Presentation on

Overview of Indian Vegetable Oil Industry

and Future Outlook

By

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At

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Indian General Economy & Recent Development

Indian Macro-Economic Overview

- **India – a fast growing significant economy in spite of global slowdown**
- **Strong Macro-economic fundamentals**
- **GDP Value: Over US$ 2.25 Trillion (Tn)**
- **Purchasing Power Parity (PPP): US$ 8.72 Tn**
- **Forex Reserve: US$ 364 Bn and growing**
- **FDI Flow US$ 40 Bn (2015-16)**
- **Per Capita Income : Rs. 103,000 (US$ 1535)**
- **Income Growth Rate : 7.4%**

World Economic Outlook and India

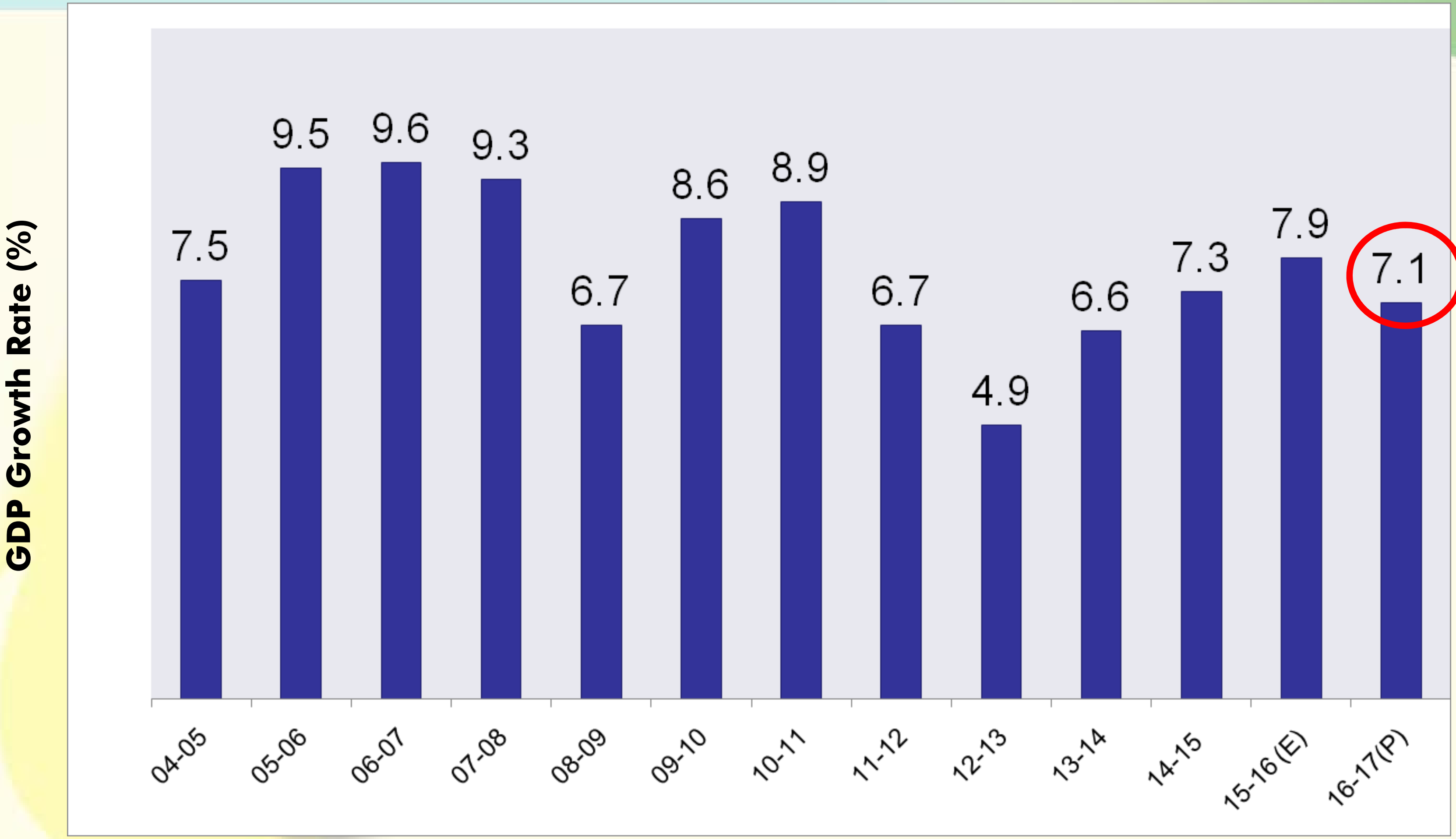
Global Economy: Gaining Momentum
Latest growth projections
(Percent change)

