



# **Palm Oil Market in India: Challenges and Opportunity**

**By**

**Dr. B. V. Mehta**

**Executive Director**

**The Solvent Extractors' Association of India**

**At**

**World Palm Virtual Expo**

**and Conference 2021**

**Singapore**

**7 – 9<sup>th</sup> Sept., 2021**



## SEA Profile

- Formed in **1963** to foster the development & growth of the Solvent Extraction & Vegetable Oil Industry in India
- Largest and Premier Association in the Vegetable Oil Sector in India – over **700 members** across the country
- First Association in Vegetable Oil & Oilseed sector to receive ISO 9001 Certification in India (2004), now upgrade to **ISO 9001 : 2015**
- Recognised as **NGO** by Ministry of Agriculture and **TPO** by Ministry of Commerce, Government of India
- ITC, Geneva (United Nation) has recognized SEA as the **Best & Successful Model Association**



## **COVID–19 : India Status**

- **Over 600 Million Population Vaccinated**
- **Expected 1.0 billion population vaccinated by Dec'21**
- **Massive Demand Destruction**
- **Sharp Rise in Price**
- **Where did we go wrong ?**



**Where did we go wrong**



## Indian Oilseed Sector at Glance 2020-21

- **Area under Oilseed Cultivation** - 28 Mn Ha
- **Average Yield** - 1000 /1100 Kgs
- **Average Production (Trade Estimate)** - 28 - 30 MnT
- **Population (1.08% Growth/Annum)** - 1.35 Bn
- **Edible Oils Per Capita Consumption** - 17.0 Kgs
- **Domestic Edible Oil Production** - 9.5 MnT
- **Current Demand /Consumption** - 21.0 MnT
- **Import of Edible Oil(2020-21)** - 13.0 MnT
- **Value of the Import** - USD 12 bn +
- **Total Turnover of the Oilseed Sector** - USD 35 bn +



## Current Indian Scenario

- Soya and Groundnut output in 2020-21 was higher as compared to previous year in spite of the damage caused by floods.
- The overall availability of vegetable oils during the oil year 2020-21 (Nov-Oct) is higher by 1.0 MnT.
- The current domestic soybean price INR is 96,000 per tons, two & half times of minimum support price and similarly Rapeseed price INR 82,000 per tons nearly doubled than MSP due to higher crushing lead to shortage and price rise.
- In current kharif (summer) season as on 6<sup>th</sup> Sept, planting of soybean is 12.2 MnT while groundnut is 4.85 MnT. The overall oilseeds planting is 19.0 MnT, less by 3% compared to last year.
- High price of vegetable oils is likely to shrink the demand of edible oil in the current year.



# Edible Oil Consumption in India

(Qty.in '000 Tons)

Particulars	2001-02		2008-09		2019-20	
	Qty	%	Qty	%	Qty	%
Palm Oil	2944	29.1	6392	45.5	7770	36.7
Soy Oil	2258	22.3	2112	15.0	4762	22.5
Mustard Oil	1721	17.0	1610	11.5	2551	12.1
Sunflower Oil	309	3.1	846	6.0	2553	12.1
Cotton Oil	443	4.4	965	6.9	1217	5.8
Groundnut Oil	1216	12.0	591	4.2	377	1.8
RBO & Other Oils	1234	12.2	1543	10.9	1919	9.0
<b>Total</b>	<b>10125</b>	<b>100%</b>	<b>14059</b>	<b>100%</b>	<b>21149</b>	<b>100%</b>

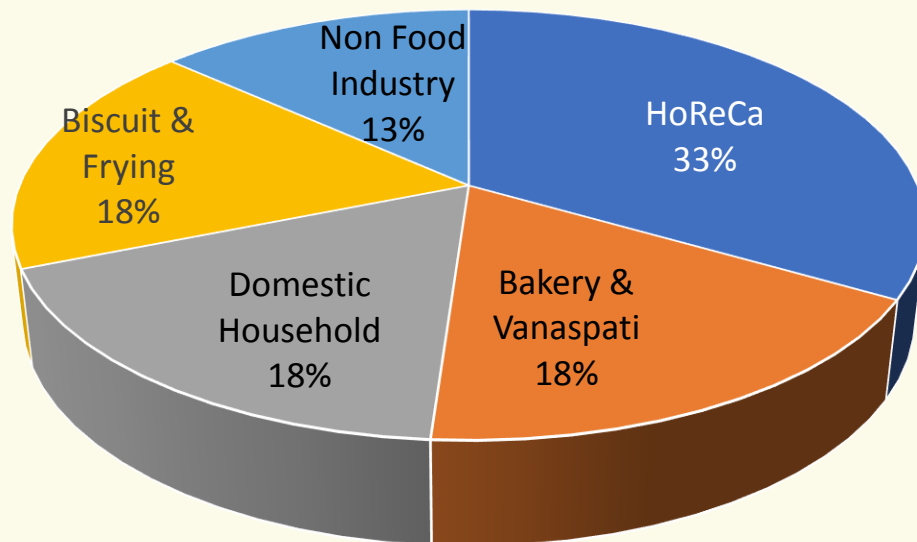
- Consumption of Palm oil in India is now over 37%, while Soybean Oil is about 22% of the total oil consumption followed by Mustard Oil & Sunflower Oil



