Presentation
on

Role of India in Edible Oil Complex,
Outlook for demand and Import of Edible Oils

By

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At

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Singapore

Presentation Sequence

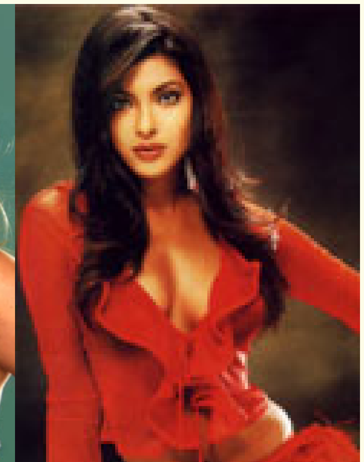
- Incredible India
- Indian General Economy
- Agricultural Economy
- Oilseed Sector
- Demand-Supply & Import of Vegetable Oils
- Factors to watch
- Conclusion

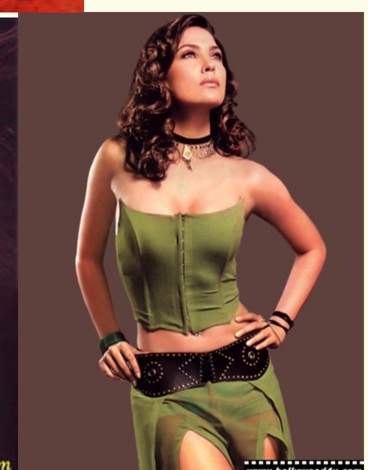

Incredible !ndia

What People Talk About India

- ➢ **Second most populous nation**
  - ✓ **1.17 Bn people**
- ➢ **Largest democracy**
- ➢ **Multi ethnic country**
- ➢ **Country with maximum young people**
  - ✓ **Median age 24.4 years**
- ➢ **Amongst the fastest growing economics**
- ➢ **Fourth largest economy, poised to be No. 2 or 3 in next 10 years**

What Many Don't Talk About Country of Beauty



4 Miss World and 2 Miss Universe in last one decade

… and Brains

- 38% of doctors in USA are Indians
- 12% of scientists in USA are Indians
- 36% of NASA scientists are Indians
- 34% of MICROSOFT employees are Indians

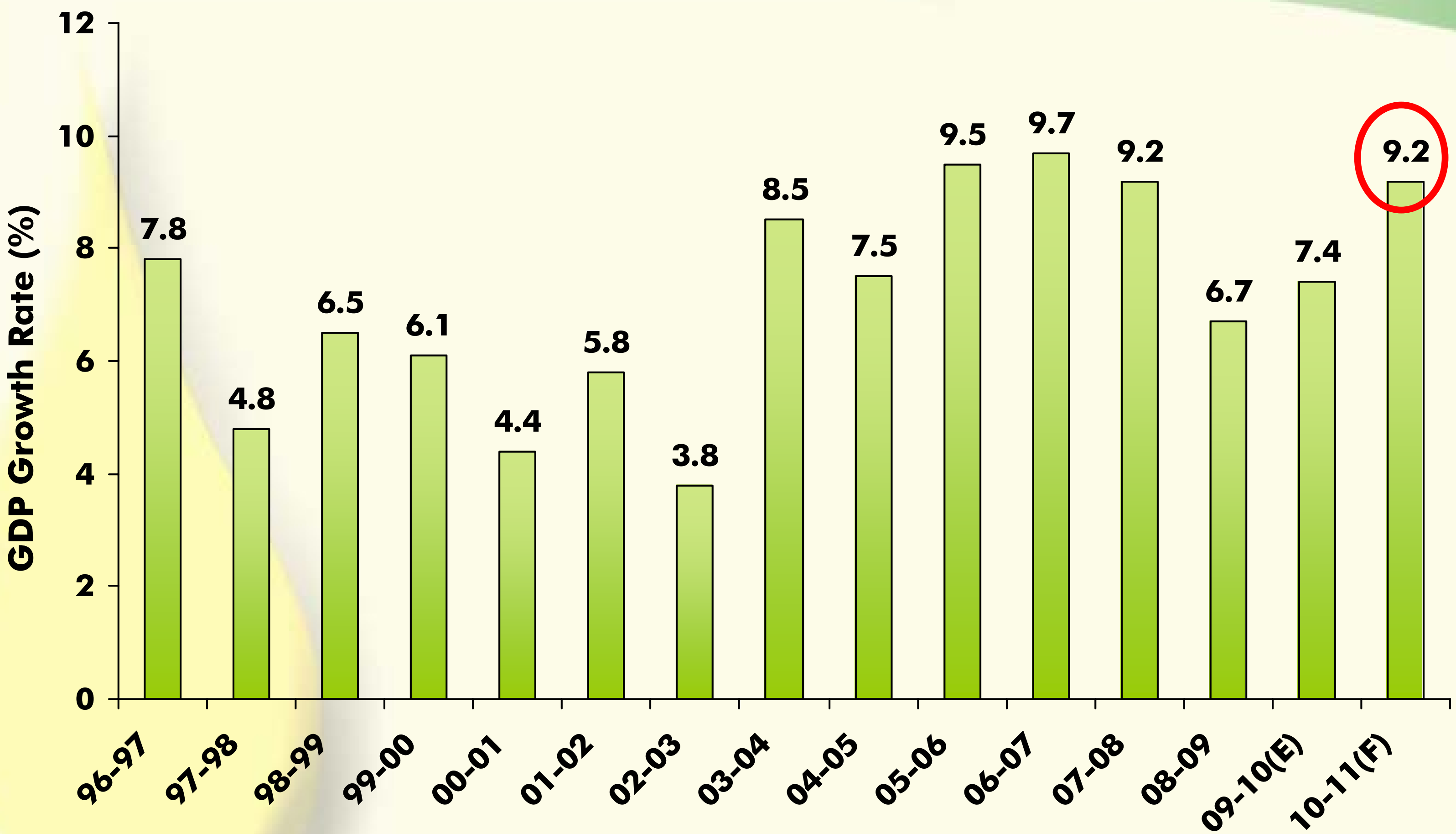
- 28% of IBM employees are Indians
- 17% of INTEL scientists are Indians
- 13% of XEROX employees are Indians

Indian General Economy

Indian Macro-economic Overview

- India – a fast growing significant economy in spite of global slowdown
- Strong Macro-economic fundamentals
- GDP Value: Over US$1.3 Trillion (Tn)
- Purchasing Power Parity (PPP): US$ 5 Tn
- Forex Reserve: US$ 298 Bn…. and growing
- Household Savings Rate (2009-10): 32.5% (world's highest)
- Average GDP Growth Rate (last 5 years): 8.4%

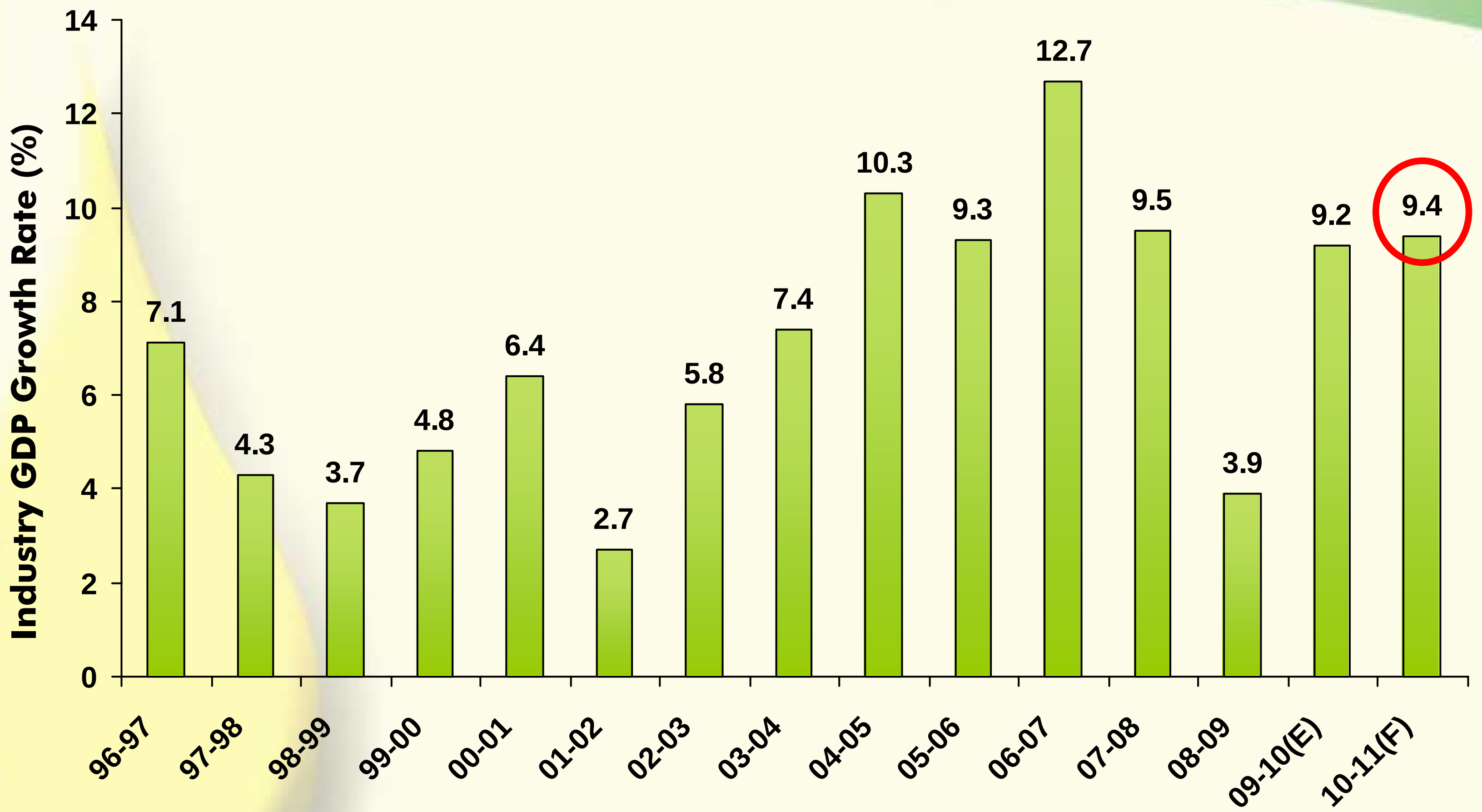
India's Overall GDP Growth



- **In spite of lower growth in 08-09 and 09-10 at 6.7% and 7.4% due to recession, the overall growth in last five years is registered at 8.4%**
- **For FY10-11, growth is forecasted at 9.2%**