INTERNATIONAL MONETARY FUND

		Projections	
	2016	2017	2018
World Output	**3.1**	**3.5**	**3.6**
Advanced Economies	**1.7**	**2.0**	**2.0**
United States	1.6	2.3	2.5
Euro Area	1.7	1.7	1.6
Germany	1.8	1.6	1.5
France	1.2	1.4	1.6
Italy	0.9	0.8	0.8
Spain	3.2	2.6	2.1
Japan	1.0	1.2	0.6
United Kingdom	1.8	2.0	1.5
Canada	1.4	1.9	2.0
Other Advanced Economies	2.2	2.3	2.4
Emerging Market and Developing Economies	**4.1**	**4.5**	**4.8**
Commonwealth of Independent States	0.3	1.7	2.1
Russia	–0.2	1.4	1.4
Excluding Russia	1.8	2.5	3.5
Emerging and Developing Asia	6.4	6.4	6.4
China	6.7	6.6	6.2
India	6.8	7.2	7.7
ASEAN-5	4.9	5.0	5.2
Emerging and Developing Europe	3.0	3.0	3.3
Latin America and the Caribbean	-1.0	1.1	2.0
Brazil	-3.6	0.2	1.7
Mexico	2.3	1.7	2.0
Middle East, North Africa, Afghanistan, and Pakistan	3.9	2.6	3.4
Saudi Arabia	1.4	0.4	1.3
Sub-Saharan Africa	1.4	2.6	3.5
Nigeria	-1.5	0.8	1.9
South Africa	0.3	0.8	1.6

Source: IMF, April 2017 *World Economic Outlook*.

