

1. PRESENT SEANIRO OF OILSEED CROPS AND VEGETABLE OILS

1.0 Present Status of Oilseed crops and vegetable oils in India

Oilseed crops are the second most important determinant of agricultural economy, next only to cereals within the segment of field crops. The self-sufficiency in oilseeds attained through “Yellow Revolution” during early 1990’s, could not be sustained beyond a short period. Despite being the fifth largest oilseed crop producing country in the world, India is also one of the largest importers of vegetable oils today. There is a spurt in the vegetable oil consumption in recent years in respect of both edible as well as industrial usages.

The demand-supply gap in the edible oils has necessitated huge imports accounting for 60 per cent of the country’s requirement (2016-17: import 14.01 million tonnes; cost Rs. 73,048 crore). Despite commendable performance of domestic oilseeds production of the nine annual crops (Compound Annual Growth Rate of 3.89%), it could not match with the galloping rate of per capita demand (~6%) due to enhanced per capita consumption (18 kg oil **per annum**) driven by increase in population and enhanced per capita income.

1.1 Sources of vegetable oils

Primary sources of vegetable oil: Nine oilseeds are the primary source of vegetable oils in the country, which are largely grown under rainfed condition over an area of about 26 million ha. Among these, soybean (34%), groundnut (27%), rapeseed & mustard (27%) contributes to more than 88% of total oilseeds production and >80% of vegetable oil with major share of mustard (35%), soybean (23%) and groundnut (25%).

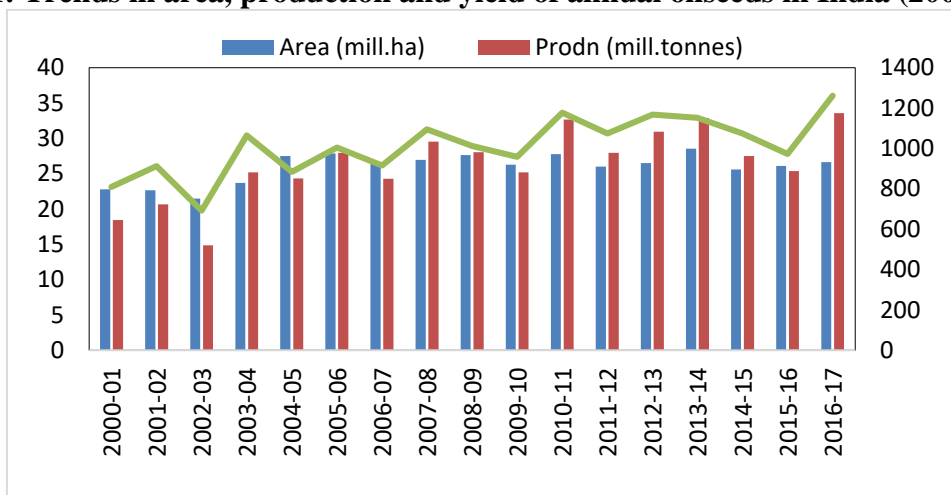
Andhra Pradesh (groundnut) & Gujarat (groundnut), Haryana(Mustard), Karnataka(G.nut), M.P(Soybean), Maharashtra(Soybean), Rajasthan (Mustard & Soybean), Tamil Nadu(G. nut), U.P(Mustard), West Bengal(Mustard) contributing more than 95% of total oilseed production in the country. India is producing about 7-8 million tones of vegetable oils from primary sources

Secondary sources of vegetable oil: In addition to nine oilseeds, 03 million tonnes of vegetable oil is being harnessed from secondary sources like cottonseed, rice bran, coconut, Tree Borne Oilseeds (TBOs) and Oil Palm. Oil palm which is categorized as secondary sources of oils should be included as primary source as it gives the highest per ha oil yield (4-5t/ha).

1.2 Area, Production and Yield of Oilseed Crops in India

In India, annual oilseeds are cultivated over 26.67 million hectares of area producing 30.06 million tonnes annually (quinquennium ending 2016-17) (Fig 1. and Table 1). Majority of the oilseeds are cultivated under rainfed ecosystem (70%). The area under oilseeds has experienced a deceleration in general, and this is due to their relative lower profitability against competing crops like maize, cotton, chickpea etc., under the prevailing crop growing and marketing situations.

Fig 1: Trends in area, production and yield of annual oilseeds in India (2000-2017)



Source: DFI Committee Estimates based on data compiled from DACNET

1.3 Growth rate of oilseed crops:

The growth rates of all annual oilseed crops during past decade (2001-02 to 2011-12) is poor (negative for area and production) especially for sunflower, safflower, linseed, niger; and negative for area of groundnut. Soybean and castor crops have registered positive and high growth rates and rapeseed-mustard registered higher rate of production. The higher productivity driving the production (and profitability) and area expansion of castor is the best situation for oilseeds. The annual production of is increasing continuously in the country and showed a positive growth during the period 2001 to 2013 compared to the decade 1990-2000 especially as the increased production has come from the increase in area and highest rate of increase for productivity implying the technology led growth. Increase of area by 1.8 times, production by 4.99 times and yield by 2.86 times over 1966-67(Table 1).