Source : CMIE

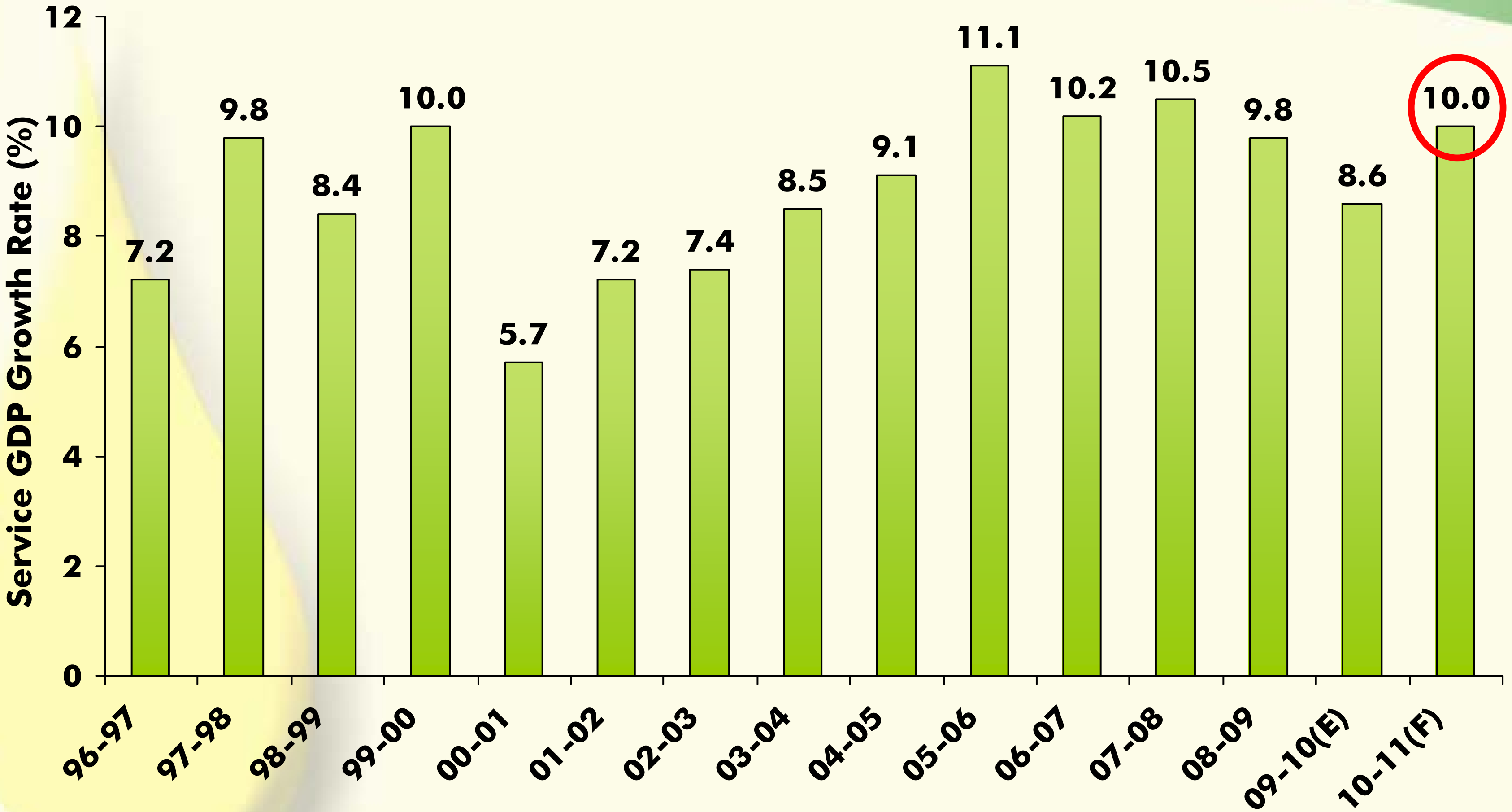
Industry Sector GDP Growth



- **In 08-09 the industry growth reduced to 3.9% due to global recession. However, in 09-10 revived and reached at 9.2%**
- **Current year (FY 2010-11) growth forecasted at 9.4%**

Source : CMIE

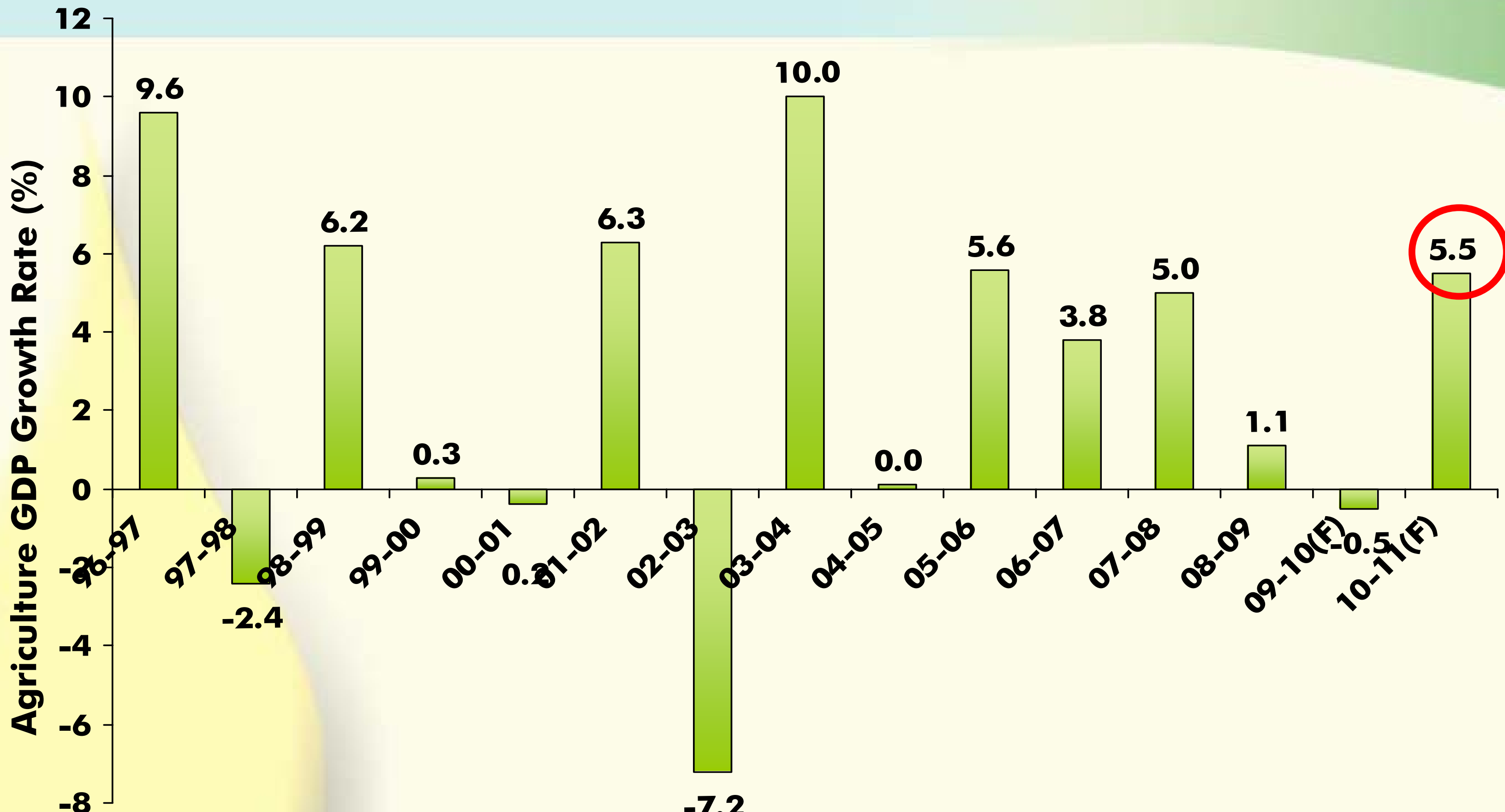
Service Sector GDP Growth



- **Service sector has grown by about 9 to 10 % in last 7 years, thanks to the IT sector**
- **Current year growth is forecasted at 10.0 %**

Source : CMIE

Agriculture Sector GDP Growth



- Agriculture Sector Growth depends heavily on monsoon performance. Indian Govt. is aiming at 4% Agriculture GDP growth to achieve 10% overall GDP growth
- Last year due to bad monsoon, agriculture sector had a negative growth of 0.5%
- For FY10-11, the growth is projected at 5.5%

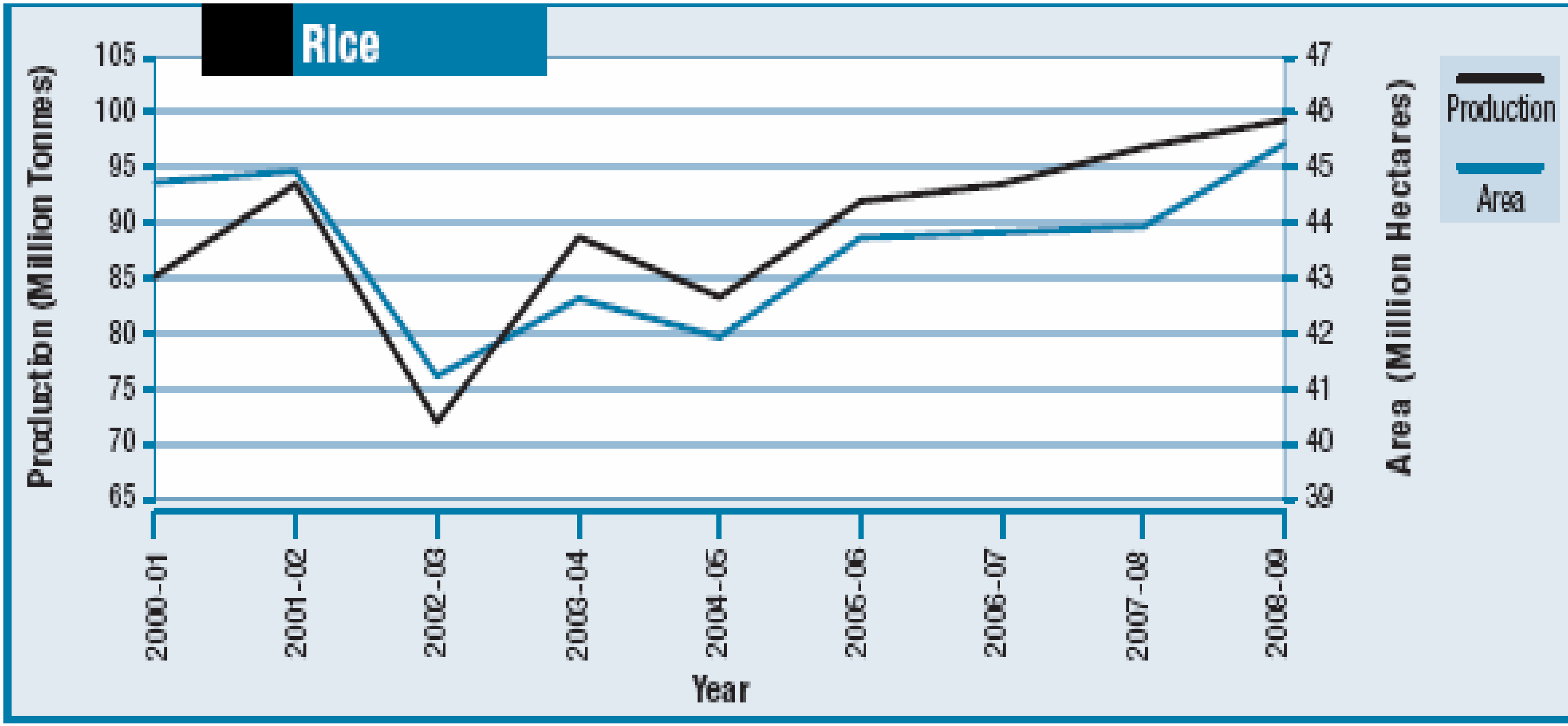
Source : CMIE

India's Agriculture Production

Indian Rank in World

- rea (3.3 Mn Km^2) No. 7
- rable Land (161.7 Mn Ha) No. 2
- rrigated land (56.0 Mn Ha) No. 1
- ice Production No. 2
- heat Production No. 2
- apeseed Production No. 3
- ruit Production No. 2

