Foreign Agricultural Service
*GAIN* Report
Global Agriculture Information Network

Required Report - public distribution

Date: 8/19/2002

GAIN Report #IN2046

# India

# Tree Nuts

# Annual

# 2002

Approved by:
**Chad Russell**
**U.S. Embassy**
Prepared by:
Santosh Kr. Singh

---

**Report Highlights:**

**Indian walnut production in 2002/03 is forecast to increase to 32,000 tons (in-shell) due to favorable early-season weather and trees' alternating bearing pattern. Exports are forecast higher at 17,000 tons on improved supplies. India's almond imports in 2002/03 forecast higher at 27,000 tons (kernel weight), most of it of US origin. Consumption will grow to 27,500 tons on expected low prices due to a record US crop.**

---

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
New Delhi [IN1], IN

***Table of Contents***

## *SECTION I - SITUATION & OUTLOOK*

### WALNUTS

### Production

India's 2002/03 (Oct./Sep) walnut production is forecast to increase by 10 percent to 32,000 tons (in shell basis) due to the higher yielding phase of the trees' alternating bearing pattern and favorable weather conditions during flowering and fruiting stage (March/April). However, production prospects have been tempered by dry conditions during June/July resulting in shrinkage in the nut size and shriveling. Market sources expect the nut size to be down by 5-10 percent compared to that from the previous year (nut size varies from 24-32 mm). There are no reports of any pest or disease attacks. Arrivals are expected to be timely from early September through December, peaking in late October. Assuming normal weather, 2003/04 walnut crop is forecast lower at 30,000 tons on low yielding phase of the alternating bearing pattern.

Indian walnuts are grown almost entirely (98 percent) in Jammu and Kashmir under rainfed conditions in rocky terrain. Stagnant grower prices and continued violence in the traditional producing areas of Kashmir have discouraged additional plantings. Yields are low due to the lack of irrigation and low fertility, ranging from 18-50 kg/tree/year. Indian walnuts are classified as either hard, medium or thin shell (Kaghazi). The average shelling rate is 40 percent, but can go as high as 70 percent in the case of the thin-shelled 'Bakshi' variety.

### Consumption

Strong export demand and tight supplies are expected to limit domestic consumption of walnuts to 16,000 tons in 2002/03. Comparatively low prices for almonds in the last few years have encouraged middle class consumers and some institutional users to shift from walnuts to almonds during the fall festival season. Walnut usage by the confectionary and ice-cream industry is expected to continue to increase, however, as prices are still competitive with other nuts, such as cashew nuts and pistachios. Around 2 percent of walnuts (normally rancid nuts) are used for oil extraction to be utilized by soap and cosmetic manufacturers. Walnut consumption will remain stagnant in 2003/04 at 16,000 tons owing to lower domestic supplies.

Due to larger than anticipated exports, 2001/02 consumption has been lowered to 15,000 tons. A major portion of the 2001/02 ending stock is currently being held by growers and wholesalers. Supported by a strong resurgence in export demand, domestic walnut prices were very firm in 2001/02 (see tables 2& 3). Due to comfortable domestic supplies, 2002/03 prices are expected to remain at last year's level.

### Trade

Although walnut exports depend largely on domestic prices and export demand, exports in 2002/03 are

expected to increase to 17,000 tons on improved domestic supplies; and go down to 15,000 tons in 2003/04 on forecast lower production.

Exports during MY 2001/02 are revised higher to 16,000 tons on strong demand from the EU and improved export competitiveness due to decline in the value of Indian rupee. The value of Indian rupee compared to US dollar declined by 9-10 percent during 2001/02. Major export destinations during the Indian fiscal years 2000 and 2001 were Spain, Germany, France, U.K., Greece, Egypt, Netherlands, Denmark, and Italy (see Table 4). Most walnuts are exported from October through March. More than 95 percent are exported as kernels (40 percent light halves; 20 percent amber halves/broken; and the balance as brokens).

There are no restrictions on walnut exports, and no export subsidies are provided. Walnuts, like most other dry fruits and nuts, are allowed to be imported without restriction under the Open General License (OGL), subject to an effective import duty of 40.4 percent (see tariff table 9). Given the high tariffs and strong domestic production, opportunities for imports are negligible.

## ALMONDS

### Production

Due to the alternating bearing pattern of the trees, India's small almond crop is forecast at 1100 tons (kernel weight basis) in 2002/03 and expected to decline to 1000 tons in 2003/04. The crop is grown in the Kashmir Valley, and is consumed almost exclusively where it is produced. The yield ranges from 1000-1500 nuts/tree/year. The shelling rates are 20-25 percent (hard shell) to 40 percent (small, thin-shelled varieties).

