

India set for record edible oil imports as scanty rains trim output

Shortfall in oilseed production will force India to import as much as 16.1 million tonnes

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MUMBAI: India's edible oil imports are likely to rise 7.3 per cent in 2019/20 to a record high as weak monsoon rains curtail yields of summer-sown oilseeds such as soybeans and groundnut, a senior industry official said.

Higher purchases by the world's biggest edible oil importer could support palm oil prices that are under pressure due to sluggish demand amid an expected rise in production.

"Rainfall was scanty over oilseed-growing areas. It will reduce yields of groundnut, soybeans and cotton," said Govindbhai Patel, managing director of trading firm G.G. Patel & Nikhil Research Company.

The shortfall in oilseed production will force India to import as much as 16.1 million tonnes of edible oils in the new marketing year starting from Nov.1, up from this year's estimated 15 million tonnes, said Patel, who has been trading edible oil for over four decades.

India imports more than two-thirds of its edible oil needs, up from a third two decades ago, as local output has failed to match growing demand in Asia's third biggest economy. Palm oil accounts for around two-thirds of total imports.

India's monsoon rains to date have been 18 per cent below average since the season began on June 1, although rains in some oilseed-growing regions such as Vidarbha in the western state of Maharashtra have been 37 per cent below average, according to data compiled by the India Meteorological Department (IMD).

Rains in the western state of Gujarat, the biggest producer of groundnut and cotton, have been down 46 percent so far in the current monsoon season, hurting crop growth, Patel said.

"The damage could be restricted if there is rainfall in the next few days," he said, adding that soybean yields could fall by 20 per cent and groundnut yields by 30 per cent due to the dry spell in the past few weeks.

As the drop in summer oilseeds output becomes more certain, Indian refiners will start raising edible oil imports in the coming months, especially for festivals, Patel said.

Monthly edible oil imports could rise to 1.3 million tonnes in the coming months, up from the June quarter average of 1.15 million tonnes, he said.

India primarily imports palm oil from Indonesia and Malaysia and soyoil from Argentina and Brazil. It also buys sunflower oil from Ukraine and canola oil from Canada.

In the current marketing year ending on October 31, India's palm oil imports could jump 10.3 percent from the previous year to 9.6 million tonnes, Patel said.

The country could import 2.4 million tonnes of sunflower oil and 3 million tonnes of soyoil in the current marketing year, he added.

Source: <https://economictimes.indiatimes.com/markets/commodities/news/india-set-for-record-edible-oil-imports-as-scanty-rains-trim-output/articleshow/70326788.cms>