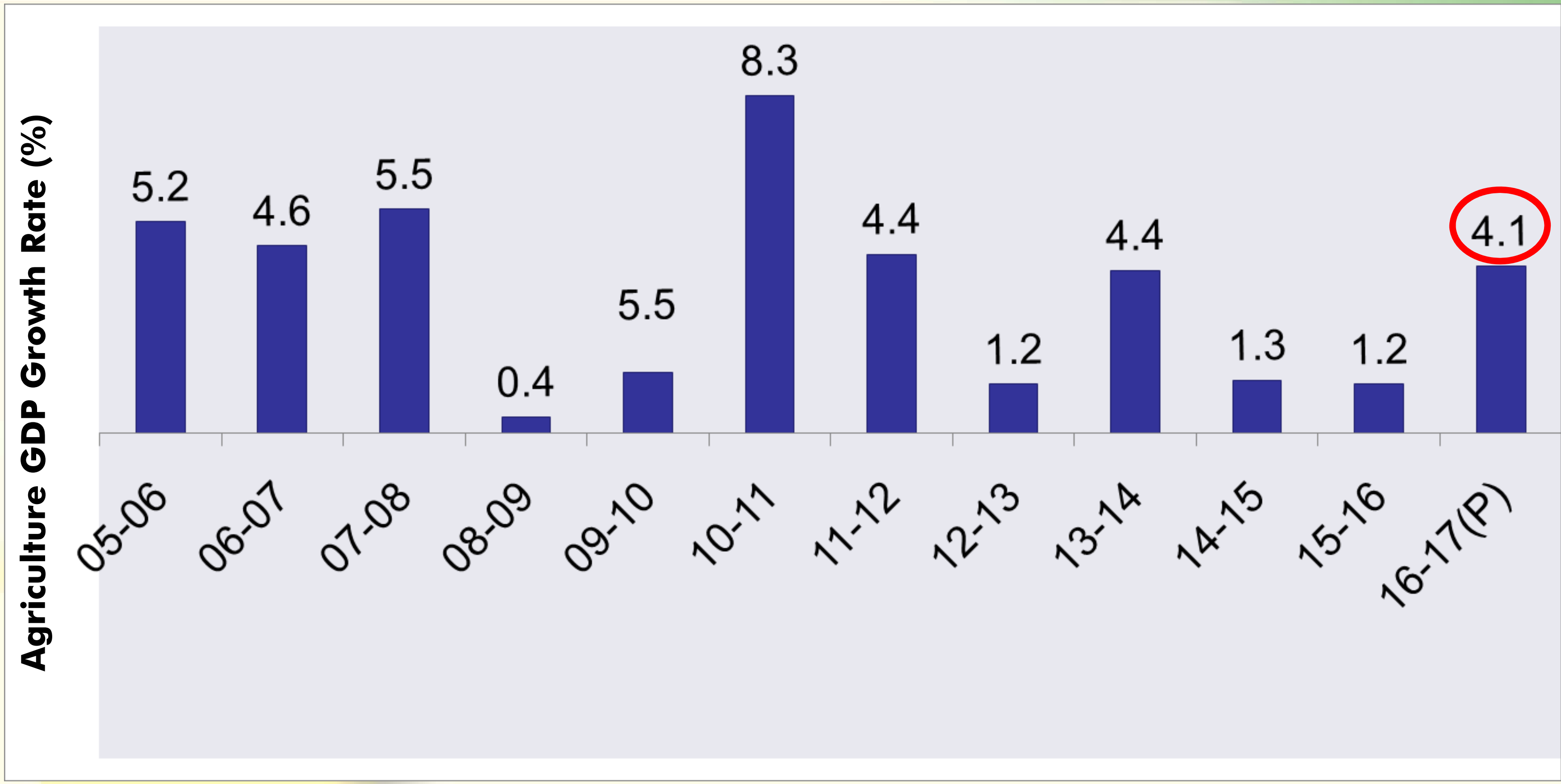
India's Overall GDP Growth



- The average GDP growth in last five years is registered at 6.7%
- For FY 16-17, GoI is projecting GDP growth at 7.1%

Source : Economic Survey

Agriculture Sector GDP Growth



- Agriculture Sector Growth depends heavily on monsoon performance
- For the year 2015-16, the GDP growth is pegged at 1.2%
- For 2016-17, agri growth will be higher (4.1%) , thanks to good monsoon

Source : Economic Survey

India's Oilseeds Production Scenario

Demand - Supply

and

Import of Vegetable Oils

Oilseed Sector 2016-17(P)

• Area Under Oilseed Cultivation		28.2	Mn. Ha.
• Average yield *		960	Kg.
• Output of 9 cultivated Oilseeds *		27.1	MnT
• Output of Cottonseed & Copra *		11.5	MnT
	Total	38.6	MnT
• Production of Oilcake/meal		27.4	MnT
• Production Edible & Non-edible Veg. Oils		7.6	MnT
• Demand of Veg. Oils (Edible)		21.8	MnT
• Import of Veg. Oil 2016-17(F)(Nov-Oct) (Edible)		14.0	MnT
• Per Capita consumption (2015)		15.8	kg

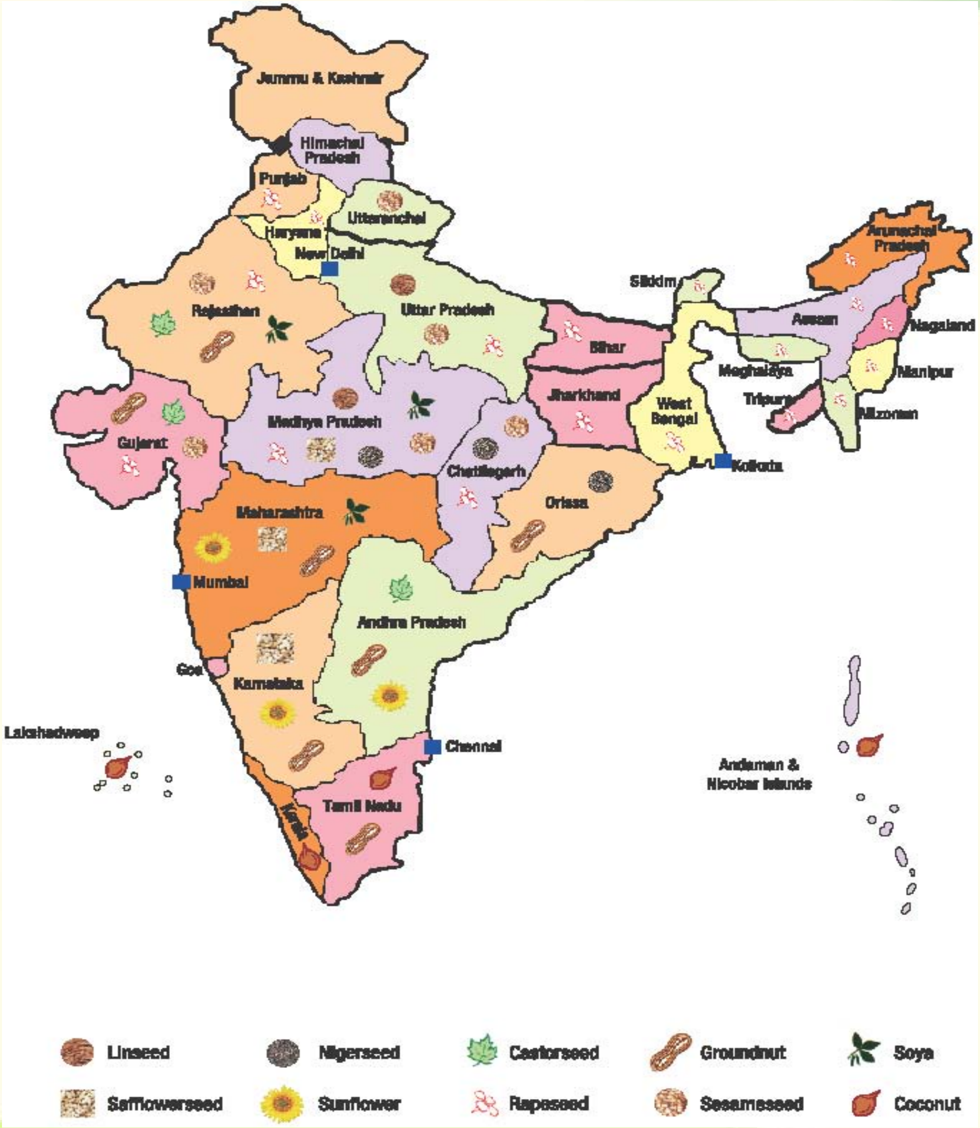
The overall turn over of the oilseed sector is Rs. 175,000 crores (US$ 11 bn) and on Import front, its 3rd item after Crude Petroleum and Gold. India spending over Rs. 70,000 crores for import of edible oils per annum and dependence on import is nearly 70%.