# Palm Oil Consumption

- Major segments of Palm Oil consumption is HoReCa
- Palmolein is best known for its multi-time frying property, cost efficiency and affordability
- Last year due to Covid-19, there was a fall of 30% consumption of palm oil due to:
  - Closure of the HoReCa segment
  - Preference for home cooked food
  - Non-operations of tourism and allied activities
  - With reduction in Covid cases, demand is improving

*Annual Palm Oil Consumption in India = 9 MnT*







## Import of Palm Oil & Soft Oil (Ratio)

Year (Nov-Oct)	Palm Oil (RBD Palmolein + CPO + Crude Olein + CPKO)		Soft Oils (SB, Soya, Rape)		Total Qty in '000 Tons
	Qty in '000 Tons	% of Total	Qty in '000 Tons	% of Total	
2020-21 (up to July'21)	5,615	60%	3,755	40%	9,370
2019-20	7,217	55%	5,958	45%	13,175
2018-19	9,409	63%	5,504	37%	14,913
2017-18	8,701	60%	5,816	40%	14,517
2016-17	9,294	62%	5,783	38%	15,077
2015-16	8,443	58%	6,128	42%	14,571

Usually ratio between Palm Oil & Soft Oils is 60:40 but marginally varies depend upon supply situation and price parity.



## Import of Refined & Crude Edible Oils (Ratio)

Year (Nov-Oct)	Refined Oils		Crude Oils		Total Qty in '000 Tons
	Qty in '000 Tons	% of Total	Qty in '000 Tons	% of Total	
2020-21 (Up to July'21)	43	0.5%	9,327	99.5%	9,370
2019-20	421	3%	12,754	97%	13,175
2018-19	2,731	18%	12,182	82%	14,913
2017-18	2,136	15%	12,381	85%	14,517
2016-17	2,871	19%	12,206	81%	15,077
2015-16	2,623	18%	11,948	82%	14,571

- Crude and refined oil import ratio is 97:3, this is higher ever
- Import of refined oil has sharply declined to 0.4 Mn T in 2019-20 compared to 2.7 Mn T during the previous year since RBD Palmolein placed in restricted list.



# Import of Veg. Oils by India

Qty in '000 Tons

Country / Oils	Jan. – June 2021	Jan. – Dec. 2020	Jan. – Dec. 2019	Jan. – Dec. 2018	Jan. – Dec. 2017
<b>Palm Oil</b>					
Indonesia	1724	4791	5046	6171	7054
Malaysia	1756	2225	4137	2191	2091
Thailand	133	154	167	355	152
Others	254	344	687	384	55
<b>Total</b>	<b>3867</b>	<b>7514</b>	<b>10037</b>	<b>9101</b>	<b>9352</b>
<b>Soybean Oil</b>					
Argentina	932	2801	2363	2012	2529
Brazil	137	360	371	676	464
Others	404	578	451	353	417
<b>Total</b>	<b>1473</b>	<b>3739</b>	<b>3185</b>	<b>3041</b>	<b>3410</b>
<b>Sunflower Oil</b>					
Ukraine	824	1863	2066	2323	2114
Russia	120	451	170	9	29
Argentina	46	167	151	88	125
Others	12	27	52	2	1
<b>Total</b>	<b>1002</b>	<b>2508</b>	<b>2439</b>	<b>2422</b>	<b>2269</b>
<b>Other Oils</b>	<b>75</b>	<b>242</b>	<b>203</b>	<b>329</b>	<b>396</b>
<b>Grand Total</b>	<b>6417</b>	<b>14003</b>	<b>15864</b>	<b>14893</b>	<b>15427</b>

Source : Oil World, ISTA Mielke



# Edible Oil Consumption - Long Term Projection

Qty in MnT

Year (Nov-Oct)	Population at 1.02% Growth	Consumption @ 2% Growth		Consumption @ 3% Growth	
	In Bn.	Per Capita (In Kg)	MnT	Per Capita (In Kg)	MnT
<b>2019-20</b>	1.313	15.99	21.00*	15.99	21.00
<b>2020-21</b>	1.327	16.21	21.50*	16.21	21.50
<b>2021-22</b>	1.340	16.36	21.93	16.52	22.15
<b>2022-23</b>	1.354	16.52	22.37	16.85	22.81
<b>2023-24</b>	1.368	16.68	22.82	17.18	23.49
<b>2024-25</b>	1.382	16.84	23.27	17.51	24.20
<b>2025-26</b>	1.396	17.01	23.74	17.86	24.92

