

Required Report: Required - Public Distribution

Date: March 10, 2023

Report Number: IN2023-0023

Report Name: Oilseeds and Products Update

Country: India

Post: New Delhi

Report Category: Oilseeds and Products

Prepared By: Mark Rosmann, Agricultural Attache

Approved By: Ronald Verdonk

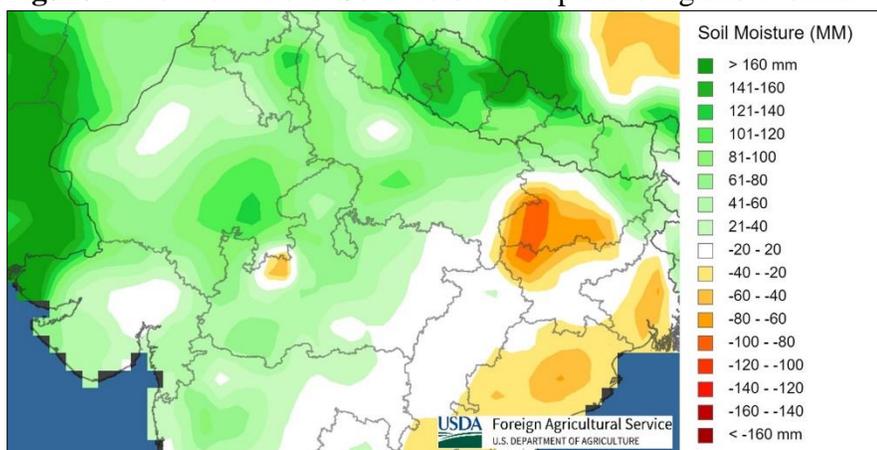
Report Highlights:

India's rapeseed and mustard (rapeseed-mustard) production estimate for marketing year (MY) 2022/2023 (October-September) is forecast to drop slightly to 11.4 million metric tons, harvested from a record 9.2 million hectares following a favorable monsoon performance in the state of Rajasthan. Early season frost damage combined with elevated late season temperatures are predicted to impact crop quality. Larger rapeseed-mustard stocks will lead to increased crush in the current MY, and advantageous pricing of domestic oil meals against other origins will continue to drive exports to regional markets. India will continue its surge of importing discounted edible oil imports in the near term as it will eliminate its duty-free tariff rate quotas for sunflowerseed oil and soybean oil on April 1, 2023.

GENERAL INFORMATION

Rapeseed-Mustard Sowing Update: On February 3, 2023, India’s Ministry of Agriculture and Farmers Welfare (MOAFW) published its planting estimate for *rabi*¹ oilseed crops. According to the government, area under rapeseed-mustard for MY 2022/2023 increased eight percent over the previous MY, owing in part to adequate rainfall and sufficient soil moisture during the winter growing season (Figure 1). Much like the rainfall patterns in 2021, an extended southwest monsoon through the latter half of October 2022 supported adequate soil moisture and reservoir storage for irrigation. In Rajasthan, the largest rapeseed-mustard producing state, sowing increased approximately 14 percent as farmers sought to take advantage of favorable market prices experienced during the planting season (Table 1).

Figure 1. Northern India: Soil Moisture Departure Against Normal Conditions as on January 31, 2023



Note: Satellite data derived from NOAA Climate Prediction Center (50 km) via USDA/FAS CADRE database. Data source: USDA Global Agricultural and Disaster Assessment System (GADAS).

Table 1. Rapeseed-Mustard Crop Sowing Progress (Million Hectares)