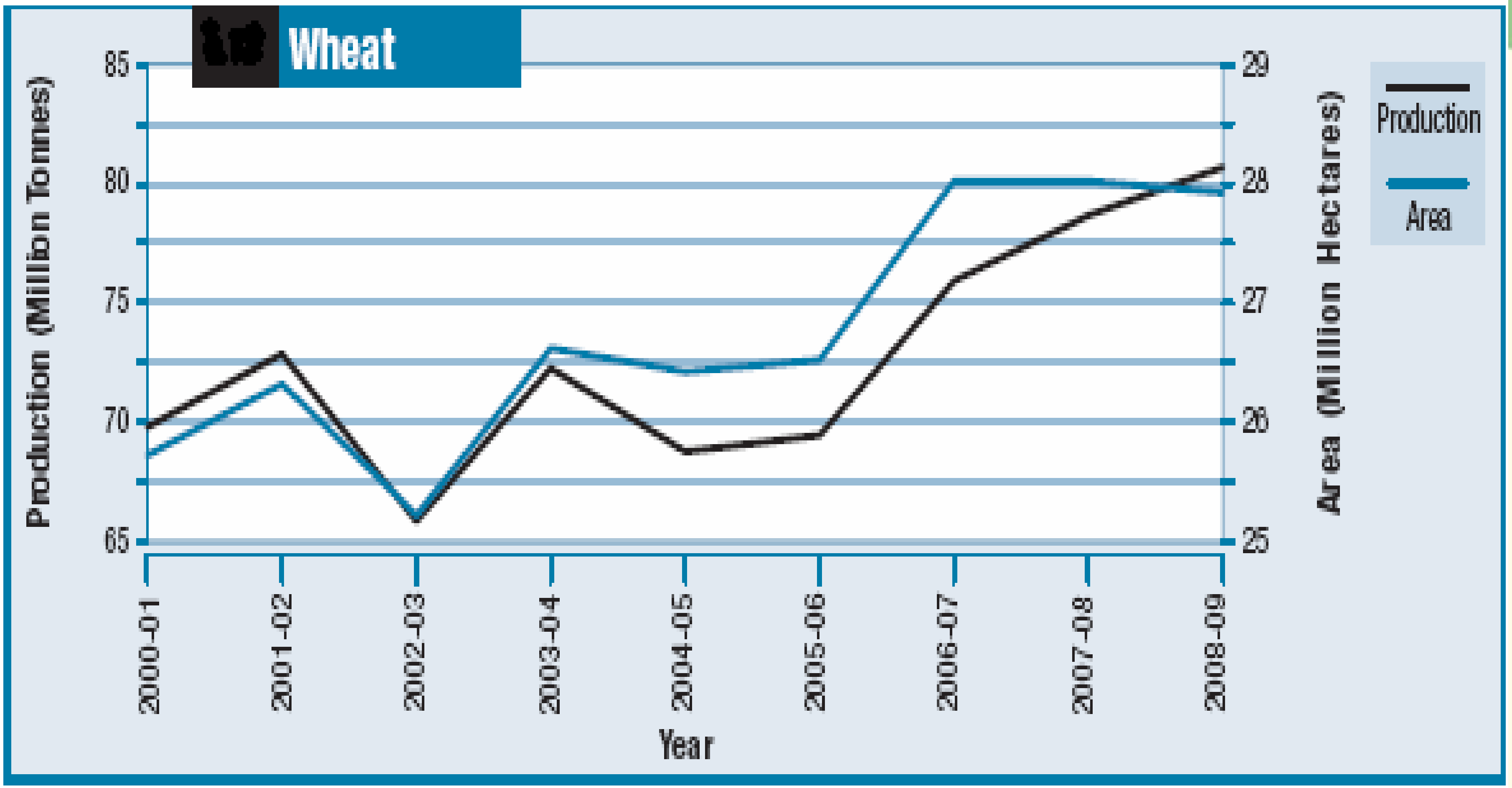
Rice Production & Area



- **The production of Rice in 2009-10 estimated at 89.1 Mn T**
- **Current year forecasted at 93.0 Mn T**

Source : Economic Survey 2010

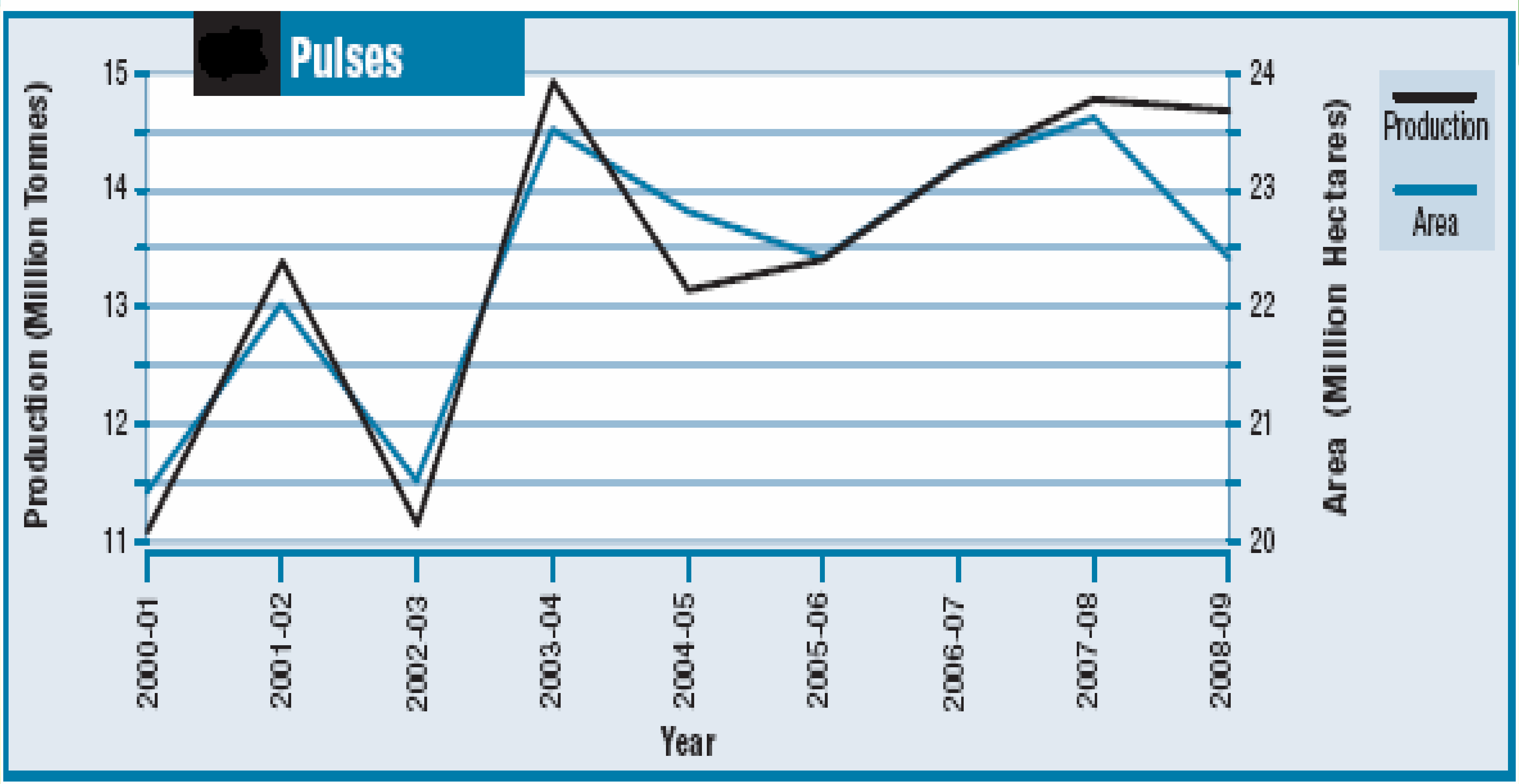
Wheat Production & Area



- **Wheat production for the year 2009-10 estimated at 80.7 Mn T**
- **Current year production forecasted at 81.6 Mn T**

Source : Economic Survey 2010

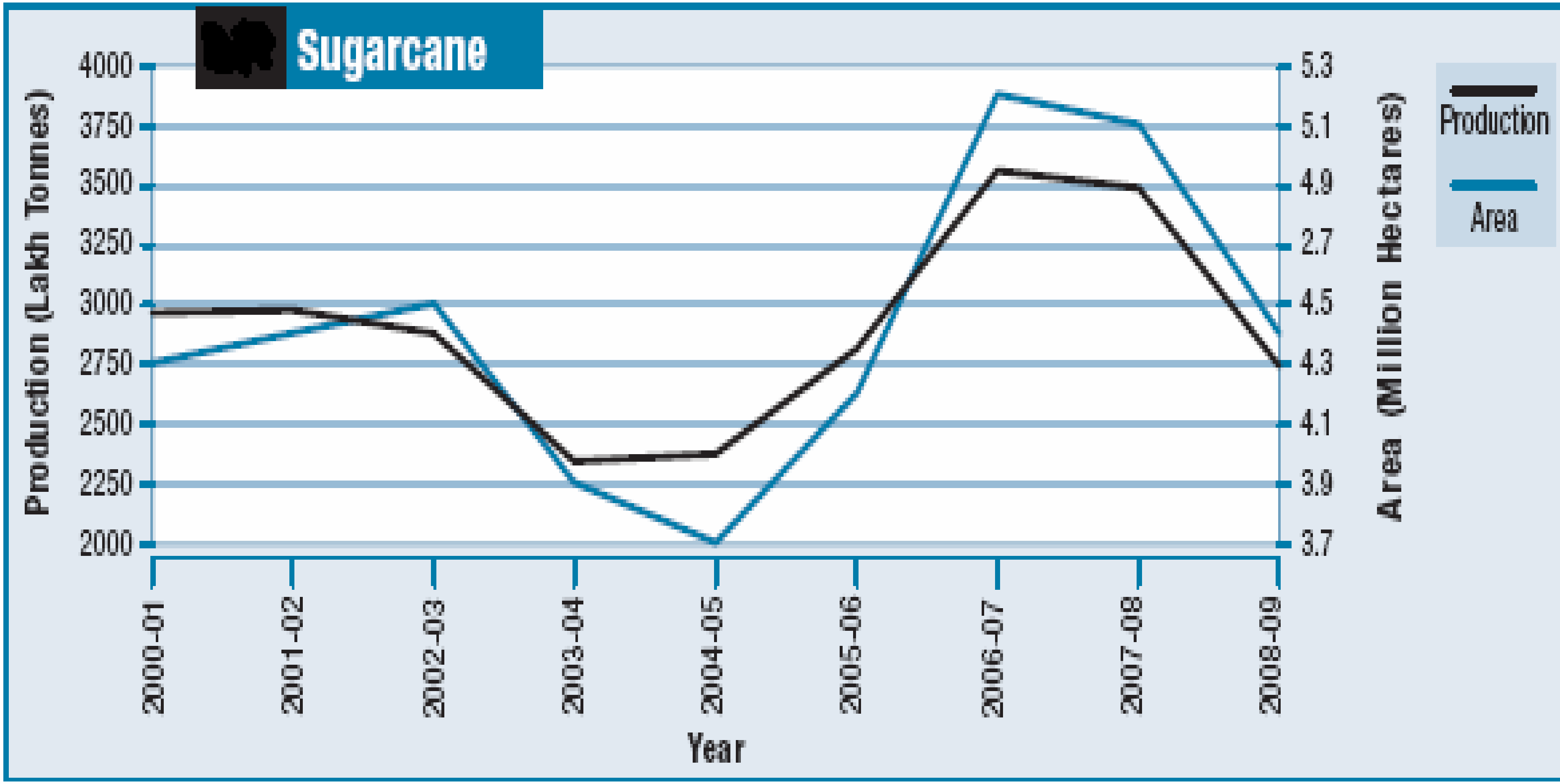
Pulses Production & Area



- **Production of Pulses in 2009-10 estimated at 14.6 Mn T**
- **Current year the production is forecasted at 16.0 Mn T**

