

# MSP purchases fail to boost mustard prices

Retail oil prices in negative zone since Feb 2023

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New Delhi, May 22

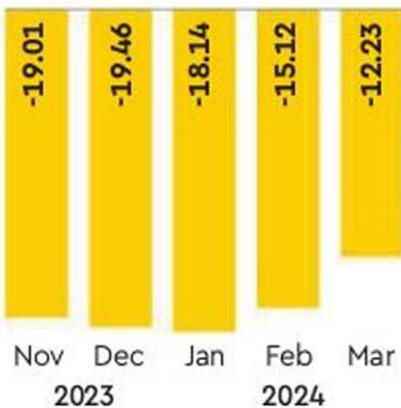
**EVEN AS THE** procurement season is about to end, mandi prices of mustard seed continue to rule below the minimum support price (MSP), despite the government purchasing oilseeds under the price support scheme (PSS) operations.

Traders attribute lower price realisation by farmers to bumper output and cheaper imports of edible oils.

Official sources told FE that all India modal prices of mustard seeds are currently around ₹5,300/quintal, around 6% below the minimum support price (MSP) of ₹5,650/quintal for 2023-2024 season (April-June).

Officials said the two agencies — farmers' cooperative Nafed and National Cooperative Consumers Federation (NCCF) — in collaboration with state agencies have purchased 1.11 million tonne (MT) or around 9% of oilseeds variety output this season under PSS opera-

RETAIL INFLATION  
IN MUSTARD OIL  
(%, y-o-y)



Source: MoSPI

tions in Madhya Pradesh, Uttar Pradesh, Gujarat, Haryana, Rajasthan and Assam.

However, major purchases of mustard so far have been in Madhya Pradesh (0.33 MT), Haryana (0.32 MT) and Rajasthan (0.31 MT). The agriculture ministry has sanctioned the purchase of 2.84 MT of oilseeds variety or 25% of the production under PSS in the current season which, according to officials, is likely to continue till June 15.

The overall mustard procure-



ment so far is close to last year's level of 1.11 MT.

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 government purchases so far has been smaller than total arrivals in the mandis which have forced farmers to sell their com-

modities at below MSP prices in the market," Roop Singh, CEO, Uttan Mustard Producers Company, a FPO based in Bharatpur, said.

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.

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).

"The government may need to provide export incentives for mustard de-oiled cake so that industry's and consumer's interest are balanced," A P Sinha, director, Farnese Group, said.

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.