MnT = Million Tonnes ** Trade Estimate*

Import & Export from Oilseed Sector

- Import of Edible Oils freely allowed
  14.57 MnT (15-16) Rs.69,780 Crores (US$: 10.25 bn)
  (PalmOil: 8.45 MnT; SFO:1.52 MnT; , SBO:4.23 MnT)
- Oilmeal Export freely allowed
  1.86 MnT (16-17) Rs.3175 Crores (US$: 0.50 bn)
  (Soybean Meal 0.92 MnT, Rapeseed Meal 0.21 MnT)
- Oilseeds Export freely allowed
  0.90MnT (15-16) valued at Rs.7,284 Crores (US$: 1.1 bn)
  (Sesame Seed 0.33 MnT, HPS Groundnut 0.54 MnT)
- Exports of Castor Oil & derivatives Freely allowed
  485,000 Tonnes (16-17) valued at Rs.3,500 Crores (US$: 620 mn)
- Export of certain Edible Oils freely allowed
  22,500 Tonnes valued at Rs.245 Crores (2015-16) (US$: 5mn)
- Import of Oilseeds/Oilcakes attract 30%/15% import duty respectively – Import Negligible.
- Sunflowerseed duty reduced to 10% from 30% w.e.f. 23rd March, 2017

Major Oilseeds Producing States in India



Oilseeds Production (Trade Estimate) (2012-13 to 2016-17)

(Qty. in Million Tonnes)

Crop	12-13	13-14	14-15	15-16	16-17(P)
Major Oilseeds					
Groundnut	4.3	6.5	4.9	4.5	6.9
Rape/Mustard	6.9	6.7	5.1	5.9	7.2
Soybean	10.7	9.5	8.5	7.2	10.6
Sesamum	0.6	0.7	0.8	0.7	0.6
Sunflower	0.6	0.6	0.4	0.3	0.3
Safflower	0.1	0.1	0.1	0.1	0.1
Niger	0.1	0.1	0.1	0.1	0.1
Linseed	0.1	0.1	0.1	0.2	0.2
Castor	1.4	1.1	1.3	1.4	1.1
Sub-Total	**24.7**	**25.3**	**21.1**	**20.3**	**27.1**
Others					
Cottonseed	10.2	12.5	11.9	10.9	10.9
Copra	0.6	0.7	0.6	0.6	0.6
Grand Total	**35.5**	**38.5**	**33.6**	**31.8**	**38.6**

Note : Government estimate for major nine oilseeds is higher than trade estimate. For the year 2015-16, it was 25.3 Mnt. (20.3 Mnt.) and 27.5 Mnt (21.1 Mnt.) for the year 2014-15

Consumption

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

Country	2015-16	2014-15	2013-14	2012-13	2011-12
EU-28	63.6	63.9	63.9	60.1	59.5
U.S.A.	64.2	62.8	62.4	61.1	59.7
Argentina	72.4	73.8	80.3	67.3	88.6
China	26.6	26.4	26.2	25.7	25.1
Brazil	43.8	43.8	41.2	39.7	39.6
India	17.4	16.7	15.8	15.4	14.9
Pakistan	23.9	23.3	22.4	22.0	22.0
Indonesia	40.1	36.1	41.3	37.2	33.0
Bangladesh	14.3	13.3	12.2	11.7	11.2
Turkey	33.8	33.7	33.2	33.3	31.3
World	28.0	27.6	27.4	26.4	25.9

- **Number shown includes consumption of oils and fats for Bio-energy / Non-edible purpose**