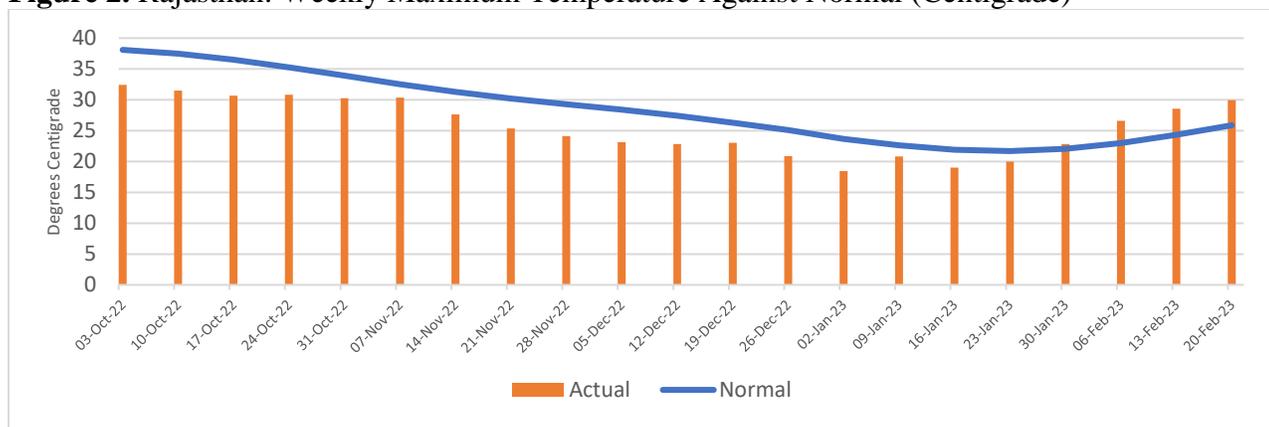
Area Planted as of February 3, 2022				
State	2022/2023	2021/2022	Normal Area	% Change
Rajasthan*	3.97	3.53	2.59	12.5
Uttar Pradesh*	1.33	1.42	0.70	(6)
Madhya Pradesh	1.40	1.17	0.70	19.7
Haryana	0.73	0.76	0.59	(4)
West Bengal	0.66	0.61	0.58	8
Gujarat	0.31	0.34	0.20	(8)
Assam	0.33	0.32	0.29	3
Jharkhand	0.39	0.41	0.31	(5)
All Other States	0.68	0.57	-	-
All India	9.80	9.13	6.35	7

Note: Converted to million hectares from official data reported in *lakh* (100,000) hectares. *Sowing data includes rapeseed crop varieties *Taramira* (Rajasthan) and *Toria* (Uttar Pradesh). Data source: MOAFW.

¹ *Rabi* crops are sown in winter and harvested in the spring in India.

The MOAFW reservoir storage bulletin as on February 23, 2023, indicated live storage (gross volume water storage) available in the northern region reservoirs for crop irrigation (Rajasthan, Punjab, Himachal Pradesh) at 19.66 billion cubic meters and 47 percent of total live storage capacity. Bouts of January rainfall, frost, and hail have been reported in northern Rajasthan, indicating some minimal crop impact.² Damage appears to be limited with expected overall adequate yields and a mostly good crop condition. Concurrently, temperature spikes from late January through February during the critical grain filling stage have been observed in Rajasthan, Haryana, and to a lesser extent, Punjab (Figure 2).

Figure 2. Rajasthan: Weekly Maximum Temperature Against Normal (Centigrade)



Note: This satellite-derived weather data is from the U.S. Air Force 557th Weather Wing. Maximum temperature data is provided as the average value found across a one-week period from daily maximum temperatures against historical averages. Data Source: GADAS.

Revised Edible Oil Import Duties

On January 11, 2023, India’s Ministry of Commerce and Industry/Directorate General of Foreign Trade announced an end to its tariff-rate quota (TRQ) of 2 million metric tons (MMT) for crude soybean oil, previously allowable through Indian fiscal years (IFY) 2022/2023 and 2023/2024 (April 1-March 31). In turn, on March 1, 2023, the Indian government eliminated the matching TRQ for 2 MMT of crude sunflowerseed oil.³ The zero-duty TRQs will end March 31, 2023, as both soybean and sunflowerseed oil imports will incur a 5.5 percent import duty starting April 1, 2023.⁴

According to the Solvent Extractors Association, domestic edible oil stocks have increased sharply during the first quarter (November-January) of MY 2022/2023, stabilizing consumer prices through record imports of various discounted oils, including crude palm oil (CPO), refined, bleached, deodorized (RBD) palmolein, and crude sunflowerseed and soybean oils.⁵ The government’s decision comes following petitioning from domestic stakeholders as farmers are receiving lower prices in keeping with softened market demand.

² See: [Zee News](#), “Rajasthan Agriculture Minister Assures Compensation for Crop Loss due to Hailstorms.” Published on January 30, 2023.

³ See: Crude Sunflowerseed Oil – Directorate General of Foreign Trade, [Public Notice No. 60/2015-20](#) (March 1, 2023). The full text of each Ministry of Commerce and Industry/Directorate General of Foreign Trade Public Notices are accessible on the DGFT website located at: <https://www.dgft.gov.in/CP/>.

⁴ See: USDA GAIN [IN2023-0009](#), “India Discontinues Tariff Rate Quota on Soybean Oil and Extends Lower Duty in Refined Palm Oil Policy.”

⁵ Source: [Solvent Extractors Association](#), “Import of Vegetable Oils – Nov’22 – Jan ’23 – Up by 30%,” published on February 15, 2023.

