

Groundnut Price Forecast October-November 2021

Groundnut is an important oilseed crop in India which occupies first position in terms of area and second position in terms of production. Groundnut is harvested in October-November month in India. China is the largest producer as well as consumer of groundnut in the world with 170.09 lakh tonnes in 2019-20 followed by India (91.79 lakh tonnes), United States (32.81 lakh tonnes), Nigeria (24.20 lakh tonnes) and Sudan (16.41 lakh tonnes).

In India, Groundnut occupied 50.89 lakh ha in 2020-21 and production was estimated at approximately 101.46 lakh tonnes compared to 99.52 lakh tonnes in 2019-20. Exports increased from 4.89 lakh tonnes in 2018-19 to 6.64 lakh tonnes in 2019-20. Groundnut oil exports were 5.89 lakh tonnes from April-2020 to February-2021, as groundnut production in the neighboring country was down due to flooding last year. With this, high demand from China on account of damage to its domestic crop due to flooding mainly resulted into higher exports of groundnut oil from India. Imports increased from 1.08 thousand tonnes in 2018-19 to 1.95 thousand tonnes in 2019-20.

Total groundnut purchase of NAFED in 2019-20 is 5 lakh tonnes. It had procured 3.72 lakh tonnes from Gujarat at the minimum support price (MSP) of Rs 5,090/quintal. Apart from Gujarat, NAFED procured 1.44 lakh tonnes of groundnut from Rajasthan and 16,600 tonnes from Andhra Pradesh during the given period.

In the year of 2020-21, in Gujarat, the area under groundnut is reported about 21.59 lakh ha (Third Advance Estimate, Directorate of Agriculture, Gujarat) as against 16.88 lakh ha as in the year 2019-20 (Final Advance Estimate, Directorate of Agriculture, Gujarat). Production is estimated to decrease to 41.20 lakh tonnes due to excessive rains in 2020-21 as compared to 46.45 lakh tonnes in 2019-20.

Groundnut price which was prevailing around Rs. 943.33 per 20 kg in October-November 2019 in Gujarat, increased to about Rs. 977.32 per 20 kg in October-November 2020. At present, the price of groundnut in Gujarat market during May-2021 is Rs 1131 per 20 Kg. India is the world's largest importer of palm oil. India cut the basic import tax on crude palm oil to 15% from 27.5% but imposed a 17.5% "cess" as a separate tax. This cess will be used to finance the improvement of agriculture infrastructure and other development expenditures. These restrictions will have positive impact on the demand of groundnut in India.

Considering these all and reviewing the traders' reports, the research team of NAHEP-CAAST, IABMI, Anand Agricultural University, Anand, analyzed the historical monthly price data of Groundnut collected from the major market of Gujarat. **The econometric analysis revealed that the prices of Groundnut during October-November 2021 i.e., at harvest may remain in the range of Rs. 4900 to 5450 per quintal (Rs. 980 –1090 per 20Kg).**