

Name of the publication: Deccan Chronicle

Date: 12.07.2017

Edition: Visakhapatnam

Page No: 06

Headlines: Sunflower oil prices take a hit over Ukraine

TOUGH | TIME ■ Major players in AP, TS are Adani Wilmar, which owns the Fortune brand and Lohiya Industries

Sunflower oil prices take a hit over Ukraine

AMIT MITRA | DC
VISAKHAPATNAM JULY 11

Sunflower oil prices may harden in the coming months as production in Ukraine, which supplies almost 90 per cent of India's requirement, is likely to be hit due to unfavourable weather conditions.

Also, a dip in production of sunflower oil seeds in Andhra Pradesh and Telangana, a major edible oil refining hub, would add to the pressure on prices, say vegetable oil refiners. The refineries are concentrated around Kakinada in East Godavari district and Krishnapatnam regions

because of the ports. India consumes about 20-22 million tonnes of edible oil, while the domestic production is hardly 5-6 million tonnes, the rest being imported. Of this, the share of sunflower oil is pegged at about two million tonnes, while the local production is less than one lakh tonnes, with Andhra Pradesh being a major producer.

"The hot weather conditions in Ukraine could hit production and, as a fall-out, we could see a rally in prices of sunflower oil, which is gaining market on health grounds," Pradeep Chowdhry, managing director of Gemini Edibles and Fats India, a

subsidiary of Singapore-based Sinarmas Group, told this newspaper.

Currently, branded sunflower oil carries a price tag of between ₹90-₹85 a litre at the retail level, while the refiners sell the commodity to retailers at ₹76-₹77.

In a recent report, the US Department of Agriculture has pointed out that Ukraine's production of sunflower oil seeds in the new season could be 11.2 million tonnes, which will be lower than the current marketing year by 20 per cent.

However, in the longer run, the edible oil industry feels demand for sunflower oil would grow at 5-

10 per cent, much higher than the average five per cent growth of all categories of vegetable oils.

This has prompted the major refiners in Andhra Pradesh to expand capacities. GEF India, which has three refineries in Krishnapatnam and one in Kakinada, is planning to either expand the existing refineries or set up a greenfield one. "We are looking at increasing our sunflower oil refining capacity by 350 tonnes per day with an investment of about ₹100 crore. The project, either a new unit or expansion, will be ready within a year," Mr Chowdhry said.

FARMERS SHY AWAY FROM SUNFLOWER SEED CULTIVATION

DC CORRESPONDENT
VISAKHAPATNAM JULY 11

Sunflower oilseeds production in Andhra Pradesh, Telangana, Karnataka and other producing states has been steadily declining as farmers are switching over to paddy, wheat and cash crops such as chillies and tobacco.

Poor returns from oilseed production as compared to the yields from other crops have been the driver for this fall in production. And,

as a result, India's imports of sunflower oil have been on the rise.

"Farmers have been losing interest in oilseeds. From a level of 14 lakh tonnes in 2007-08, the production has steadily decreased to 3.31 lakh tonnes in 2015-16 and 2.75 lakh tonnes last year. Of this, the share of Andhra Pradesh and Telangana was about 50,000 tonnes," B.V. Mehta, executive director of Solvent Extractors Association of India, told this newspaper.

Apart from the poor returns, he feels that land use patterns should be changed to improve the farmers' returns, which in turn could boost production.

Currently, demand for sunflower oil is growing, accounting for a share of about 10 per cent of the overall consumption of vegetable oils at 20-21 million tonnes. The domestic production of all edible oils is hardly at 5-6 million tonnes.

The demand for sunflower oilseeds is big.