### Consumption

As domestic production is tiny, more than 95 percent of India's consumption requirement is met through imports. US almonds enjoy more than 85 percent of the market share. Local consumption has grown in the last couple of years on attractive domestic market prices vis-a-vis other nuts due to heavy US exports. Demand has also been supported by the growth in the Indian economy and an expanding middle class. With US almond prices expected to remain low due to a record 2002/03 crop, Indian consumption is forecast to increase by nearly 6 percent to 27,500 tons. Consumption is likely to decline in 2003/04 to 25,000 tons as the alternating bearing pattern of the US crop is expected to reduce supplies and strengthen prices. Domestic market prices tend to follow closely the US export price movement.

Indians consider almonds a high energy food, especially conducive to brain development and growing children. They are consumed as whole nuts or in Indian desserts, sweets and confectionary items. Consumption is seasonal occurring mostly during the winter festival season from September through January and, heavily consumed during Indian marriages and other major social events. The relatively low prices have favored the substitution of almonds for other nuts, such as cashews and pistachios, in

traditional Indian dishes, snack foods and for confectionary purposes. However, the current slowdown in the economy, expected to be further aggravated by an imminent drought, may hinder growth in the consumer demand during the 2002/03 season. Some traditional (mostly higher income households) consume small quantities of Iranian (Mamra/Qumi) and Afghani (Gulbandi/Kagzi) almonds at a premium (see table 8). Some of the rancid almond nuts are processed for oil by cosmetic manufacturers.

**Trade**

Indian almond imports are forecast to increase to 27,000 tons in 2002/03 as US export prices are expected to trade low. India's almond imports may decline to 22,000 tons in 2003/04 on anticipated low US production and consequent higher prices.

Almonds are one of the leading US agricultural export to India as volumes increased from 6,000 tons in 1996/97 to a record 22,000 tons in 2001/02 (market share of 86 percent). Imports from competing origins, such as Iran, Afghanistan, Australia and Middle East are either stagnant or declining due to comparatively higher prices vis-a-vis US almonds. Steadily increasing domestic prices supported high volumes of imports during 2001/02. After incurring heavy losses during the previous two seasons, most traders took a short position, but the ones who took a long position benefitted on steadily increasing US export prices during the season. However, most traders are expected to take short position in contracting for the 2002/03 crop.

Imports from the US and Australia are mostly nonpareils in shell, hand shelled locally before being sold in market. Imports from Iran, Afghanistan and Middle East are mostly kernels.

**Trade Policy & Market Opportunities**

While there are no quantitative restrictions on imports of almond, high tariffs (see table 9) constrain growth in almond imports. Market sources assess India's import potential at 35-36,000 tons of US almonds if tariff levels were "reasonable" (i.e., rs. 15-20/kg vs. the existing rs. 35/kg). In addition to addressing the trade policy issues, efforts to increase sales of US almonds should include television campaigns which focus on year-around consumption of almonds by highlighting its nutritional benefits and alternative usage in snack foods.

***SECTION II - STATISTICAL TABLES***

**Table 1: Commodity, Walnut, PSD Table**

| PSD Table | | | | | | | |
|---|---|---|---|---|---|---|---|
| Country: | India | | | | | | |
| Commodity: | Walnuts, Inshell Basis | | | | | | |
| | | 2001 | | 2002 | | 2003 | UOM |
| | Old | New | Old | New | Old | New | |
| Market Year Begin | | 10/2001 | | 10/2002 | | 10/2003 | (MONTH/ YEAR) |
| Area Planted | 36400 | 36400 | 36500 | 36500 | 0 | 36500 | (HA) |
| Area Harvested | 30200 | 30200 | 30200 | 30200 | 0 | 30500 | (HA) |
| Bearing Trees | 1305 | 1305 | 1307 | 1307 | 0 | 1310 | 1000 TREES |
| Non-Bearing Trees | 255 | 255 | 265 | 265 | 0 | 265 | 1000 TREES |
| Total Trees | 1560 | 1560 | 1572 | 1572 | 0 | 1575 | (1000 TREES) |
| Beginning Stocks | 6550 | 6550 | 4550 | 4550 | 0 | 3550 | (MT) |
| Production | 28000 | 29000 | 32000 | 32000 | 0 | 30000 | (MT) |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 | (MT) |
| TOTAL SUPPLY | 34550 | 35550 | 36550 | 36550 | 0 | 33550 | (MT) |
| Exports | 14000 | 16000 | 16000 | 17000 | 0 | 15000 | (MT) |
| Domestic Consumption | 16000 | 15000 | 17000 | 16000 | 0 | 16000 | (MT) |
| Ending Stocks | 4550 | 4550 | 3550 | 3550 | 0 | 2550 | (MT) |
| TOTAL DISTRIBUTION | 34550 | 35550 | 36550 | 36550 | 0 | 33550 | (MT) |

Note: Due to the continued civil strife, Post is unable to visit Jammu & Kashmir. As published information on walnuts is very limited, the PSD is based on discussions with major walnut traders in Delhi.

