

# ICCOA

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# Indian Macro Economic Scenario



## The Brighter Side :

- *Stable Political Environment*
- *Strong and Decisive Leadership capable of Taking game changing decisions*
- *Government's seriousness in improving ease of doing business environment*
- *More transparency in Government decision making. Far cry from the past*
- *Infrastructure Sector is getting the required thrust from Government*
- *Corruption seems to have come down*

# Indian Macro Economic Scenario



## The Brighter Side :

- *GDP growth quite healthy a close to 7%*
- *Tax collection has been robust; Growth of 18% in direct Tax collection*
- *Inflation under control at around 3%*
- *Fiscal Deficit has been brought down to 3.5%*
- *Current Account Deficit reduced to 2.5%*
- *Indian Rupee remains very strong currency and lately has appreciated big time*
- *Stock Markets are buoyant and FDI is about \$ 47 Billion*



# Indian Macro Economic Scenario



## The Brighter Side :

- **Demonetization of High Value Currency** which helped to :
  - *Uncover black Money in the system*
  - *Digitization – a habit changing effect on Indian Citizen*
  - *Better Tax Compliance*
  - *Helped to reduce fake currency, funding to terrorist etc.*
  
- **GST Getting implemented from 1<sup>st</sup> July** which would lead to :
  - *Common Market across India*
  - *Will replace 17 direct Taxes and compliance cost would fall*
  - *Easy tax filing leading to decrease in corruption and Tax evasion*

# Indian Macro Economic Scenario



## The Negative Side :

- *New investments by private Sector almost at a standstill*
- *Investment worth \$200 billion stuck in pipeline*
- *Investment have shrunk from 35% of GDP to below 30%*
- *Manufacturing sector not buoyant*
- *Massive NPA in public sector banks above 8% threatening to derail the economy*
- *Banking Sector not willing to take hair cut for fear of witch hunt by investigating agencies. Resolutions at a standstill compounding problems*
- *Power Sector in Serious trouble*