Source : Oil World 2016

Edible Oil Consumption in India

Qty : '000 T

Particulars	2001-02		2007-08		2015-16	
	Qty	%	Qty	%	Qty	%
Palm Oil	2944	29.08	4437	35.81	9685	45.41
Soy Oil	2258	22.30	2170	17.51	4872	22.84
Mustard Oil	1721	17.00	1814	14.64	1938	9.09
Sunflower Oil	309	3.05	539	4.35	1541	7.22
Cotton Oil	443	4.38	1070	8.64	1267	5.94
Groundnut Oil	1216	12.01	689	5.56	239	1.12
RBO	430	4.25	770	6.21	930	4.36
Other Oils	804	7.94	901	7.27	858	4.02
Total	10125	100%	12390	100%	21330	100%

- **Consumption of Palm oil in India is now nearly 45% of the total oil consumption followed by Soybean oil and Rapeseed oil**

Source : GGN Research

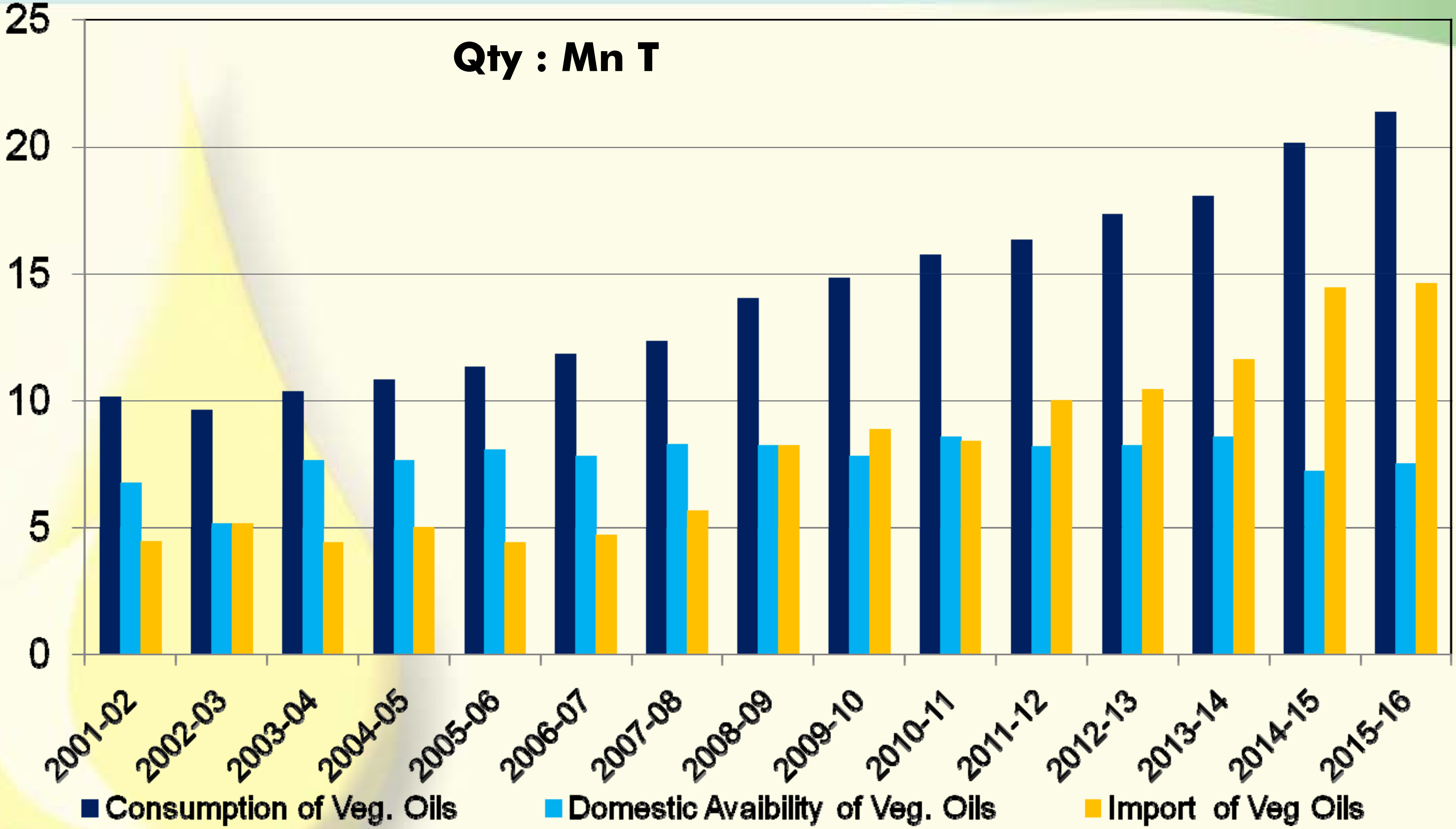
India has promising demand growth

India has Promising Demand Growth

Demand Drivers in India are

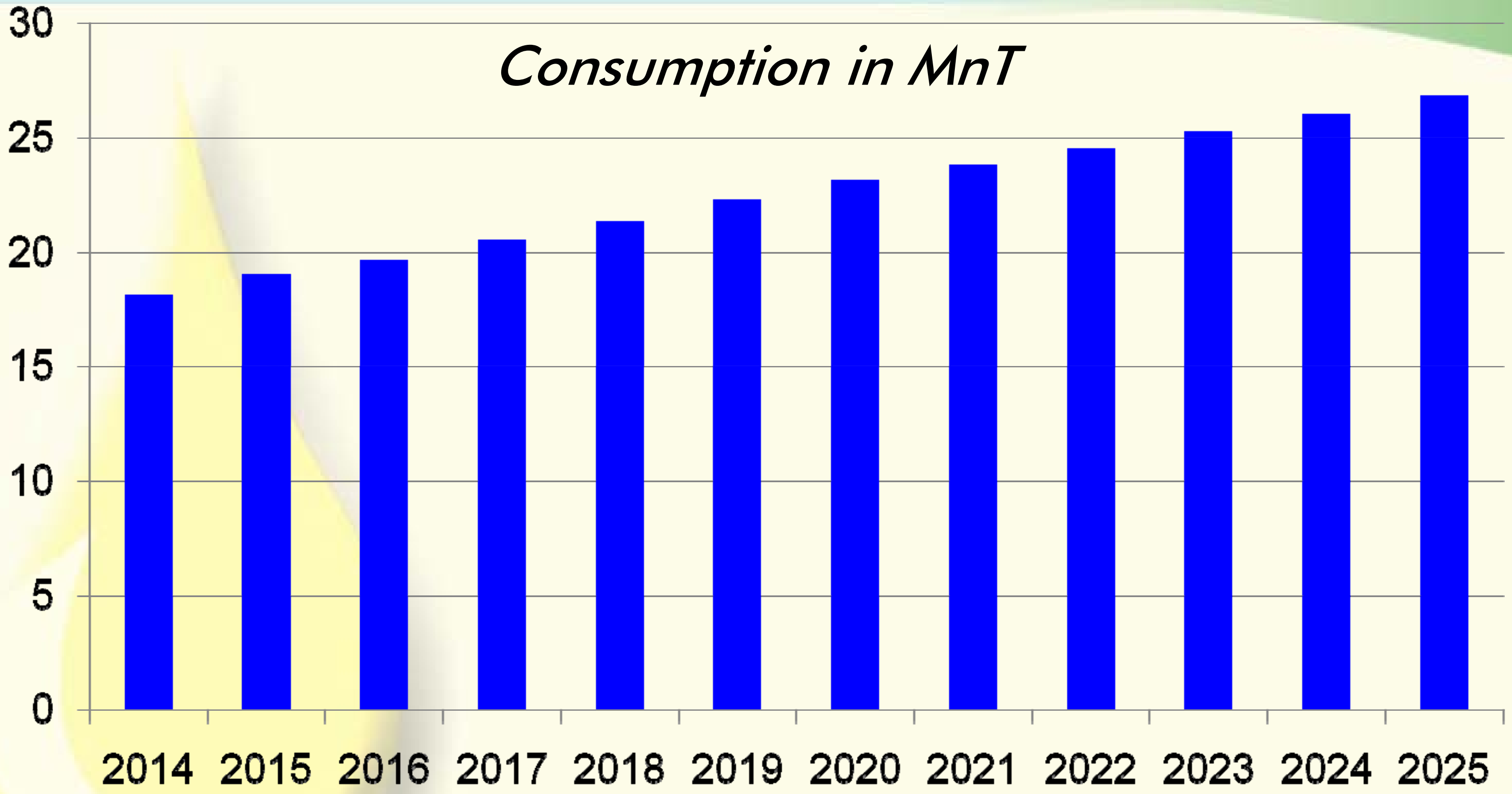
- **Average GDP growth rate for period FY 10-11 to FY15-16 was 7.0%**
- **Big emerging Indian middle class**
- **Double digit growth of out of home consumption of edible oils**
- **Per capita consumption of Edible oils in India at 15.9 kg (2015-16) is still a lot below threshold level of consumption**
- **Even with a moderate population growth, the absolute increase in number of people is quite higher**
- **Indian Edible Oils demand is both switchable and elastic: Switchable to other oils to quite an extent & is elastic to an extent**

Edible Oil Production, Demand & Import



- **For the year 2015-16, edible oil consumption estimated at 21.3 MnT. against domestic production just 6.5 MnT only**

Demand / Consumption of Edible Oils in India
Projections up to 2025



For Demand Scenario up to 2025

- **High growth in income levels, increasing trend in spending & better living standards**
- **High growth in consumption of edible oils and the consumption may reach 26.8 MnT by 2025 from present level of 21 MnT, ie, a 3% growth every year**

