



Surplus woes Under pressure from new arrivals, Soyabean and groundnut prices may drop to MSP levels

The current situation will seriously impact farmers and will discourage them from growing oilseeds in the future, says SEA. The prices of soyabean and groundnut may drop to the levels of Centre's MSP (minimum support price) by Diwali under the pressure of arrivals, according to Ajay Jhunjhunwala, President of Solvent Extractors' Association (SEA) of India.

In his letter to the SEA members, Jhunjhunwala said such a situation will seriously impact farmers and will discourage them from growing oilseeds in future.

He said the international price of edible oil had fallen sharply in the last five months, so domestic prices provided relief to consumers during the current festival period.

However, he said, the sharp fall in prices has led to a drop in domestic oilseed prices near the MSP, a cause of concern to the Government, industry and farmers.

Given the expected bumper soyabean crop of 120 lakh tonnes (lt) and about 15 lt of carry forward stock, there is a downward trend in 'mandi' price, and which is currently quoted at ₹4,900 a quintal against the MSP of ₹4,350 a quintal, he said.

Groundnut crop is also shaping up well, and harvest is in full swing. The 'Mandi' price is ₹6,200 a quintal against its MSP of ₹5,850 a quintal.

Stressing the need to do away with the 'Storage Control Order', he said it does not serve any purpose and rather restricts buying by large corporates and traders who directly support market price.

There is an urgent need to allow futures trading, at least in international commodities such as crude soyabean oil and crude palm oil (CPO), for hedging. He said the Government might consider increasing import duty on CPO and RBD palmolein, with a duty difference of 12 to 15 per cent, to support domestic refiners through better capital utilisation, value addition and employment within the country.

This will checkmate the import of refined palmolein and refined palm oil from Nepal and other SAARC countries under the SAFTA agreement at 'nil' duty.

Mustard

Meanwhile, the Government has increased the MSP on mustard seed by ₹400 to ₹5,450 a quintal. While this is a welcome step, the Government should defend the MSP by taking appropriate actions, including increase in import duty, he said.

Last year, SEA and Solidaridad established over 500 mustard model farms in Rajasthan and Madhya Pradesh for increasing production. There are plans to develop nearly 400 model farms in Rajasthan, 250 in Madhya Pradesh, and 100 in Uttar Pradesh this year to demonstrate how to increase the productivity using modern and good farm practices, he added.

Source: <https://www.thehindubusinessline.com/markets/commodities/under-pressure-from-new-arrivals-soyabean-and-groundnut-prices-may-drop-to-msp-levels/article66035284.ece>