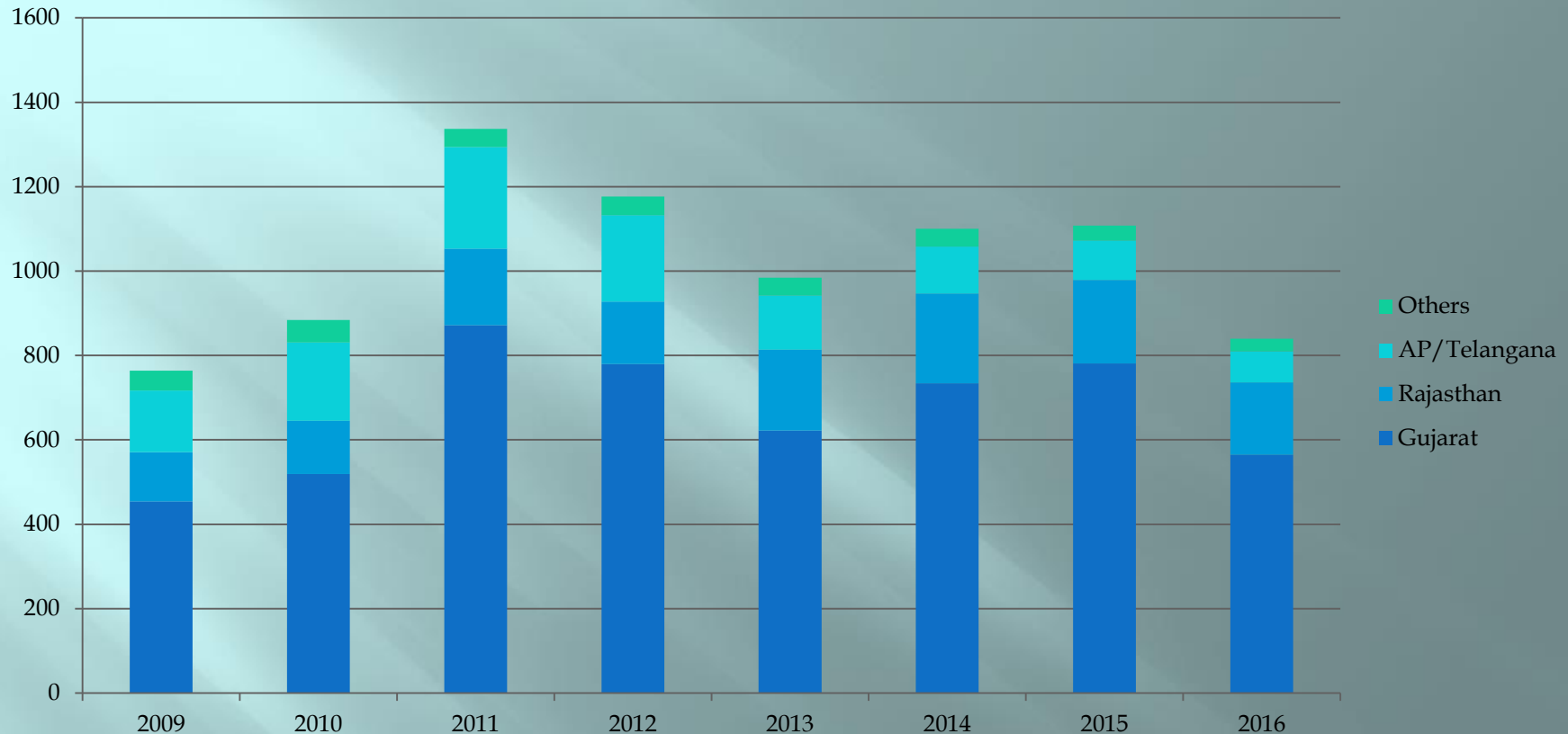
# Agri Rebounding in India



- *Over 58% of Rural households depends on Agriculture as primary source of livelihood & Agriculture as a sector contributes 18 percent of the GDP*
- *Agri GDP growth which was hovering around 1% is likely to grow above-trend at 4.1%*
- *Total food grain production is estimated at an all-time high of 272 mmt in 2016-17, 8% higher than the 251.6 mmt last year*
  - *Wheat production is estimated to rise by 4.7% to 96.6 mmt*
  - *Pulses likely to rise 35% to 22.1 mmt*
  - *Rice to increase by 2 mmt to 106.7 mmt*
- *Production of oil seeds is estimated to rise 25% from 25.2 mmt to 33.6 mmt in 2016-17 & cotton is set to increase from 30 million bales last year to 32.5 million bales in 2016-17.*
- *Castor prices remained subdued which further discouraged the Indian farmer and lost acreage to competing crops during 2016-17*



# Castor seed Sowing Area



➤ *One of the biggest declines in sown area happened this year; A seven year low number*

➤ *Against 1.1 mln hectares area shrunk to 0.84 mln hectares, a drop of more than 25%*