Edible Oil Demand- Long Term Projection

Year	Population @ 1.76% Growth	Consumption @ 3% Growth		Consumption @ 4% Growth		Consumption @ 5% Growth	
	In Bn.	Per Capita (In Kg)	MnT	Per Capita (In Kg)	MnT	Per Capita (In Kg)	MnT
2015	**1.25**	**15.2**	**19.00**	**15.6**	**19.5**	**15.9**	**19.87**
2017	**1.28**	**16.0**	**20.48**	**16.8**	**21.50**	**17.4**	**22.27**
2019	**1.31**	**17.0**	**22.27**	**18.0**	**23.58**	**19.1**	**25.02**
2021	**1.34**	**18.0**	**23.79**	**19.5**	**25.70**	**21.0**	**27.72**
2023	**1.38**	**19.0**	**25.24**	**21.1**	**27.80**	**23.2**	**30.56**
2025	**1.42**	**20.2**	**26.78**	**22.8**	**30.0**	**25.6**	**33.69**

(Excluding Non-edible Oils)

- **Due to lower consumption base, demand could grow at 4% or 5%**
- **By 2025, India may consume 30 MnT (at 4% growth) or 34 MnT (at 5% growth)**

Import of Edible Oils by India

India - Import Duty Structure on Edible Oils
April, 2017

Item Description	WTO Bound Rate	Duty on Crude Edible Oils	Duty on Refined Edible Oils	Current Tariff Value US$/Ton (31-May-17)
Soybean Oil	45%	12.5%	20%	811
RBD Palmolein	300%	--	15%	761
Crude Palm Oil (CPO)	300%	7.5%	--	739
Sunflower Oil	100%	12.5%	20%	-
Rape/Mustard Oil	75%	12.5%	20%	-

Import duty is calculated on tariff value declared every forth night

India – Country Wise Imports of Edible Oils

(Figures in '000T)

Country	Jan.- Dec. 2016	Jan. –Dec. 2015	Jan.-Dec. 2014	Jan.- Dec. 2013	Jan.- Dec. 2012
Soybean Oil					
Brazil	631	705	402	233	313
Argentina	2920	2544	1457	803	817
U.S.A.	--	--	--	96	18
Other Countries	333	350	242	43	32
Total	3884	3599	2101	1174	1180
Sunflower Oil					
Ukraine	1508	1462	1673	1058	1110
Argentina	70	11	1	23	37
Other Countries	1	4	4	3	24
Total	1580	1477	1678	1084	1171
Palm Oil					
Indonesia	5313	5771	4758	5879	5308
Malaysia	2990	3725	3073	2384	2494
Thailand	--	--	100	209	4
Other Countries	1	1	--	--	11
Total	8304	9496	7931	8472	7817
Other Oils	490	541	478	411	282
Grand Total	14258	15113	12188	11141	10450

Source: OILWORLD

Palm Oil Imports by India

(Qty. in '000 Tons)

Country	2016 (Jan.- Dec.)		2015 (Jan.- Dec.)		2014 (Jan.- Dec.)		2013 (Jan.- Dec.)	
	Palm Oil	Palm Kernel Oil	Palm Oil	Palm Kernel Oil	Palm Oil	Palm Kernel Oil	Palm Oil	Palm Kernel Oil
Indonesia	5313	47	5771	127	4758	171	5879	288
Malaysia	2990	50	3725	65	3073	68	2384	58
Thailand	--	--	--	5	100	2	209	2
Others	1	--	1	3	--	1	--	2
Total	8304	97	9496	200	7931	242	8472	350

Source : Oil World

Import of Palm Oil and Soft Oil by India

(Qty. in '000 Tons)

Year (Nov.-Oct.)	Palm Oils *		Soft Oils					Total
	Qty	%	Soybean Oil	Sunflower Oil	Rapeseed Oil	Safflower Oil	%	
2009-10	6499	74%	1668	630	28	--	26%	8823
2010-11	6547	78%	1007	803	14	--	22%	8371
2011-12	7669	77%	1079	1135	98	--	23%	9981
2012-13	8292	80%	1091	973	28	--	20%	10384
2013-14	7958	68%	1951	1509	200	--	32%	11618
2014-15	9537	66%	2986	1542	356	--	34%	14421
2015-16	8443	58%	4235	1516	377	--	42%	14571
2016-17 (Nov.'16 - Apr.17)	4302	62%	1350	1185	152	6	38%	3994

* Includes CPO, RBD Palmolein & CPKO

Source : SEA Data Bank

- In 2015-16, the import of edible oil was at 14.57 MnT, more or less same of the previous year import of 14.42 MnT.