Source : Economic Survey 2010

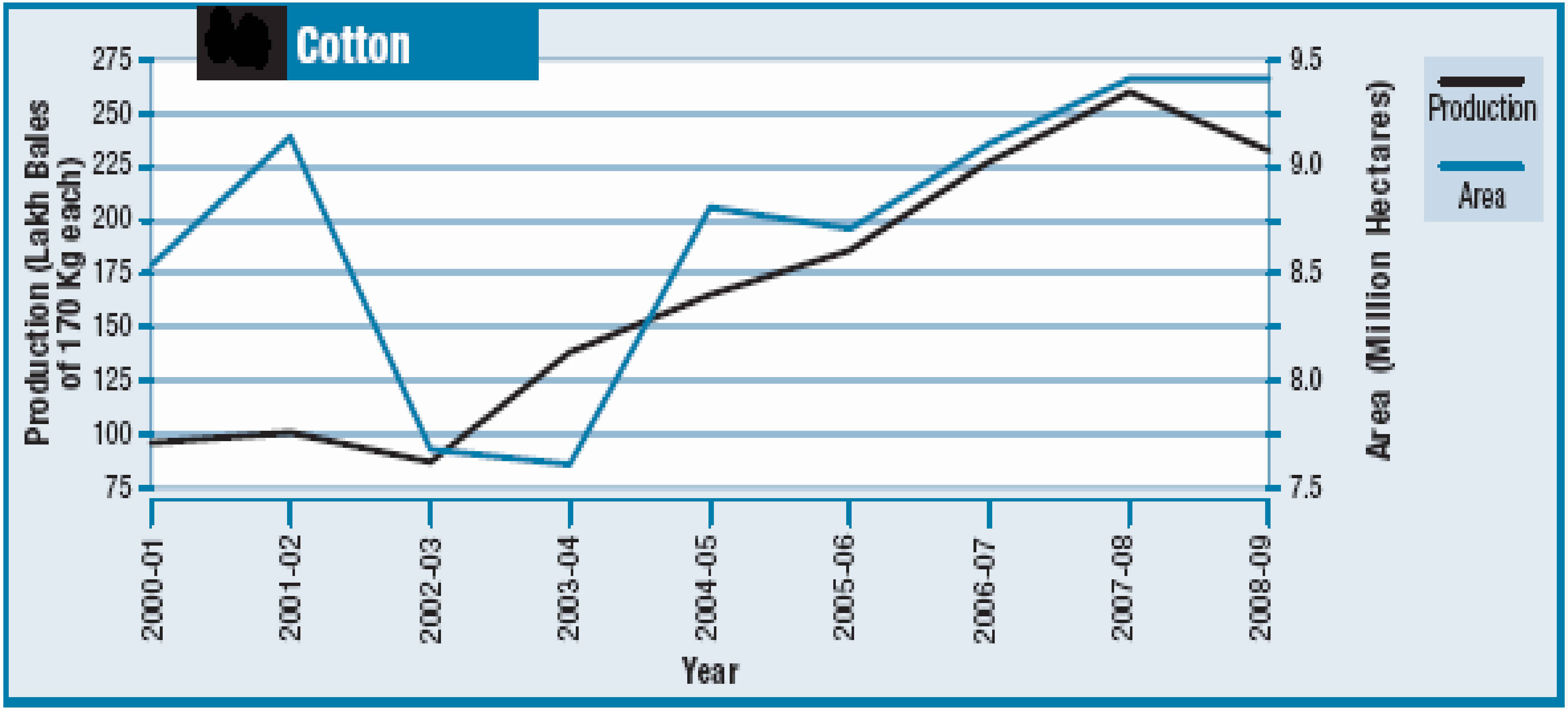
Sugarcane Production & Area



- **Production of Sugarcane in 2009-10 estimated at 277.7 Mn T**
- **Current year the production is forecasted at 313.7 Mn T**

Source : Economic Survey 2010

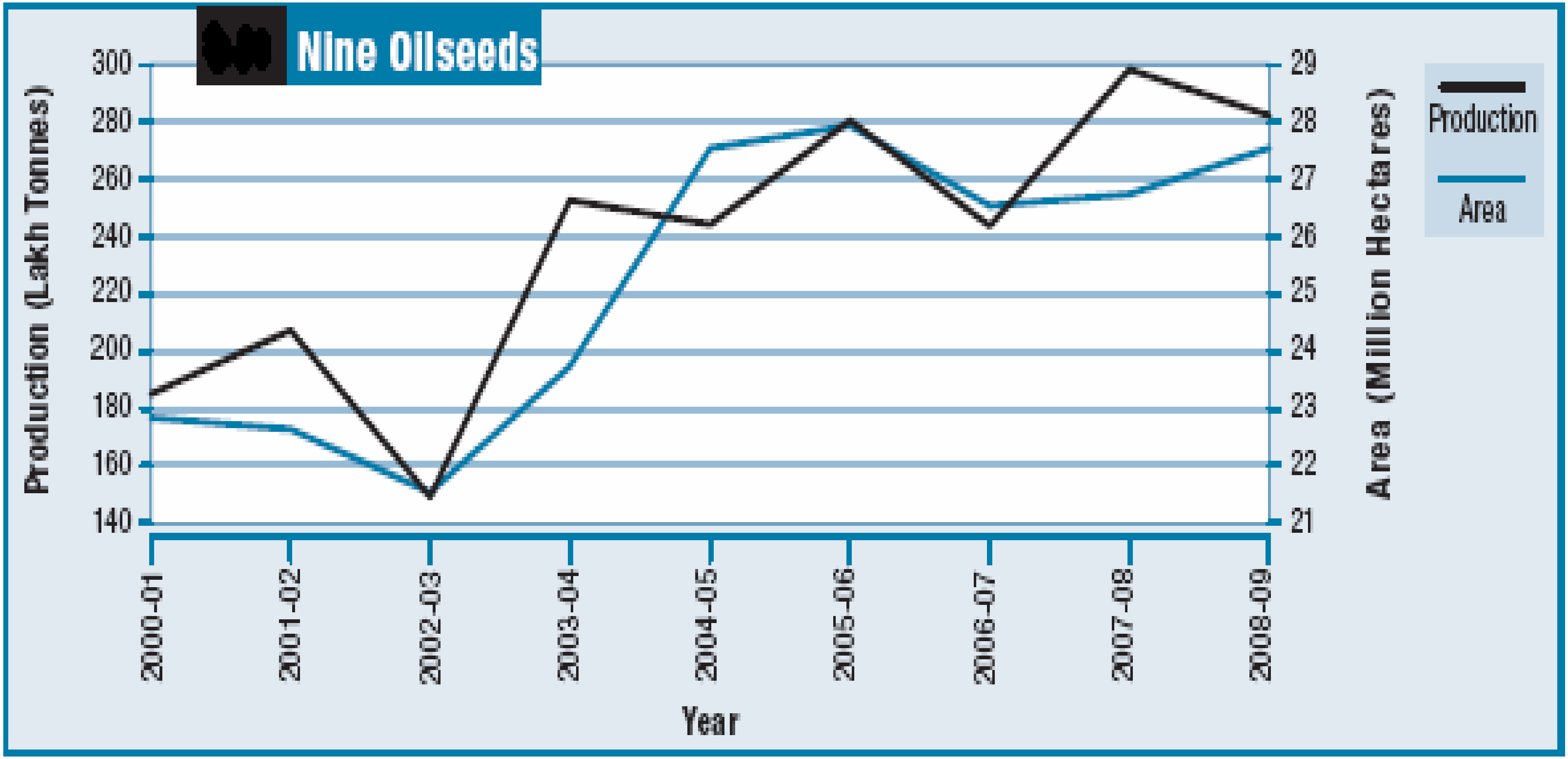
Cotton Production & Area



- Cotton Advisory Committee estimated at 29.5 Mn bales
- Current year the Cotton Bales production is expected to be at 32.9 Mn bales

Source : Economic Survey 2010

Oilseeds Production & Area



- **Production of Oilseeds during 2009-10 is estimated at 24.8 MnT compared to 27.7 MnT in 2008-09 and 29.8 MnT in 2007-08**
- **CMIE has forecasted current year production at 28.2 MnT**

Source : Economic Survey 2010, CMIE

Milk Production & Per Capita Availability

[illegible] Production and per capita availability of milk

Year	Per capita (grams/day)	Milk production (MT)
1990-91	176	53.9
2000-01	220	80.6
2005-06	241	97.1
2006-07	246	100.9
2007-08	252	104.8
2008-09	258	108.5

Source: Department of Animal Husbandry and Dairying.