Rabi Oilseed Crop Minimum Support Price

On October 18, 2022, the Indian government announced its Minimum Support Price (MSP) for *rabi* crops for the current season. For oilseeds, the Indian government increased the MSP for rapeseed-mustard by eight percent to USD⁶ \$684 per metric ton (MT) (Indian Rupee [INR] 56,500/MT) from the previous season price of \$611/MT (INR 50,500/MT) (Source: [Press Information Bureau](#)).

Continued Challenges to Releasing Genetically Engineered Mustard

On October 18, 2022, the Genetic Engineering Appraisal Committee within the Ministry of Environment, Forest, and Climate Change approved the environmental release of genetically engineered (GE) mustard hybrid DMH-11 and its parental lines for developing new crop varieties. Since the government announcement, anti-biotechnology advocacy groups have objected to the decision which led to various protests throughout India. On February 5, 2023, the Punjab state government alluded it would not permit commercial cultivation of GE-mustard, despite ongoing varietal field trials underway at the Punjab Agricultural University.⁷ India's Supreme Court on November 30, 2022, heard a petition by activists challenging the government's action, for which, to date, no verdict has been rendered.

Growing Oil Meal Exports

India's oil meal exports continued expanding, growing three-fold between October 2022 and January 2023, as both soybean meal and rapeseed meal have remained competitively priced globally (Table 2) with increased parity against other origins, including Argentine soybean meal. The January 2023 average price for Indian soybean meal (ex-Kandla) was quoted at \$532 MT,⁸ as compared to Argentina (\$589/MT) in the same period. India's oil meal exports will likely remain elevated for the upcoming quarter due to reduced price parity from other origins and domestic oil meal surplus.

Table 2. India: Oil Meal Exports (MT)

Month	Soybean Meal	Rapeseed Meal	Peanut Meal	Total
Oct-22	40,196	98,571	4,595	143,362
Nov-22	164,075	134,952	6,854	305,881
Dec-22	121,138	194,748	4,159	320,045
Jan-23	110,139	238,476	6,020	354,635
Oct-2022 to Jan-2023	435,548	666,747	21,628	1,123,923
Oct-2021 to Jan-2022	153,520	124,402	604	278,526
% Change	184	436	3481	304

Data source: Solvent Extractors Association.

⁶ For purposes of this report, \$1 USD = Indian rupee (INR) 82.60.

⁷ The state government of Punjab has yet to clarify its decision in writing. See: [Hindustan Times](#); "Punjab not to allow commercial cultivation of GM mustard." Published on February 5, 2023.

⁸ Adjusted for inflation, Indian soybean meal (ex-Kandla) reached \$677 MT in the same period last year.

Edible Oil Trade

Indonesia and Malaysia continue as the top palm oil suppliers in the October-December 2022 quarter. During this period, India imported crude soybean oil from Argentina, Brazil, and the European Union, while Ukraine and Russia exported crude sunflower oil to India (Table 3). The Indian government's November order that removed stock limits on edible oils and oilseeds initially supported higher domestic soybean crush in the new MY. At the same time, during the November 2022 to January 2023 period, Indian traders drastically increased their imports of discounted duty-free sunflowerseed and soybean oils, an action that has helped temper consumer inflation and led to bigger domestic stocks.

Table 3. India: Select Edible Oil Imports (1000 MT)

Commodity	22-Oct	22-Nov	22-Dec	23-Jan	Total
Crude Palm Oil	718	931	844	652	3,145
RBD Palmolein	164	202	256	173	797
Crude Soybean Oil	331	229	253	367	1,179
Crude Sunflowerseed Oil	154	158	194	461	967
Oct-2022 to Jan-2023	1,368	1,521	1,547	1,654	6,089
Oct-2021 to Jan-2022	1,106	1,139	1,216	1,252	4,713
% Change	23.66	33.50	27.20	32.09	29.19

Data source: Solvent Extractors Association.

India has substantially increased its RBD palmolein imports due to the narrow price spread against CPO and a narrow difference in the import duties which has promoted local industries to advocate for the government to change the tariff structure.