INDIA

Current Year

Oilseeds Production Scenario

Availability of edible Oils

and

Import

Indian Kharif (Summer) & Rabi (Winter) Oilseeds Production During 2015-16 and for 2016-17(P)

(Qty. in 'Mn. Tons)

Oilseeds	2015-16 (Nov.-Oct)			2016-17 (P) (Nov.-Oct)			Y-o-Y Change
	Kharif (Winter)	Rabi (Summer)	Total	Kharif (Winter)	Rabi (Summer)	Total	
Groundnut	3.23	1.24	4.47	5.38	1.54	6.92	(+) 2.45
Soybean	7.21	--	7.21	10.58	--	10.58	(+) 3.37
Rapeseed	0.12	5.80	5.92	0.12	7.11	7.23	(+) 1.31
Sunflower	0.08	0.24	0.32	0.15	0.17	0.32	No Change
Sesame	0.50	0.22	0.72	0.42	0.23	0.65	(-) 0.07
Safflower	--	0.03	0.03	--	0.05	0.05	(+) 0.02
Castorseed	1.40	--	1.40	1.06	--	1.06	(-) 0.34
Nigerseed	0.06	--	0.06	0.07	--	0.07	(+) 0.01
Linseed	--	0.21	0.21	--	0.23	0.23	(+) 0.02
Total	12.60	7.74	20.34	17.78	9.33	27.11	(+) 6.77

Source : Trade Estimate

Domestic Edible Oil Production
During 2015-16 and Estimate for 2016-17

(Qty. in 'Mn. Tons)

Oils	2015-16	2016-17 (Est.)	Y-o-Y Change
Groundnut Oil	0.21	0.80	(+) 0.59
Soybean Oil	0.95	1.22	(+) 0.27
Rapeseed Oil	1.63	2.25	(+) 0.62
Sunflower Oil	0.11	0.16	(+) 0.05
Sesame Oil	0.12	0.14	(+) 0.02
Cottonseed Oil	1.16	1.23	(+) 0.07
RBO – Edible Oil	0.93	0.96	(+) 0.03
Others Oils	0.69	0.80	(+) 0.11
Total	5.80	7.56	(+) 1.76

Source : GGN Research

Edible Oil Import Requirement for 2016-17 & Comparison with 2015-16

(Qty. in 'Mn. Tons)

	2015/16	2016/17
Opening Stock	2.37	1.92
Domestic Production	5.79	7.56
Total	8.16	9.48
Consumption	20.81	21.75
Deficit	12.65	12.55
Closing Stock	1.92	1.45
Import Required – Edible Oils	14.57 +	14.00

Source : GGN Research

- India's import dependence will further increase in 2015-16
- Current year edible oils would be more or less same of last year

Import of Edible Oil - Projection for 2016-17

(Nov.- Oct.)

IMPORT BREAK-UP (Mn T)				
Oils	2014-15	2015-16	2016-17 (Nov - Apr)	2016-17 (F)
Palm (Edible)	9.54	8.44	4.30 (4.34)	8.40
Soybean Oil	2.99	4.23	1.35 (2.24)	3.50
Sun Oil	1.54	1.52	1.18 (0.77)	1.80
Rapeseed Oil	0.35	0.38	0.15 (0.15)	0.30
Safflower Oil	--	--	0.01 (--)	--
TOTAL	14.42	14.57	6.99 (7.50)	14.00

- **India needs additional over a million tons of edible oil every year to meet the growing requirements**

Recent Development

- GoI has reduced the import duty on Sunflowerseed from 30% to 10% w.e.f. 23rd March, 2017 up to 31st Sept., 2017

- GoI currently allowing export of edible oils in bulk.

Rice Bran Oil	Coconut Oil
Groundnut Oil	Sesame Oil
Soybean Oil	Maize Oil

- GST – Oilcake / Meal / Cake - Nil
  Oilseeds / Oil / Blended Oil – 5%

Current Hot Issues

Oilseed being sold below MSP				
Oilseeds	M.S.P. Rs./Quintal	Current Mandi Price Rs./Quintal	June'16 Price Rs./Quintal	Drop in term of Percentagre
Soybean	2775	2550	3860	(-) 28%
Rapeseed	3700	3250	4725	(-) 22%
Groundnut	4220	3500	5300	(-) 20%

Immediate Solution :

This year we have problem of plenty rather than shortage.

With a view to ensure farmers do not loose total interest in Oilseeds cultivation and receive remunerative price for his produce. SEA has suggested to Govt. to raise the import duty on Crude Oil to 20% and Refined Oil to 35%.

Long Term Solution :

The solution lies with raising productivity rather than just price. If productivity doubled, even price fall, farmer don't get affected and get better return per ha.

Thank you

Dr. B. V. Mehta

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