- **India ranks first in the world in milk production**
- **World average per capita availability is 265 gms/day**
- **India's average per capita availability is 258 gms/day**
- **80 per cent of milk produced is handled by unorganised sector**

Source : Economic Survey 2010

Fish Production & Exports

Production and export of fish

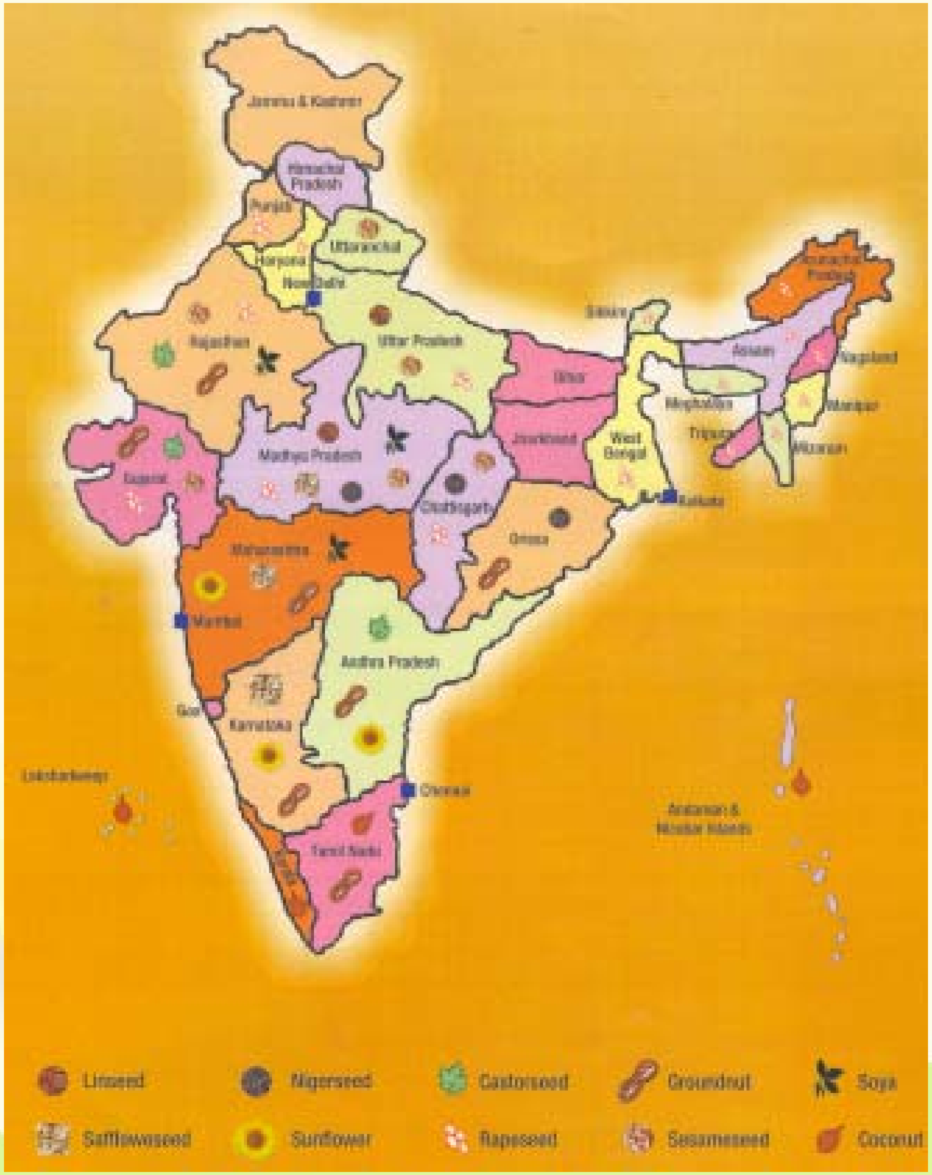
Year	Fish production (million tonnes)			Export of marine products	
	Marine	Inland	Total	Qty ('000 tonnes)	Value (Rs crore)
1990-91	2.3	1.5	3.8	140	893
2000-01	2.8	2.8	5.6	503	6,288
2003-04	3.0	3.4	6.4	412	6,087
2004-05	2.8	3.5	6.3	482	6,460
2005-06	2.8	3.8	6.6	551	7,019
2006-07	3.0	3.8	6.8	612	8,363
2007-08	2.9	4.2	7.1	541	7,620
2008-09	2.9	4.7	7.6	603	8,608

Source: Department of Animal Husbandry & Dairying.

- **Fish production increased from 7.1 MnT in 2007-08 to 7.6 MnT in 08-09**
- **Fishing, aquaculture and allied activities provide employment to over 14 Mn persons apart from being a major foreign exchange earner**

India's Oilseeds Sector

India's Oilseed Map



Indian Oilseed Production 2010-11(F)

	Qty. in Mn T
Groundnut	8.00
Rape-Mustard	7.00
Soybean	9.80
Sunflower	0.90
Castor	1.18
Sesame	0.62
Linseed	0.15
Safflower	0.20
Niger Seed	0.11
Total	**28.20**

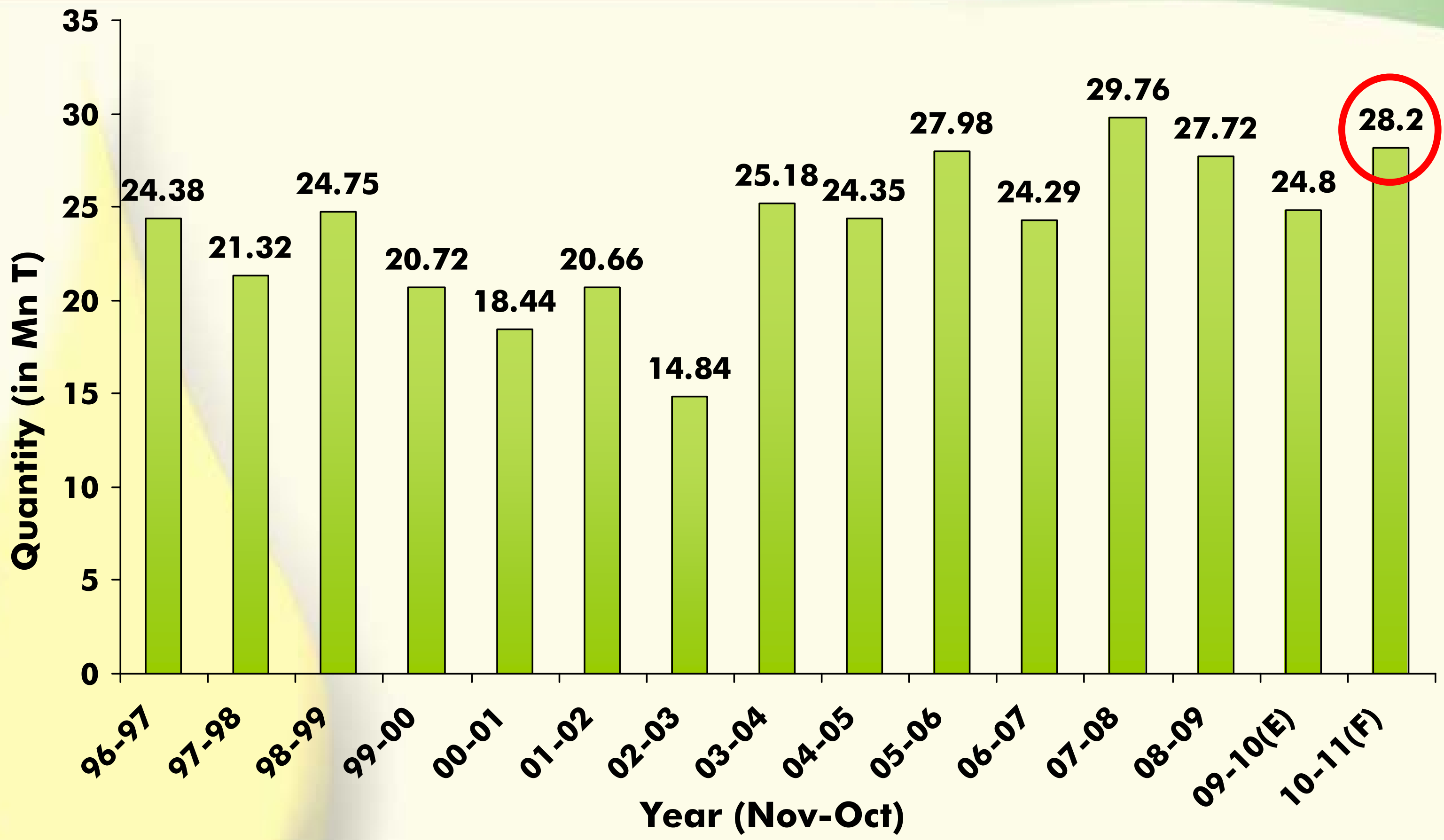
Source : Govt. of India

Indian Vegetable Oil Industry - Present Status

Segment	No. of Units	Annual Capacity Mn T	Utilization %
Oil Mills (Primary Crushing)	15000	36.0	20-30%
Solvent Extraction Plants	600	31.0	35%
Vegetable Oil Refiners	650	20.0	60%
Vanaspati (Hydrogenated) Units	250	3.0	40%
Feed Mills	200	16.0	45%

- **Excess capacity coupled with raw material shortage, leading to lesser capacity utilisation of the industry**

India's Oilseed Production (Nine Conventional Oilseeds)



- **Oil seed crop is stagnant at 26-27 Mn T. However, due to bad performance of monsoon production has further reduced as happened in 02-03, 06-07 and 09-10**
- **This year production is forcasted at 28.2 Mn T**

Source : Govt. of India

Oilseed Production (2005-06 To 2010-11)

(Qty.in Mn T)

Crop	10-11(F)	09-10	08-09	07-08	06-07	05-06
Major Oilseeds						
Groundnut	8.0	5.5	7.2	9.2	4.9	8.0
Rape/Mustard	7.0	6.4	7.2	5.8	7.4	8.1
Soybean	9.8	10.0	9.9	11.0	8.8	8.3
Other Six	3.4	3.0	3.4	3.8	3.2	3.5
Sub-Total	28.2	24.9	27.7	29.8	24.3	27.9
Others						
Cottonseed	10.2	9.2	8.9	9.9	9.0	8.5
Copra	0.6	0.6	0.6	0.6	0.6	0.6
Grand Total	39.0	34.7	37.2	40.3	33.9	37.0

Source : Govt. of India, COOIT

Area, Production & Yield of Oilseeds

Year	Area Mn/ha	Production Mn T	Yield Kg/ha
2000-01	22.77	18.44	810
2001-02	22.64	20.66	913
2002-03	21.49	14.84	691
2003-04	23.66	25.19	1064
2004-05	27.52	24.35	885
2005-06	27.86	27.98	1004
2006-07	26.51	24.29	916
2007-08	26.69	29.76	1115
2008-09	27.56	27.72	1006
2009-10	26.11	24.80	950

- Area is normally 26-27 million hectare while productivity is hardly 1000 kgs, half of the world average or 1/3 of the best. This shows there is tremendous opportunity for raising yields and thereby production

Source : Govt. of India

Major Constrains in Domestic Production of Oilseeds

- ✓ Low Productivity primarily due to their cultivation on un-irrigated areas
- ✓ Lack of varietal replacement through development of hybrids in crops like groundnut, sesame, soybean niger Production etc.
- ✓ Shifting of acreage from Oilseed to other crops
- ✓ Losses due to pests and diseases
- ✓ Vagaries of nature

Likely Changes

- Introduction of GM Crop in near future to increase production
- High price of oil and in turn of oilseeds will encourage farmers to expand area under oilseeds
- To check the high food inflation, Government likely to reduce duty on compound feed
- Duty on oilseeds & oil bearing material may be reduced to augment domestic supply

Oilseed Sector 2010-11(F)

• Area Under Oilseed Cultivation		26-27	Mn. Ha.
• Average Yield (Per Hectare)		950–1000kg	
• Output of 9 Cultivated Oilseeds		28.2	Mn T
• Output of Cottonseed & Copra		10.8	Mn T
	Total	39.0	Mn T
• Production of Vegetable Oils		8.0-8.5	Mn T
• Demand of Vegetable Oils		15–16	Mn T
• Import of Vegetable Oil 2009-10 (Est., Nov-Oct)			
Edible	8.8 Mn T		
Non-Edible	0.4 Mn T	9.2	Mn T
• Per Capita Consumption		13.5	Kg