**Table 2: Walnut, Price Table**

| Prices Table | | | |
|---|---|---|---|
| Country: | | | |
| Commodity: | | | |
| Year: | 2002 | | |
| | | | |
| Prices in (currency) | Rupees | per (uom) | 100 Kg |
| | | | |
| Year | 2001 | 2002 | % Change |
| Jan | 7200 | 8000 | 11.1% |
| Feb | 7200 | 8000 | 11.1% |
| Mar | 7200 | 8000 | 11.1% |
| Apr | 7200 | 8100 | 12.5% |
| May | 7200 | 8400 | 16.7% |
| Jun | 7200 | 8400 | 16.7% |
| Jul | 7200 | 8200 | 13.9% |
| Aug | 8100 | | -100.0% |
| Sep | 9000 | | -100.0% |
| Oct | 9000 | | -100.0% |
| Nov | 9000 | | -100.0% |
| Dec | 8000 | | -100.0% |
| | | | |
| Exchange Rate | 48.75 | (Local currency/US $) | |
| Date of Quote | 08/13/02 | (MM/DD/YY) | |

Source: Economic Times

**Table 3: Walnut Prices in 2001/02 vs 2000/01**

| Price | Units | 2001/02 | 2000/01 |
|---|---|---|---|
| Wholesale Price of FAQ Walnut (inshell) in Srinagar | Rs/kg) | 35-45 | 30-40 |
| Export Price (C&F Europe) | US$/MT | | |
| 1. Light Halves | -do- | 3800-4500 | 3900-4800 |
| 2. Light Broken/Amber Halves | -do- | 2700-3400 | 2800-3400 |
| 3. Amber Broken | -do- | 2600-2900 | 2400-3100 |

Source: Market Sources

**Table 4: Walnut Export Trade Matrix**

| Export Trade Matrix | | | |
|---|---|---|---|
| Country: | | Units: | Metric Tons |
| Commodity: | | | |
| Time period: | Apr-Mar | | Apr-Mar |
| Exports for | 2000 | | 2001 |
| U.S. | 450 | U.S. | 50 |
| Others | | Others | |
| Spain | 3920 | Spain | 3200 |
| German F Rep | 2290 | France | 2100 |
| France | 2073 | German F Rep | 2000 |
| UK | 1712 | UK | 1800 |
| Greece | 1504 | Greece | 1500 |
| Egypt A Rep | 1085 | Egypt A Rep | 1200 |
| Netherland | 820 | Netherland | 800 |
| Italy | 515 | Italy | 500 |
| Australia | 360 | Argentina | 350 |
| Argentina | 350 | Australia | 300 |
| Total for Others | 14629 | | 13750 |
| Others not listed | 3381 | | 2200 |
| Grand Total | 18460 | | 16000 |

Source: IFY2000 - Export figures from DGCIS, Ministry of Commerce
IFY2001 - Provisional Trade Estimates

**Table 5: Commodity, Almond PSD**

| PSD Table | | | | | | | |
|---|---|---|---|---|---|---|---|
| Country: | India | | | | | | |
| Commodity: | Almonds, Shelled Basis | | | | | | |
| | | 2001 | | 2002 | | 2003 | UOM |
| | Old | New | Old | New | Old | New | |
| Market Year Begin | | 09/2001 | | 09/2002 | | 09/2003 | (MONTH/YEAR) |
| Area Planted | 19000 | 19000 | 19000 | 19000 | 0 | 19000 | (HA) |
| Area Harvested | 16800 | 16800 | 17200 | 16800 | 0 | 16900 | (HA) |
| Bearing Trees | 1050 | 1050 | 1150 | 1050 | 0 | 1100 | 1000 TREES |
| Non-Bearing Trees | 250 | 250 | 150 | 250 | 0 | 200 | 1000 TREES |
| Total Trees | 1300 | 1300 | 1300 | 1300 | 0 | 1300 | (1000 TREES) |
| Beginning Stocks | 5100 | 5100 | 6100 | 5800 | 0 | 6400 | (MT) |
| Production | 1000 | 1000 | 1200 | 1100 | 0 | 1000 | (MT) |
| Imports | 26000 | 25700 | 24000 | 27000 | 0 | 22000 | (MT) |
| TOTAL SUPPLY | 32100 | 31800 | 31300 | 33900 | 0 | 29400 | (MT) |
| Exports | 0 | 0 | 0 | 0 | 0 | 0 | (MT) |
| Domestic Consumption | 26000 | 26000 | 27000 | 27500 | 0 | 25000 | (MT) |
| Ending Stocks | 6100 | 5800 | 4300 | 6400 | 0 | 4400 | (MT) |
| TOTAL DISTRIBUTION | 32100 | 31800 | 31300 | 33900 | 0 | 29400 | (MT) |

