

Mustard prices rule below MSP despite govt intervention

SANDIP DAS
New Delhi, April 24

MANDI PRICES OF mustard seed are ruling 10-12% below the minimum support price (MSP) despite the government initiating procurement of oilseeds under the price support scheme (PSS) operations.

Trade sources attribute lower price realisation by the farmers to sluggish pace of government purchase, bumper output and cheaper imports of edible oils.

Officials said the two agencies — farmers' cooperative Nafed and National Cooperative Consumers Federation (NCCF) — in collaboration with state agencies has purchased 0.56 million tonne (MT) of mustard seed this season under PSS operations in Madhya Pradesh, Uttar Pradesh, Gujarat, Haryana, Rajasthan and Assam.

However, major purchases of mustard so far have been in Haryana (0.32 MT) and Madhya Pradesh (0.11 MT). The agriculture ministry has sanctioned the purchase of 2.84 MT of oilseeds variety under PSS in the current season over the next two months.

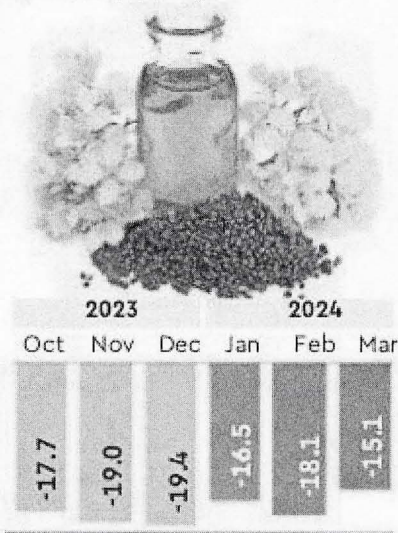
Average mandi prices of mustard seed, at Bharatpur (Rajasthan), the hub of the country's trade, was ₹5,013/quintal on Tuesday against the MSP of ₹5,650/quintal for 2023-2024 season (April-June).

"The government purchases so far have been sluggish and because of lower quantity of purchase from the registered farmers have forced them to sell their commodities at below MSP prices in the market," Roop Singh, CEO, Uttan Mustard Producers Company, a FPO based in Bharatpur, told FE.

In February, 2024, agriculture minister Arjun Munda had announced that the Centre would purchase mustard directly from farmers at the MSP aimed at bringing stability in the market.

RETAIL INFLATION IN MUSTARD OIL

(% change, y-o-y)



Last year, the government could purchase only 1.15 MT of mustard from farmers under PSS. While in 2020 and 2021, the farmers have received remunerative prices which were reasonably above the MSP, prices have been ruling below MSP since last year as there has been an increase in imports of edible oil as global prices have softened and the government has slashed import duties.

The Solvent Extractors Association, a leading body associated with the edible oil industry, in its first estimate, has projected mustard seed output at a record 12.08 MT for 2023-24 season, 7% up on-year.

The agriculture ministry, as per the second advance estimates of crop output recently, had projected mustard seed production at a record 12.69 MT in the 2022-23 crop year (July-June).

India's import of edible oils — palm, soyabean and sunflower — rose 17% on-year to a record 16.47 MT in the 2022-23 oil year (November-October), helped by lower import tariffs of only 5.5% on crude oil imports.