Table 1. Growth in XII Plan over XI Plan

Crops	Per cent increase/decrease		
	Area	Yield	Production
Castor	+11.10	+16.00	+27.00
Linseed	-24.60	+20.80	-7.72
Niger	-29.58	+15.10	-18.80
Groundnut	-14.00	+13.40	-2.44
Sesame	-7.70	+13.50	+5.00
Rapeseed & Mustard	+0.23	+7.20	+7.40
Soybean	+18.00	-10.00	+6.24

As per trends, vegetable oil production is around 7.0 million tonnes from about 30.0 million tonnes of oilseeds necessitating import to the tune of 10-14 million tonnes, accounting for about 60 per cent of the total (Table 2).

Table 2: Estimated domestic production, import and total availability of edible oils during last 3 years (November to October) (Quantity in lakh tonnes)

Vegetable oils	2014-15		2015-16		2016-17	
	Oils	Oilseeds	Oils	Oilseeds	Oils	Oilseeds
Primary source (A)						
R-M	19.47	62.82	21.08	67.97	24.74	79.77
Soybean	16.6	103.74	13.73	85.70	22.10	137.94
Ground nut	17.02	74.02	15.27	67.33	17.16	75.65
Sunflower	1.43	4.34	0.98	2.96	0.80	2.41
Sesame	2.57	8.68	2.65	8.50	2.45	7.84
Niger seed	0.23	0.76	0.21	0.74	0.24	0.83
Safflower	0.27	0.90	0.15	0.53	0.22	0.78
Castor	7.48	18.70	6.16	17.52	4.99	14.21
Linseed	0.47	1.55	0.32	1.25	0.39	1.54
Sub-total (A)	65.54	275.51	60.55	252.50	73.09	320.97
Secondary source (B)						
Coconut	4.80		4.32		5.32	
Palm oil	1.71		1.98		2.30	
Cotton seed	12.15		10.05		12.24	
Rice bran	9.20		9.90		10.31	
SEO	3.00		3.50		2.85	
Tree & Forest origin	1.60		1.50		1.50	
Sub Total	32.46		31.25		34.40	
Total (A+B)						
Less exports & Industrial use	5.94		5.50		6.50	
NDA of edible oils	92.06		86.30		100.99	
Import of edible oils	138.53		148.50		153.17	
Total consumption of edible oils	230.59		234.80		254.16	

Source: DGCIS, Department of commerce

1.4 Import and export of oilseeds & vegetable oil

Import

India is heavily dependent on imports to meet its edible oil requirements and largest importer of vegetable oils in the world (15% share) followed by China & USA. Of imported edible oils, share of palm oil is about 60% followed by soybean oil with a share of 25% and sunflower (12%). Import growth in respect of edible oils during the last decades is about 174%. The import figure of edible oils during 2015-16 reveals that India imported a total of 15.88 million tonnes of oilseed and vegetable oil products worthing Rs. 69331.96 crore (Table 3).

Table 3: India's Imports of oilseed and vegetable oil Products

(Quantity: '000 tonnes), (Value Rs. Crore)

Commodity	2015-16 (P)	
	Quantity	Value
Sesame seeds	23.60	179.66
Niger seeds	5.78	44.14
Groundnut	0.11	0.31
Other oil seeds	62.51	218.62
Vegetable oils	15642.33	68676.62
Oil meals	148.30	210.38
Castor oil	0.14	2.23
Total	15882.77	69331.96

Source: DES, DAC&FW

Export

As per foreign trade policy export of edible oils was prohibited over the years. Currently the following exemptions are in place.

- i) Edible oils permitted for export in bulk as well consumer packs of upto 5 kgs with MEP.
 - a) Groundnut oil , sesame oil, soybean oil, rice bran oil, coconut oil
 - b) Minor forest product oils
- ii) Edible oils permitted for export in only consumer packs upto 5 kgs with MEP of UDS 900 per MT:
 - a) Olive oil, palm oil, sunflower oil, safflower oil, cotton seed oil. linseed oil, mustard oil.

India was never a big exporter of edible oils. India's export basket comprised of premium oils with higher value realization (refined coconut, groundnut and sesame oils) and recently DOC oil meals, castor oil , groundnut oil and sesame oil contributes largest share . The export figure of edible oils during 2015-16 reveals that India exported a total of 8.20 million tonnes of oilseed and vegetable oil products worthing Rs. 29527.97crore (Table 4).

Table 4: India's Exports of Oilseed and Vegetable oil Products

(Quantity: '000 tonnes), (Value Rs. Crore)

Commodity	2015-16 (P)	
	Quantity	Value
Sesame seeds	328.46	3012.31
Niger seeds	14.12	123.27
Groundnut	542.73	4075.63
Other oil seeds	204.62	964.47
Vegetable oils	30.60	522.94
Oil meals	6578.17	16519.53
Castor oil	565.99	4309.82
Total	8264.69	29527.97