- Per capita Consumption is rising by 3 to 4% per annum

Oilseed Sector - Share of India

• Vegetable Oil Sector Turnover	US$ 22 bn (Rs. 100,000 Crore)
• Import & Export from Oilseed Sector	US$ 8.5 bn (Rs. 40,000 Crore)

2009-10

• In World's Oilseed Production	7.20 %
• In World's Oilmeal Production	6.00 %
• In World's Oilmeal Export	4.80 %
• In World's Production of Veg. Oils	5.16 %
• In World’s Vegetable Oil Import	13.65 %
• In World's Edible Oil Consumption	10.28%

Source : Oil World 2010

Per Capita (kg) Disappearance of Oils and Fats in Selected Countries and World

Country	09-10 (F)	08-09	07-08	06-07	05-06	04-05
EU-27	61.9	60.3	57.6	56.7	53.5	49.0
U.S.A.	49.9	50.4	53.8	52.9	52.2	50.1
Brazil	35.1	33.0	31.9	27.6	25.7	24.3
China	24.4	23.2	22.2	21.6	20.6	19.7
India	14.3	14.0	12.6	12.2	11.8	11.4
Pakistan	20.0	19.9	20.1	20.3	19.9	19.3
Indonesia	25.6	24.3	22.5	20.6	19.7	18.9
Bangladesh	8.5	8.4	8.7	8.9	8.2	7.8
World	24.54	23.89	23.42	22.78	22.11	21.09

- **Number shown includes consumption of oils and fats for Bioenergy**

Source : Oil World 2010

India's Population & Consumption of Edible Oils

Year	Population @1.8% Growth	Consumption @ 4% Growth		Consumption @ 5% Growth		Consumption @ 6% Growth	
	In Bn	Per Capita Kgs	Mn T	Per Capita Kgs	Mn T	Per Capita Kgs	Mn T
2009	1.19	12.37	14.75	12.73	15.18	13.10	15.61
2010	1.21	12.87	15.61	13.37	16.22	13.89	16.85
2011	1.24	13.38	16.53	14.04	17.34	14.72	18.18
2012	1.26	13.92	17.50	14.74	18.53	15.60	19.62
2013	1.28	14.48	18.53	15.48	19.81	16.54	21.17
2014	1.30	15.05	19.62	16.25	21.18	17.53	22.84
2015	1.33	15.66	20.77	17.06	22.63	18.58	24.65

Source : SEA

Edible Oil Demand and Import Projection

(Excluding Non-edible Oils)

Parameter	2009-10	2015-16 *
Population (in Bn)	1.21	1.33
Total Demand of Edible Oils (Mn T)	15.6	20.8
Domestic Supply of Edible Oils (Mn T)	6.5	9.0
Import of Edible Oils (Mn T)	8.8	11.0 ++
Import as Share of Demand	51%	53%

** Based on 4% Growth*

Current Import Duty Structure on Edible Oils

Item Description	WTO Bound Rate	Duty on Crude Edible Oils		Duty on Refined Edible Oils	
		Jan. 2011	Jan. 2007	Jan. 2011	Jan. 2007
Soybean Oil	45%	Nil	45%	7.5%	45%
Palmolein	300%	Nil	50%	7.5%	57.5%
Palm Oil	300%	Nil	50%	7.5%	57.5%
Sunflower Oil	300%	Nil	50%	7.5%	60%
Rape/Mustard Oil	75%	Nil	Nil	7.5%	75%

Import duty reduced to Nil on crude vegetable oils & 7.5% on refined oils w.e.f. 1.4.2008

Effective Duty on RBD Palmolein

Month 1	Avg. Price C&F US$ 2	Duty % Per Ton (Duty+ S.A.D.+ Ed. Cess) 3	Duty In US$ 4	Tariff Value US$ 5	Actual duty paid US$ 6	Landed Price US$ (2 + 6) 7	Differ. Between Duty & Actual duty $ 7- (2+4) 8	Net Effective Duty Including S.A.D. & Ed. Cess 9
Jan.,04	525	70.00%	368	515	360	885	- 8	65.87%
Jan.,05	402	76.50%	308	497	380	782	+ 72	95.52%
Jan.,06	421	76.50%	322	437	334	755	-12	79.33%
Jan.,07	618	59.23%	366	484	287	905	- 79	40.29%
Jan.,08	1043	54.08%	564	484	262	1305	- 302	25.12%
Jan.,09	650	7.73%	50	484	37	687	- 13	5.69%
Jan.,10	814	7.73%	63	484	37	851	- 26	4.55%
Jul.,10	832	7.73%	64	484	37	869	- 27	4.45%
Dec.,10	1238	7.73%	96	484	37	1275	- 59	2.99%

- **RBD Palmolein Tariff Value is US$ 484 and therefore the current effective duty is less than 3% against 7.73%**

Source : SEA

Import of Vegetable Oils

Edible, Vanaspati & Non-edible for period 2005-06 To 2009-10

(Qty in Mn T)

Vegetable Oils (Nov.-Oct.)	2009-10	2008-09	2007-08	2006-07	2005-06
Edible Oils	8.82	8.18	5.61	4.71	4.41
Vanaspati (E)	--	0.02	0.05	0.25	0.30
Non-edible	0.42	0.46	0.65	0.63	0.68
Total	9.24	8.66	6.31	5.59	5.39

- **The import of Vegetable Oil (Edible oil, Vanaspati & Industrial Oil) increased by 70 % in last 5 years.**

Source : SEA

Import of Edible Oils (Nov.-Oct.)

(Qty in Mn T)

Edible Oils	2009-10	2008-09	2007-08	2006-07	2005-06
RBD Palmolein	1.21	1.24	0.73	0.11	0.11
Crude Palm Oil	5.17	5.19	4.04	2.99	2.37
Crude PKO	0.11	0.11	0.03	0.01	0.03
Soybean Oil	1.67	0.99	0.76	1.32	1.70
Sunseed Oil	0.63	0.59	0.03	0.20	0.10
Others	0.03	0.06	0.02	0.08	0.10
Total	8.82	8.18	5.61	4.71	4.41

- **Edible oil import doubled in last five years**

Source : SEA

Import of Refined & Crude Edible Oils

Ratios for the period 2005-06 To 2009-10

(Qty in Mn T)

Year (Nov.- Oct.)	Refined Oils	%	Crude Oils	%	Total
2009-10	1.21	14%	7.61	86%	8.82
2008-09	1.24	15%	6.94	85%	8.18
2007-08	0.73	13%	4.88	87%	5.61
2006-07	0.12	3%	4.59	97%	4.71
2005-06	0.13	3%	4.28	97%	4.41

- **Refined oil import has increased in last 3 years due to reduction in duty difference due to tariff fixation.**

Source : SEA

Import of Palm & Soft Oils

Ratios for the period 2005-06 To 2009-10

(Qty in Mn T)

Year (Nov- Oct)	Palm Oil		Soft Oil					Total
	(RBD Palmolein +CPO + Crude Olein + CPKO)	%	Soy bean Oil	Sun seed Oil	Others	Total	%	
2009-10	6.50	74%	1.66	0.63	0.03	2.32	26%	8.82
2008-09	6.53	80%	0.99	0.59	0.07	1.65	20%	8.18
2007-08	4.81	86%	0.76	0.03	0.01	0.80	14%	5.61
2006-07	3.17	67%	1.32	0.20	0.02	1.54	33%	4.71
2005-06	2.57	58%	1.70	0.10	0.04	1.84	42%	4.41

- **Soft oil import jumped in last two year as premium over palm oil reduced**

Source : SEA

Landed Price of Soybean Oil & Crude Palm Oil in India

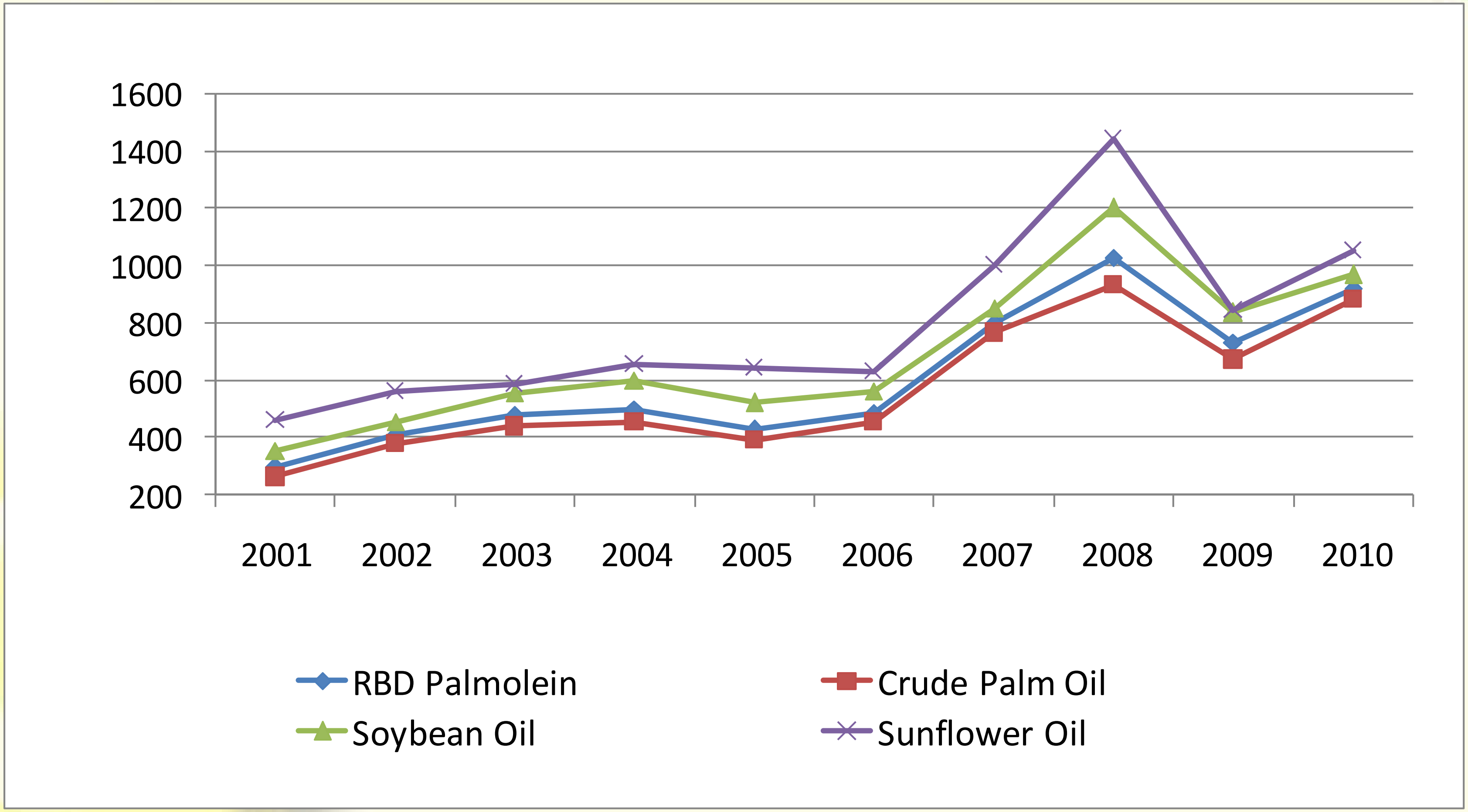
(US$ / T)

