A disrupted business world...

India exported 488,233 ton of peanut in 2018-19 (Apr’19) and in Apr-Nov, it has exported 312,890 ton. The Indian peanut market ended 2019 with a firm undertone as a result of good local demand from oil companies and local retail sales.

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The crop of 2019 saw more challenges than any other crop years in the past. India, the world’s largest edible oil buyer halted Malaysian palm oil imports apparently in retaliation or ‘political correctness’ for its government’s restrictions on palm oil imports. Peanut has been new to the list, or was it?

3.1 Rise of the Oil: Oil mills in Gujarat are bullish over the government decision in anticipation of an increase in demand for local oils in domestic markets. The central government’s decision to cut duties on the import of refined palm oil has resulted in the spike of peanut oil prices and witnessed an increase in duties on import of peanuts to Rs 450/ton. It would be a win-win situation for everyone. Farmers would get good prices for their peanuts and oil mills would get a more refined and quality oil. Oil mills are expecting a 10% increase in the demand for corrugated oil and 3% increase in peanut oil. The sudden rise in demand would save a huge amount of foreign exchange. Production of peanut oil would increase from 0.37 mn ton to over 0.5 mn ton.

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3.3 Shy MSP: NAFED procured over 0.61 mn ton of peanut countrywide. As on January 28, it had procured 0.42 mn ton of peanut from Gujarat at the minimum support price (MSP). At Rs 50.90 per kg, Peanut output is projected at about 7 mn ton in the country, of which about 3.2 mn ton is expected in Gujarat alone, per initial estimates. Due to a bumper crop of the oilseeds, which is primarily used as a snack/ingredient besides being used to make cooking oil, the market prices had dipped below the MSP. The MSP is decided on the Centre to provide remunerative prices to farmers. It has been given the mandate to procure up to 25 per cent of the total crop procured under the PSS.