\* Demand destruction due to COVID19



## Future Scenario

### ➤ Production, Demand and Imports Scenario could be:

	<b>2020-21</b>	<b>2025-26</b>
<b>Oilseed Production (MnT)</b>	<b>28 – 30</b>	<b>38 - 40</b>
<b>Vegetable Oil Production (MnT)</b>	<b>9.0 – 9.5</b>	<b>12.0 - 13.0</b>
<b>Vegetable Oil Demand (MnT)</b>	<b>20 – 21</b>	<b>23 – 24</b>
<b>Vegetable Oil Imports (MnT)</b>	<b>12.5 - 13.5</b>	<b>10.0 - 10.5</b>

- **By 2025-26, India will require about 23-24 MnT of edible oils**
- **By 2025-26, the local oilseeds production is likely to increase to 37-40 MnT, equivalent to 12 - 13 MnT of vegetable oils**
- **The gap of 10 – 10.5 MnT may be bridged through imports**



# Outlook for 2020-21

Qty. in MnT. Tons

Oils	2018-19 (Nov.-Oct.)	2019-20 (Nov.-Oct.)	2020-21 (Nov'20- July'21)	2020-21 (Projection)
RBD Palmolein	2.73	0.42	0.04	0.60
CPO & CPKO	6.68	6.80	5.57	7.20
Degummed Soybean Oil	3.09	3.38	2.23	3.30
Crude Sunflower Oil	2.35	2.52	1.53	1.90
Crude Rapeseed Oil	0.06	0.06	--	0.10
<b>Total</b>	<b>14.91</b>	<b>13.18</b>	<b>9.37</b>	<b>13.10</b>



# Import Duty on Edible Oils w.e.f. 20<sup>th</sup> August, 2021

Products	w.e.f. 20 <sup>th</sup> August, 2021	Agri. Cess	Social Welfare Cess	Effec- tive Duty	w.e.f. 2nd, Feb. 2021	Agri. Cess	Social Welfare Cess	Effec- tive Duty
Crude Palm Oil *	10.00%	17.50%	10.00%	<b>30.25%</b>	15.00%	17.50%	10%	<b>35.75%</b>
RBD Palmolein	37.50%	--	10%	<b>41.25%</b>	45.00%	--	10%	<b>49.50%</b>
RBD Palm Oil	37.50%	--	10%	<b>41.25%</b>	54.00%	--	10%	<b>59.40%</b>
Crude Soybean Oil *	7.50%	20.00%	10%	<b>30.25%</b>	15.00%	20.00%	10%	<b>38.50%</b>
Crude Sunflower Oil *	7.50%	20.00%	10%	<b>30.25%</b>	15.00%	20.00%	10%	<b>38.50%</b>
Crude Rapeseed Oil	35.00%	--	10%	<b>38.50%</b>	35.00%	--	10%	<b>38.50%</b>
Refined Soybean Oil	37.50%	--	10%	<b>41.25%</b>	45.00%	--	10%	<b>49.50%</b>
Refined Sunflower Oil	37.50%	--	10%	<b>41.25%</b>	45.00%	--	10%	<b>49.50%</b>
Refined Rapeseed Oil	45.00%	--	10%	<b>49.50%</b>	45.00%	--	10%	<b>49.50%</b>
Crude Cottonseed Oil	35.00%	--	10%	<b>38.50%</b>	35.00%	--	10%	<b>38.50%</b>
Refined Cottonseed Oil	45.00%	--	10%	<b>49.50%</b>	45.00%	--	10%	<b>49.50%</b>

- Note : The duty reduction is up to 30<sup>th</sup> Sept.,2021. There after duty will be same as effective from 2<sup>nd</sup> Feb.,2021



# **Govt. of India Ambitious Oil Palm Development Programme**

**Government of India recently announced Oil Palm 10 years Programme:-**

- **Outlay of US\$1.5 billion over next 5 years period.**
- **Price assurance to farmers.**
- **Target to reach 1.0 million hectares by 2025 and 1.8 million by 2029-30 from current level of 3,50,000 hectares.**
- **Target to produce 1.0 MnT by 2025-26 from current production of 300,000 tons.**
- **Target to produce 2.8 million tons of CPO by 2029-30**
- **Special thrust in North East and Andaman for developing palm.**





# Conclusion

- **Indian edible oil demand continues to be subdued due to COVID19.**
- **High price of edible oils also affect consumption.**
- **Local production of edible oil likely increased by 1.0 MnT.**
- **Import of edible oil during 2020-21 will be around 13.0 MnT.**
- **Oil Palm Programme will be a game changer for India.**



Thank  
You

**By**

**Dr. B. V. Mehta**  
**Executive Director**

**The Solvent Extractors' Association of India**

**A Premier Association of Vegetable Oil Industry & Trade in India**

**ISO 9001:2015 Organisation**

**142, Jolly Maker Chambers No. II, 14<sup>th</sup> Floor, 225, Nariman Point, Mumbai 400 021**

**Tel: (+91-22) 2202 1475. 2282 2979, Fax.: (+91-22) 2202 1692**

**Email: [seaofindia1963@gmail.com](mailto:seaofindia1963@gmail.com) , Website: [www.seaofindia.com](http://www.seaofindia.com)**