oil predominantly from the European Union, Brazil, and Argentina. According to industry sources, in October 2023, Indian soybean oil imports fell by almost 55 percent compared to September 2023. This drop is attributed to the larger stockpiles linked with the goal of reducing the price-induced imports of edible oils.

Table 3. India: Oil, Soybean, Production, Supply and Distribution

Oil, Soybean	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	8500	8500	10300	10300	9500	9800
Extr. Rate, 999.9999 (PERCENT)	0.18	0.18	0.18	0.18	0.18	0.1745
Beginning Stocks (1000 MT)	265	265	186	186	525	597
Production (1000 MT)	1530	1530	1854	1854	1710	1710
MY Imports (1000 MT)	4231	4231	3900	3968	3300	3700
Total Supply (1000 MT)	6026	6026	5940	6008	5535	6007
MY Exports (1000 MT)	15	15	15	11	15	15
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	5825	5825	5400	5400	5100	5500
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0

Total Dom. Cons. (1000 MT)	5825	5825	5400	5400	5100	5500
Ending Stocks (1000 MT)	186	186	525	597	420	492
Total Distribution (1000 MT)	6026	6026	5940	6008	5535	6007
(1000 MT) ,(PERCENT)						

Data source: Post forecasts for 2023/24; 2021/22 and 2022/23 are estimates.

For MY 2022/23, India had a record import of palm oil at 10 MMT, approximately 25 percent higher than the previous MY. For MY 2023/24, post forecasts the import to be slightly higher at 11 MMT to meet the domestic requirement of edible oil supply. The industry sources report that the palm oil imports reduced in October and November 2023 because of higher beginning and ending stocks of sunflower oil, palm oil and soybean oil. Malaysia, Indonesia, and Thailand are the top exporters of palm oil to India. India is aggressively promoting plantation of palm trees to reduce the exchequer import cost and to meet the domestic supply of edible oil.

Table 4. India: Oil, Palm, Production, Supply and Distribution

Oil, Palm	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	123	123	129	131	129	140
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	843	843	972	972	2324	1224
Production (1000 MT)	291	291	305	310	305	320
MY Imports (1000 MT)	8004	8004	9950	10045	9300	11000
Total Supply (1000 MT)	9138	9138	11227	11327	11929	12544
MY Exports (1000 MT)	16	16	3	3	0	0
Industrial Dom. Cons. (1000 MT)	350	350	600	600	650	650
Food Use Dom. Cons. (1000 MT)	7800	7800	8300	9500	9100	10100
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	8150	8150	8900	10100	9750	10750
Ending Stocks (1000 MT)	972	972	2324	1224	2179	1794

Total Distribution (1000 MT)	9138	9138	11227	11327	11929	12544
Yield (MT/HA)	2.3659	2.3659	2.3643	2.3664	2.3643	2.2857
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

Data source: Post forecasts for 2023/24; 2021/22 and 2022/23 are estimates.

Attachments:

No Attachments