Month	Soybean Oil Degummed Indian Ports			Crude Palm Oil Indian Ports			SBO Premium over CPO
	CIF	Import Duty	Total	CIF	Import Duty	Total	
Dec.,2010	1284	0	1284	1198	0	1197	+ 87
Oct., 2010	1099	0	1099	967	0	967	+132
July, 2010	873	0	873	796	0	796	+ 77
Apr.,2010	866	0	866	809	0	809	+ 57
Jan.,2010	907	0	907	774	0	774	+133
Oct.,2009	867	0	867	666	0	666	+201
July, 2009	807	0	807	624	0	624	+183
Apr.,2009	839	0	839	724	0	724	+115
Jan.,2009	763	116	879	563	0	563	+316

- April 2010 onward premium reduced below US$ 100 lead to higher import of soybean oil during 2009-10

Average International Prices of Edible Oils CIF Indian Port 2001 To 2010

(Price US$ CIF / T)



Average International Prices of Edible Oils CIF Indian Port 2001 To 2010

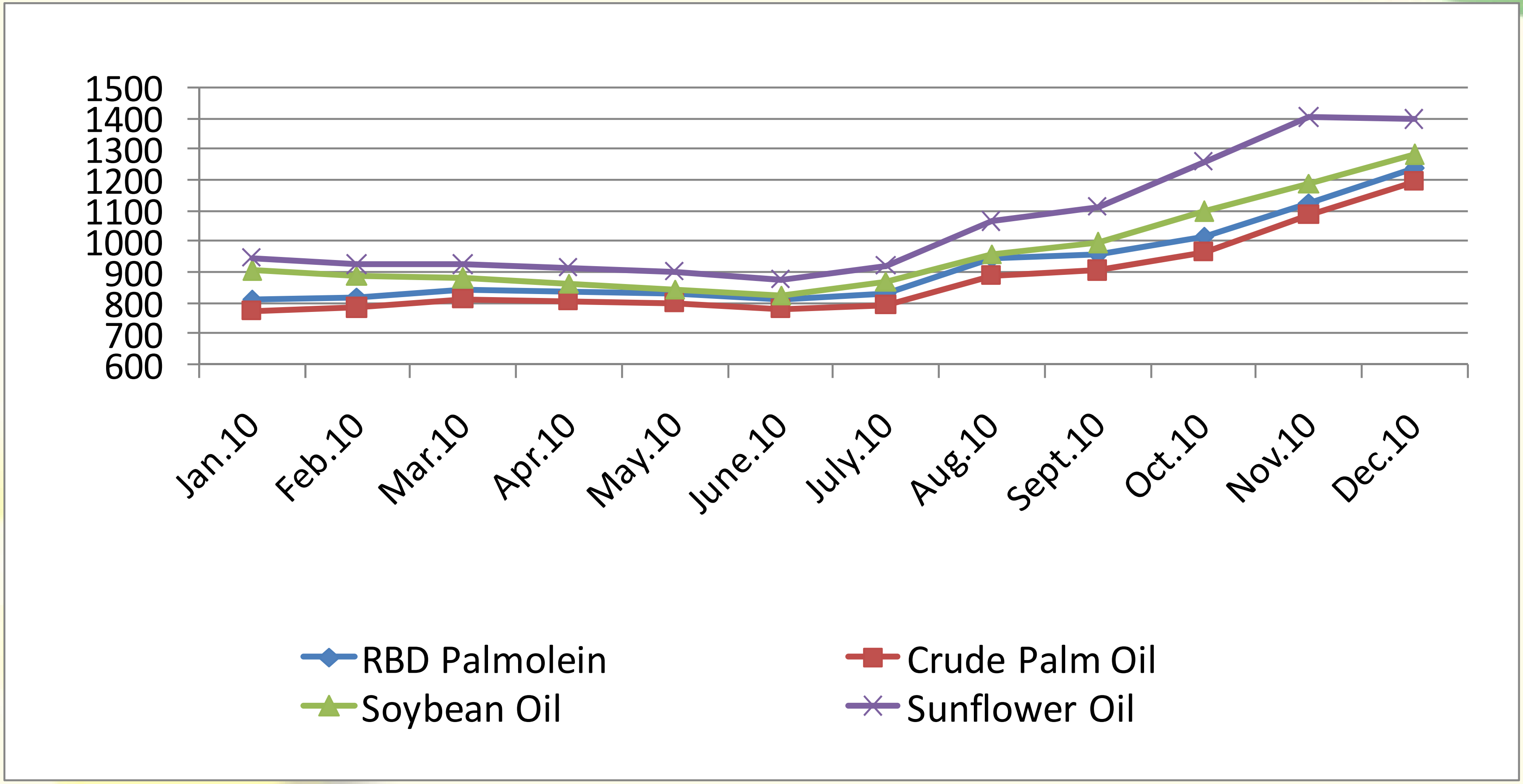
(Price US$ CIF /Ton)

Year	RBD Palmolein	Crude Palm Oil	Soybean Oil	Sunflower Oil
2001	294	263	353	461
2002	410	380	456	563
2003	480	440	558	587
2004	496	456	602	659
2005	428	392	522	645
2006	486	456	565	632
2007	804	769	853	1006
2008	1030	936	1204	1442
2009	734	673	838	846
2010	923	884	969	1055

Source : SEA

Average International Prices of Edible Oils
CIF Indian Port
2010

(Price US$ CIF/ T)



Average International Prices of Edible Oils CIF Indian Port 2010

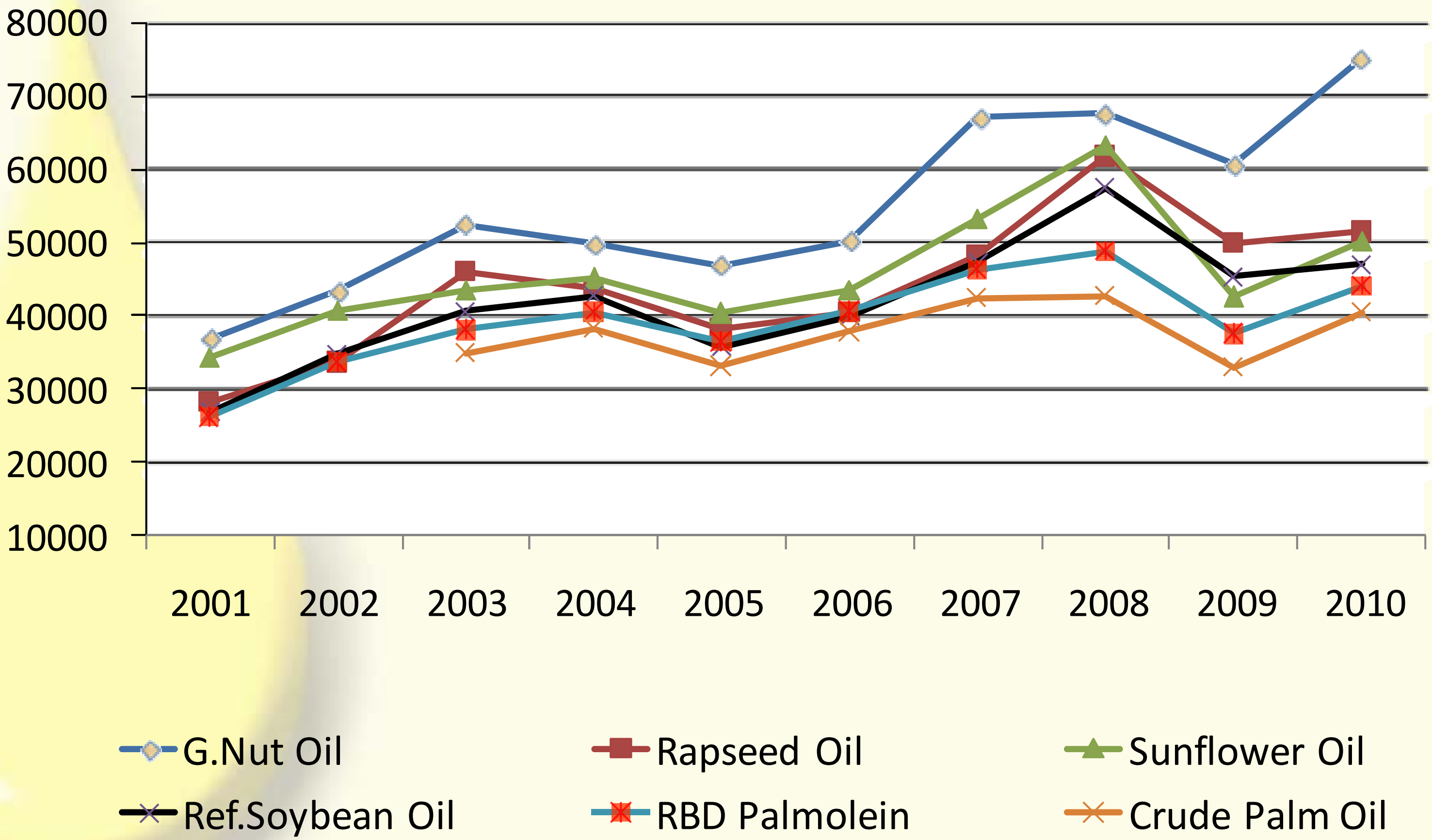
(Price US$ CIF /Ton)

Year	RBD Palmolein	Crude Palm Oil	Soybean Oil	Sunflower Oil
Jan.10	814	774	907	950
Feb.10	819	785	891	926
Mar.10	843	813	881	925
Apr.10	841	809	866	914
May.10	829	803	844	902
Jun.10	815	782	828	877
Jul.10	832	796	873	921
Aug.10	946	890	959	1066
Sep.10	957	906	997	1116
Oct.10	1018	967	1099	1261
Nov.10	1129	1088	1192	1405
Dec.10	1238	1198	1284	1399

Source : SEA

Average Domestic Prices of Edible Oils 2001 To 2010

(Price Rs./ T)