**COMMODITIES, OILSEEDS:
RAPESEED**

Table 4. India: Oilseed, Rapeseed, Production, Supply and Distribution

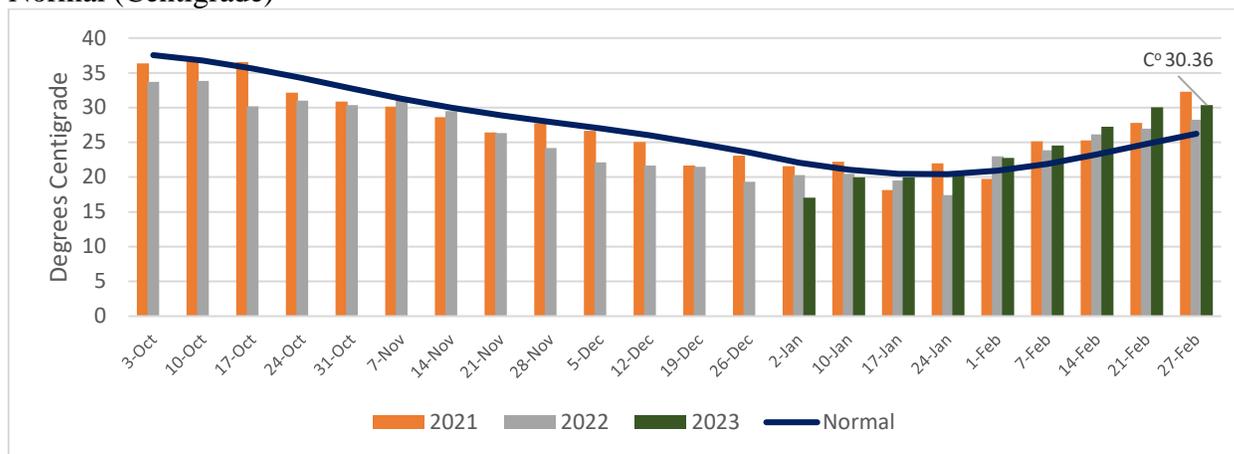
Oilseed, Rapeseed	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	6700	6700	8300	8300	8600	9200
Area Harvested (1000 HA)	6700	6700	8200	8200	9000	9200
Beginning Stocks (1000 MT)	269	269	369	369	519	519
Production (1000 MT)	8500	8500	11000	11000	11500	11400
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8769	8769	11369	11369	12019	11919
MY Exports (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	7500	7500	9650	9650	10200	10500
Food Use Dom. Cons. (1000 MT)	650	650	650	650	700	600
Feed Waste Dom. Cons. (1000 MT)	250	250	550	550	600	600
Total Dom. Cons. (1000 MT)	8400	8400	10850	10850	11500	11700
Ending Stocks (1000 MT)	369	369	519	519	519	219
Total Distribution (1000 MT)	8769	8769	11369	11369	12019	11019
Yield (MT/HA)	1.2687	1.2687	1.3415	1.3415	1.2778	1.2391

Data source: OAA New Delhi historical data series. Post estimates for 2020/21, 2021/22, and 2022/23.

PRODUCTION

Market Year 2022/2023 Rapeseed-Mustard Production Estimate Marginally Lower: India's rapeseed and mustard crop production for MY 2022/23 (October-September) is forecast to slightly decline to 11.4 MMT, produced on 9.2 million hectares, based on reported higher acreage and sufficient monsoon and winter season precipitation. Popular rapeseed-mustard crop varieties that typically take 110-140 days to mature include brown and yellow *sarson*, *raya*, and *toria* (Uttar Pradesh), and *taramira* (Rajasthan). Late season temperature spikes have been reported in northern Rajasthan, potentially impacting the yields of later season varieties. The erratic and extreme temperature phenomenon is likely to impact seed development and oil content (Figure 3).

Figure 3. India: Bharatpur District, Rajasthan, Weekly Extreme Maximum Temperature Against Normal (Centigrade)



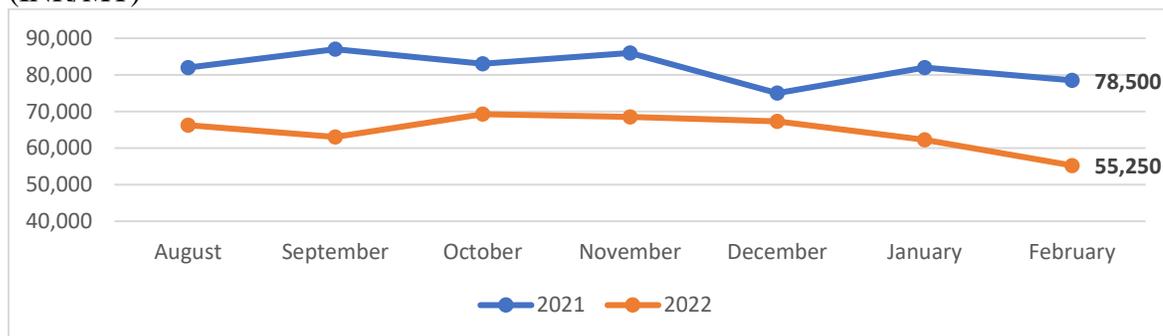
Note: This satellite-derived weather data is from the U.S. Air Force (USAF) 557th Weather Wing. Bharatpur District is among the largest producing rapeseed-mustard regions in Rajasthan. Extreme maximum temperature data is provided as the weekly average value against historical averages.

