

Groundnut price forecast for the month October-November 2021

Groundnut is an important oilseed crop in India which globally 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 182 lakh metric tonnes in 2021-22 followed by India (68 lakh metric tonnes), Nigeria (48 lakh metric tonnes), United States (28 lakh metric tonnes), and Sudan (25 lakh metric tonnes) (*Source: USDA*).

In India, *kharif* groundnut occupied 48.98 lakh hectares in 2021-22, down from 50.91 lakh hectares in 2020-21. The production was estimated at approximately 85.56 lakh tonnes in 2020-21 compared to 83.89 lakh tonnes in 2019-20. Gujarat, Tamil Nadu, Andhra Pradesh, Karnataka, and Rajasthan are the major producing states and around 80 percent of the groundnut production come from these states.

Exports grew from 5.09 million metric tonnes in 2019-20 to 6.38 million metric tonnes in 2020-21. Groundnut exports from India have continued to rise in volume, with a 19 percent increase in 2021, owing to high global demand. Currently, Indonesia, Vietnam, Malaysia, Philippines, Thailand, and China are the top buyers of India's groundnut seed. In these countries, around 77 percent of groundnuts are exported. Few countries demand diverted to India due to short supplies from China.

Groundnut oil exports were 5.89 lakh tonnes from April-2020 to February-2021, as China continues to acquire groundnut oil and seed from India to fill a demand gap after floods reduced groundnut production by 25-30 percent compared to normal output of roughly 17 million tonnes. Resulted into higher exports of groundnut oil from India, imports decreased from 1.95 thousand metric tonnes in 2019-20 to 1.03 thousand tonnes in 2020-21.

NAFED has procured about 2,84,733 metric tonnes of groundnut seed under PSS by 12th February 2021- valued at Rs. 1,502 crores including Gujarat (2,02,630 MT), Haryana (691 MT), Andhra Pradesh (257 MT), Rajasthan (74,511 MT) and UP (6528 MT) and Karnataka (116 MT).

In the year of 2021-22, in Gujarat, the area under *kharif* groundnut is reported about 19.14 lakh ha (First Advance Estimate, Directorate of Agriculture, Gujarat) as against 21.01 lakh ha as in the year 2020-21 (Final Advance Estimate, Directorate of Agriculture, Gujarat). Production is estimated to decrease to 39.94 lakh tonnes due to dry period (July-August) and excessive rains in the month of September 2021-22 as compared to 39.86 lakh tonnes in 2020-21.

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 Sep-2021 is Rs 1236 per 20 kg. India is the world's largest importer of palm oil. India has reduced the basic import duty on crude palm oil to 15 % from 27.5 % but imposed a 17.5 percent "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 this all and traders reviews, the research team of NAHEP-CAAST, IABMI, Anand Agricultural University, Anand, analyzed the previous years 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. 1020 –1120 per 20kg (Rs. 5100 to 5600 per quintal)**.

Note: There may be some deviation of the actual prices from the predicted prices due to new developments in the commodity markets such as change in international prices, export or import restrictions, etc. and these price forecasts are based on past market price data & different econometric models and that actual market price may not remain to be the same as forecasted.