Average Domestic Prices of Edible Oils 2001 To 2010

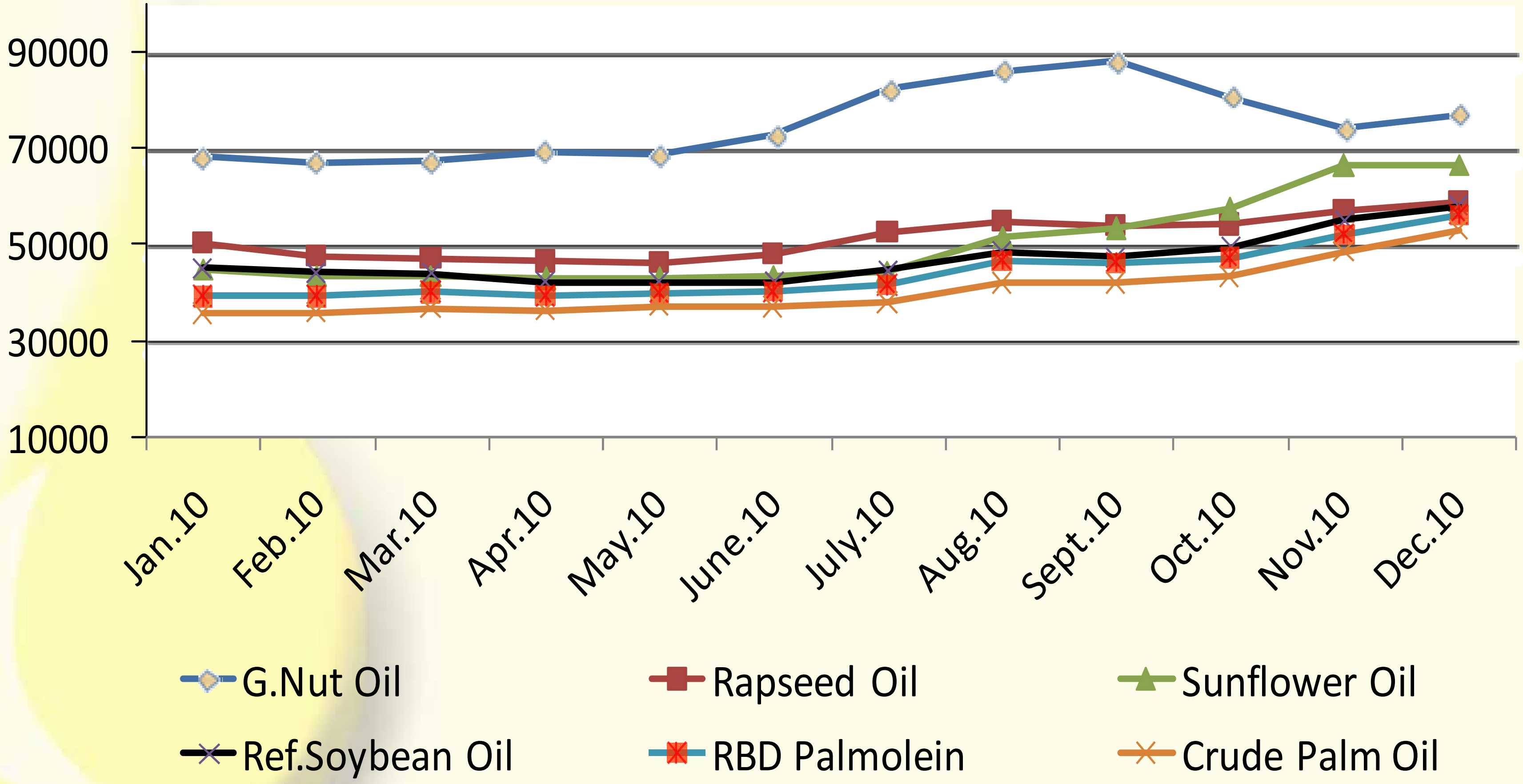
(Price Rs./Ton)

Year	Ground Nut Oil	Rape Seed Oil	Sunflower Oil	Soybean Oil	RBD Palmolein	Crude Palm Oil
2001	36810	28169	34281	25052	26160	NQ
2002	43338	33655	40714	33041	33671	NQ
2003	52475	46018	43430	39475	38057	34813
2004	49768	43820	44997	41154	40517	38210
2005	46795	38248	40331	34224	36418	33055
2006	50208	40379	43428	36801	40564	37799
2007	67040	48066	53191	43493	46207	42314
2008	67521	61716	63298	52407	48827	42662
2009	60580	49843	42486	41673	37514	33005
2010	75152	51412	50094	46968	43969	40441

Source : SEA

Average Domestic Prices of Edible Oils
Jan – Dec 2010

(Price Rs./ T)



Average Domestic Prices of Edible Oils 2010

(Price Rs./Ton)

Year	Ground Nut Oil	Rape Seed Oil	Sunflower Oil	Soybean Oil	RBD Palmolein	Crude Palm Oil
Jan.10	68313	50238	44913	45250	39225	35588
Feb.10	67205	47541	43682	44168	39182	35959
Mar.10	67360	47156	43584	43928	40076	36736
Apr.10	69333	46467	42813	42279	39254	36204
May.10	68708	46229	42792	42204	39879	37192
Jun.10	72808	48185	43535	42304	40173	36954
Jul.10	82173	52465	44481	44658	41523	37865
Aug.10	86048	54704	51800	48588	46588	41924
Sep.10	88070	54035	53304	47430	46183	42026
Oct.10	80720	54236	57360	49496	47268	43288
Nov.10	74125	56871	66367	55163	52079	48588
Dec.10	76962	58819	66500	58154	56200	52973

Source : SEA

International Prices of Edible Oils
Jan .11 v/s. Jan. 10

(Price US$ CIF Indian Port/ Ton)

Oil	7th Jan. 2011	Change %	31st Dec. 2010	Change %	7th Dec. 2010	Change %	Avg. Jan.10
RBD Palmolein	1315	1.94	1290	7.79	1220	61.55	814
Crude Palm Oil	1270	2.42	1240	7.63	1180	64.08	774
Soya Crude Oil	1350	2.04	1323	6.30	1270	48.84	907
Sunflower Oil	1440	1.05	1425	3.60	1390	51.58	950

Domestic Prices of Edible Oils
Jan .11 v/s. Jan. 10

(Price Rs./ Ton)

Oil	7th Jan. 2011	Change %	31st Dec. 2010	Change %	7th Dec. 2010	Change %	Avg. Jan.10
Groundnut Oil	78000	1.30	77000	0.00	78000	14.18	68313
Rapeseed Oil	61200	0.66	60800	5.15	58200	21.82	50238
Sunflower Oil	67000	0.00	67000	- 0.74	67500	49.18	44913
Washed Cottonseed	57000	1.79	56000	5.56	54000	37.94	41321
Refined Soybean	61500	0.82	61000	6.03	58000	35.91	45250
RBD Palmolein	58700	0.86	58200	5.20	55800	49.65	39225

Month End Stock of Edible Oils 2010

(Qty. in '000./Ton)

Year	Port Stock					Pipeline Stock	Total
	Crude Palm Oil	Crude Olein	Soy bean	Rape / Cotton	Sun-flower		
Jan.10	450	170	130	5	55	688	1498
Feb.10	530	150	110	5	50	691	1536
Mar.10	435	120	105	0	55	766	1481
Apr.10	345	90	75	0	65	807	1382
May.10	340	40	120	0	50	657	1207
Jun.10	270	65	160	0	60	644	1199
Jul.10	275	65	235	0	60	578	1213
Aug.10	290	70	255	0	85	693	1393
Sep.10	420	70	225	3	72	704	1494
Oct.10	400	60	140	3	62	773	1438
Nov.10	325	80	100	0	45	862	1412
Dec.10	460	90	50	5	40	744	1389

- **Average monthly demand is 1.3 to 1.4 mn tons and operating at 30 to 35 days inventory**

Source : GGN Research

Import of Non-Edible Oils

(Qty in '000)

Non-edible Oils	2009-10	2008-09	2007-08	2006-07	2005-06
P.K.F.A.D.	10.6	18.7	13.8	15.0	6.3
P.F.A.D.	255.9	269.9	368.4	255.5	200.6
C.P.S.	27.1	65.1	109.1	200.4	294.1
C.P.K.O.	116.5	96.1	97.1	91.7	135.2
Others	8.0	9.8	59.2	66.8	72.4
Total	418.1	459.6	647.6	629.4	708.6

- **India import non-edible vegetable oils to meet the demand from the soap and oleo chemical industries**

Source : SEA

Why import has increased in 2009-10 ?

- ✓ Increase in per capita consumption of edible oils with rise in income and notable increase in institutional consumption and middle class of the society

- ✓ High price elasticity - lower price has boosted the demand and consumption

- ✓ Zero import duty on crude edible oil and very nominal duty on refined palmolein have favoured the import over domestic oils at the expenses of Indian oilseeds farmers and crushers

- ✓ Govt. schemes like mid-day meals, subsidized oil and NRGEA also boosted the demand for edible oils

Why import has increased in 2009-10 ?

Cont .....

- ✓ Depreciation of Dollar v/s Rupee has made import more attractive
- ✓ Disparity in domestic seed crushing in first half of the year leading to poor capacity utilization and accumulation of seed stock in the beginning of the season
- ✓ The profit margin of oilseeds processors deteriorated severely in the beginning of season and many plants were operating at much lower capacity to minimize the losses

Factors to watch in 2010-11

- We have to keep an eye on the developing Soybean crops in South America , particularly to the impact of La Nina. From March onwards we must keep an eye on the fight for acres in USA between corn , cotton , soybeans and wheat. And also we have to watch the rate of growth of the world economy.

Cont……

Factors to watch in 2010-11

Cont .....

- It is quite possible that during the oil year Oct 2010 to Sept. 2011, the world will have to draw down the vegetable oil stock for the third successive year . If that were to happen, we are not likely to see any significant decline in prices . It is very likely that, prices will be higher in the first half of the year and then may decline in the second half depending on the recovery in palm oil production and recovery in rapeseed and sun seed production.

Factors to watch in 2010-11

- Palm oil prices have risen very considerably and attained all the targets that were set. The most recent target was 3600 Ringgits for CPO on the BMD futures and USD 1250 FOB for RBD Olein. It now remains to be seen if at current level, we shall begin to ration Demand.

- We need to ration demand in order to bring supply and demand back into equilibrium. There are few factors to watch : production of CPO in the first quarter of 2011. If the production is as bad as it has been in the last quarter of 2010, then prices need to go higher than 3600 Ringgits.

Cont……

Factors to watch in 2010-11

Cont .....

- **Prices have already twice over-shot the original target of 3600 but have not been able to hold and have retraced.**

- **The Second factor is Demand. There has been some postponement of buying by major importing countries who have preferred to be cautions and have been running down their pipeline. If the buying momentum revives, then prices will need to go higher.**

Factors to watch in 2010-11

Cont .....

- **We have to watch the U S Dollar. A rally in the U S Dollar will stabilize prices and put a ceiling on them. Any weakness in the U S Dollar will result in higher prices.**

- **We have to keep a watch on crude petroleum price and likely usage of vegetable oils in Biodiesel.**

- **Lastly Indian market is very sensitive to price elasticity. Demand may reduce or increase depend on price level. Current price level if maintained, would reduce the demand and so import during 2010-11.**

Import Forecast for 2010-11

(Qty in Mn T)

Oils	2010-11 (F)	2009-10.
RBD Palmolein	1.4	1.213
Crude Palm Oil	5.2	5.170
C.P.K.O.	0.1	0.112
Soybean Oil	1.4	1.667
Sunflower Oil	0.4	0.630
Others	0.1	0.031
Non-edible	0.4	0.418
Total	9.0 ± 0.3	9.241

- **Import is likely to be slightly lower during current year as additional production will take care of incremental demand**

Conclusion

India will continue to be large Importer of Vegetable Oils thanks to :

- **Strong GDP Growth**
- **Rising Population**
- **Per Capita Consumption Growth**
- **Oilseeds Production Lagging**

Your TIME is Precious

Thank you

Dr. B. V. Mehta

Executive Director

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A Premier Association of Vegetable Oil Industry & Trade in India

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