Data source: GADAS.

PRICE

The Indian government’s MSP announcement in October 2022 encouraged greater rapeseed-mustard planting relative to MY 2021/2022. However, high carryover stocks from the previous MY gradually depressed domestic prices, resulting in new crop arrivals trading near or below the MSP (\$65.98 per quintal⁹, INR 5,450/quintal) in some markets. In the last week of February 2023, rapeseed-mustard prices fell to \$66.89/quintal (INR 5,525/quintal), the lowest price since 2021 (Figure 4). According to industry sources, prices are expected to remain flat in the near term despite elevated crushing primarily for exporting rapeseed-mustard meal.

Figure 4. India: September-February 2022/2023 Rapeseed-Mustard Average Monthly Domestic Prices (INR/MT)



Note: All prices ex-Jaipur (Rajasthan) market.

Data source: OAA New Delhi historical data series.

⁹ One quintal = 100 kilograms.

**COMMODITIES: MEAL
RAPESEED MEAL**

Table 5. India: Meal, Rapeseed, Production, Supply and Distribution

Meal, Rapeseed	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	7500	7500	9650	9650	10200	10500
Extr. Rate, 999.9999 (PERCENT)	0.5971	0.5971	0.5969	0.5969	0.5951	0.5905
Beginning Stocks (1000 MT)	381	381	227	224	450	447
Production (1000 MT)	4478	4478	5760	5760	6070	6200
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4859	4859	5987	5984	6520	6647
MY Exports (1000 MT)	1032	1035	1207	1207	1000	1400
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3600	3600	4330	4330	5070	5000
Total Dom. Cons. (1000 MT)	3600	3600	4330	4330	5070	5000
Ending Stocks (1000 MT)	227	224	450	447	450	247
Total Distribution (1000 MT)	4859	4859	5987	5984	6520	6647

Data source: OAA New Delhi historical data series. Post estimates for 2020/21, 2021/22, and 2022/23.

TRADE

India's rapeseed meal production is forecast to rise 8 percent to 6.2 MMT in MY 2022/2023 due to significant carryover stocks coupled with a greater new crop harvest. The abundant availability of rapeseed meal and favorable pricing have led to increased crush from last marketing year. Indian rapeseed meal exports totaled 666,747 MT from October 2022 to January 2023, a 436 percent increase from the previous corresponding period. In January 2023, rapeseed exports increased by 23 percent compared to December 2022 (Table 2). As new crop crushing ensues, Post estimates that India will further increase its rapeseed meal exports in the current MY to 1.4 MMT, should prices remain firm and crushing remains at full capacity. Owing in part to logistical and shipping advantages, South Korea, Bangladesh, Thailand, and Vietnam were the top importers of Indian rapeseed meal in MY 2021/2022, a trend that is expected to continue this year.

**COMMODITIES: OILS
RAPESEED OIL**

Table 6. India: Oil, Rapeseed, Production, Supply and Distribution

Oil, Rapeseed	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	7500	7500	9650	9650	10200	10500
Extr. Rate, 999.9999 (PERCENT)	0.3805	0.3805	0.3798	0.3798	0.3799	0.3714
Beginning Stocks (1000 MT)	179	179	333	333	365	305
Production (1000 MT)	2854	2854	3665	3665	3875	3900
MY Imports (1000 MT)	25	25	34	34	25	10
Total Supply (1000 MT)	3058	3058	4032	4032	4265	4215
MY Exports (1000 MT)	7	7	7	7	7	8
Industrial Dom. Cons. (1000 MT)	70	70	70	70	70	0
Food Use Dom. Cons. (1000 MT)	2648	2648	3590	3650	3900	4000
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	2718	2718	3660	3720	3970	4215
Ending Stocks (1000 MT)	333	333	365	305	288	207
Total Distribution (1000 MT)	3058	3058	4032	4032	4265	4215

Data source: OAA New Delhi historical data series. Post estimates for 2020/21, 2021/22, and 2022/23.

PRODUCTION

India is forecast to produce 3.9 MMT of rapeseed oil in MY 2022/2023 on account of higher crush as processors have moved away from crushing domestic soybeans. However, late season temperature spikes impacting the rapeseed-mustard grain/podding stage may slightly impact oil content and reduced extraction rates. Almost all the India's mustard oil is consumed locally, and trade is negligible.

Attachments:

No Attachments