Note: Due to the continued civil strife, Post in unable to visit Jammu & Kashmir. As published information on almonds is very limited, the PSD is based on discussions with major almond traders.

**Table 6: Almond, Price Table**

| Prices Table | | | |
|---|---|---|---|
| Country: | | | |
| Commodity: | | | |
| Year: | 2002 | | |
| | | | |
| Prices in (currency) | rupees | per (uom) | 100 kg |
| | | | |
| Year | 2001 | 2002 | % Change |
| Jan | 23900 | 25600 | 7.1% |
| Feb | 23275 | 26600 | 14.3% |
| Mar | 23160 | 24800 | 7.1% |
| Apr | 22750 | 25000 | 9.9% |
| May | 22000 | 25175 | 14.4% |
| Jun | 21460 | 26500 | 23.5% |
| Jul | 21200 | 25850 | 21.9% |
| Aug | 20825 | | -100.0% |
| Sep | 20400 | | -100.0% |
| Oct | 24600 | | -100.0% |
| Nov | 24600 | | -100.0% |
| Dec | 24800 | | -100.0% |
| | | | |
| Exchange Rate | 48.75 | (Local currency/US $) | |
| Date of Quote | 08/13/02 | (MM/DD/YY) | |

Source: Economic Times

**Table 7: Wholesale Almond Kernel Prices, Delhi Market MY 2001/02**
(In Rs./Kg)

| Type (Origin) | MY 2001/02 | MY 2000/01 |
|---|---|---|
| Californian Almonds | 208-270 | 204-265 |
| Mamra Almonds (Iran) | 420-460 | 410-450 |
| Qumi Almonds (Iran) | 280-320 | 280-300 |
| Gulbandi Almonds (Afghan) | 250-280 | 250-280 |
| Kagzi Almonds | 300-310 | 280-290 |

Source: Market Sources

**Table 8: Almond, Import Trade Matrix**

| Import Trade Matrix | | | |
|---|---|---|---|
| Country: | | Units: | metric tons |
| Commodity: | | | |
| Time period: | Sep-Aug | | Sep-Aug |
| Imports for | 2000 | | 2001 |
| U.S. | 20962 | U.S. | 22053 |
| Others | | Others | |
| Iran | 1440 | Iran | 1400 |
| Afghanistan | 1410 | Afghanistan | 1150 |
| Australia | 400 | Australia | 900 |
| UAE | 55 | UAE | 55 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 3305 | | 3505 |
| Others not listed | 160 | | 142 |
| Grand Total | 24427 | | 25700 |

Source: Estimates derived from official GOI sources (2000/01), trade sources (2001/02) and California Almond Board Statistics (2000/01 & 2001/02).

**Table 9: Tariff Table for Walnuts/Almonds for 2002/03**

| Commodity Code | Description | Import Policy | Basic Duty | Special Addl.Duty(%) | Total Applicable Duty (%) |
|---|---|---|---|---|---|
| HC 0802.11 | Almonds Inshell | OGL /1 | Rs 35/kg | 4 | /3 |
| HC 0802.12 | Almond Kernel | OGL /1 | Rs 65/kg | 4 | /3 |
| HC 0802.31 | Walnut InShell | OGL /1 | 30/20% /2 | 4 | 35.2/24.8 /2 |
| HC 0802.32 | Walnut Shelled | OGL /1 | 30/20% /2 | 4 | 35.2/24.8 /2 |

Notes:
/1 : OGL(Open General License)-freely importable
/2 : Preferential duty for SAARC Countries (Pakistan, Bangladesh, SriLanka, Nepal, Maldives and Bhutan)
/3 : Method for Computing Total Applicable Duty

A: CIF Value of Good
B: Basic Duty = Basic Duty Rate * CIF Value
C: Special Add. Duty = SAD Rate * (A+B)
Total Applicable Duty = B+C

/4 : India's local food law (Prevention of Food Adulteration Act 1955) specifies that dry fruits and nuts contain not more 5 percent insect damaged fruits/nuts, by count.