➤ *The biggest drop is in the highest yielding areas of Gujarat*

# Castor seed Production

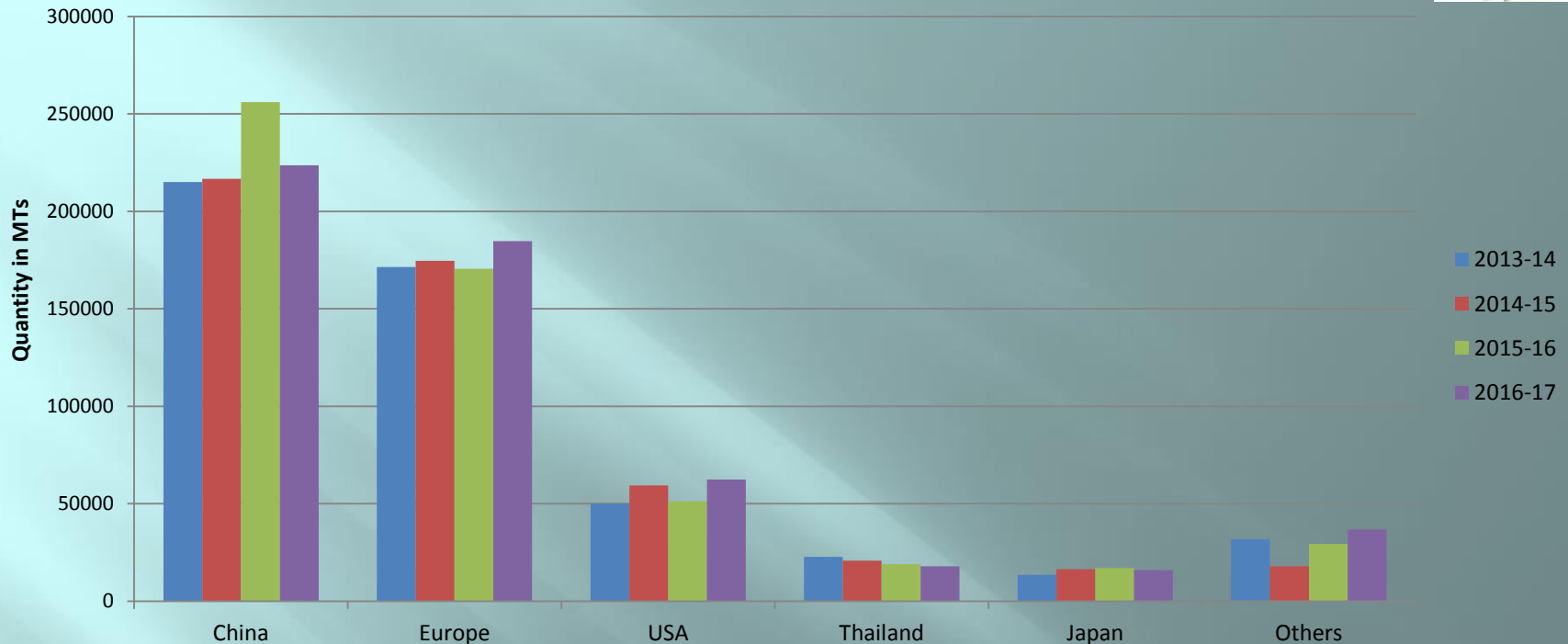


State	Area('000 Ha.)			Yield (Kg/Ha.)			Production ('000 MT)		
	2015-16	2016-17	Change	2015-16	2016-17	Change	2015-16	2016-17	Change
Gujarat	781	565	-28%	1502	1524	1%	1173	861	-27%
Rajasthan	199	170	-15%	735	724	-2%	147	123	-16%
AP & Telangana	114	78	-32%	693	820	18%	79	64	-19%
Others	42	32	-24%	569	594	4%	24	19	-21%
<b>Total</b>	<b>1136</b>	<b>845</b>	<b>-26%</b>	<b>1253</b>	<b>1263</b>	<b>1%</b>	<b>1423</b>	<b>1067</b>	<b>-25%</b>

- *The production estimate is based on sowing Area declared by Government of India & Yield as per Nielson Survey*
- *There are some talks amongst local trade participants about further reduction in yield due to excessive hot weather during recent months*



# Castor Oil Export and Estimate



- Source : Dept. of Commerce, Govt. of India (2016-17 is extrapolated for last 2 months as numbers not yet published)
- Quantities exported to Malaysia & China in above chart are clubbed for proper comparison

- *Castor oil exports from India increased from 544kt during 2015 to 565 KT during 2016, an increase of 4%*
- *25kt lying in Malaysia during end 2016 got consumed during 2017. If we include this then consumption rose to 590kt, an increase of 8.5 %*
- *During 2017 we estimate export demand to be about 600kt, unless there are further regulatory constraints for Sebacic production in China*

# Castor Balance sheet



Particulars	2016	2017 P
Castor seed Crop	1400	1067
Carry in from previous year	600	400
Seed available for crushing	2000	1467
Castor oil available	920	675
Castor oil Export	565	600
Castor Derivatives Exports	120	120
Domestic consumption	50	50
Total Disappearance	735	770
Carry forward (oil form)	185	-95
Carry forward (seed form)	400	-210

Quantity in '000 MT

- We estimate carry in of about 400kt castor seeds which would make a total availability of slightly less than 1.5 mmt for crushing/exports.
- Total disappearance is likely to be around 770kt leaving a negative carry out of about 200kt in Seed terms.
- Castor pricing during 2017 could be a scary scenario

**THANK YOU**