



Groundnut oil prices to remain firm due to drop in acreage

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High groundnut oil prices are unlikely to go down during the 2022-23 season as kharif groundnut production is likely to dip by 0.85 million tonne to below 3 million tonne in the season due to a drastic fall in the acreage in Gujarat, the largest producer of groundnut in the country.

Apart from a drop in the acreage, unseasonal rain played spoilsport for the important oilseed crop, said Atul Chaturvedi, president of Solvent Extractors' Association of India (SEA). As per the recent survey of SEA, Gujarat is likely to clock nearly 3 million tonne of groundnut production for the current season compared to nearly 3.85 million tonne in 2021-22. The impact of estimated lower production of groundnut is reflected in prices of groundnut oil which have touched ₹3,000 per 15-kg tin.

The Saurashtra Oil Mills Association (SOMA), an apex body of Gujarat-based oil mills, has pegged estimated groundnut production even lower at below 2.9 million tonne in the crop year from July 2022 to June 2023.

Kishor Viradia, chairman of SOMA, said as compared to the past three years, Gujarat is witnessing the lowest sowing of groundnut at nearly 1.7 million hectare, compared with a peak of 2.1 million hectare during kharif 2020 season. In the 2021-22 season, groundnut sowing was in 1.93 million hectare.

According to Viradia, a large number of farmers in the Saurashtra region have shifted from growing groundnut to cotton. To compound matters, unseasonal rain has caused a dip in production, he said, adding that at many places harvested crop was damaged due to rain in the first week of October.

Even the First Advance Estimate of Gujarat's agriculture department has forecast a decline in groundnut production by nearly 0.5 million tonne from 4.4 million tonne to as low as 3.9 million tonne.

However, oil millers and traders are not agreeing with the figures published by the state government as it was published in August this year, prior to crop damage by unseasonal rain.

Samir Shah, president of Gujarat State Edible Oils and Oil Seeds Association (GEOA), said that while fresh arrival of groundnut will start from November, there has been a huge spurt in domestic demand and exports for groundnut seeds which is not allowing oil mills to procure groundnut at affordable rate for crushing.

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Source: <https://www.financialexpress.com/market/groundnut-oil-prices-to-remain-firm-due-to-drop-in-acreage/2742491/>