

Groundnut Outlook – February 2020

Groundnut (*Arachis hypogaea* L.) is an important oilseed crop in India which occupies first position in terms of area and second position in terms of production. China is the largest producer as well as consumer of groundnut in the world with 171.50 lakh tonnes in 2017-18 followed by India (91.79 lakh tonnes), United States (32.81 lakh tonnes), Nigeria (24.20 lakh tonnes) and Sudan (16.41 lakh tonnes).

Export of groundnut oil is expected to double in 2019-20 owing to higher demand from China due to crop failure in various growing belts. This is positive for 350 oil millers in the Saurashtra region.

India witnessed a sudden spurt in the export of peanut oil, with exporters having booked orders worth over 30,000 tons in Apr-Nov 2019. Last year, oil millers exported about 15,000 tons of peanut oil. At present peanut oil fetches \$1,375 - \$1,400 a ton in the world market. If this demand sustains, oil price could touch \$1,600 a ton.

Apart from rising oil export, India has challenges to fulfill the demand arising from Vietnam, Indonesia and Malaysia who are loyal consumers of the Indian peanut.

As per APEDA report, India has exported total 189736 MT of groundnut with the value of Rs. 1512 crore during April to October (2019-2020) which is lower by 23.70% against 248679 MT of groundnut with the value of Rs. 1644 crore during April to October (2018-2019).

Table 1: State wise area under groundnut in India

State	2018-19		2019-20	
	Area (lakh ha)	% to total area	Area (lakh ha)	% to total area
Telangana	1.07	23.31	1.16	24.42
Karnataka	0.72	15.69	1.07	22.53
Tamilnadu	1.16	25.27	0.99	20.84
Andhra Pradesh	0.54	11.76	0.66	13.89
Odisha	0.84	18.30	0.70	14.74
Others	0.26	5.66	0.17	3.58
All India	4.59	100.00	4.75	100.00

Source: www.agricoop.com

According to the all India rabi crop coverage report, Government of India, as on 30th January 2020, groundnut was sown in around 4.75 lakh hectares as compared to last year (4.59 lakh ha). Among the states, Telangana stood first in area coverage with 1.16 lakh ha followed by Karnataka (1.07 lakh ha), Tamilnadu (0.99 lakh ha), Andhra Pradesh (0.66 lakh ha), and Odisha (0.70 lakh ha).

Table 2: District wise area under groundnut in Telangana State

District	2018-19		2019-20	
	Area (ha)	% to total area	Area (ha)	% to total area
Nagarkurnool	40806	37.90	50361	43.31
Wanaparthy	22290	20.70	20266	17.43
Gadwal	8265	7.68	6682	5.75
Vikarabad	3568	3.31	5212	4.48
Mahabubabad	5744	5.34	5072	4.36
Others	26987	25.07	28699	24.68
Total	107660	100.00	116292	100.00

Source: www.agritelangana.gov.in

In Telangana, groundnut has been sown in around 1, 16,292 hectares as on 30th January 2020. Among the districts, Nagarkurnool stood first in groundnut sown area with 50,361 hectares followed by Wanaparthy (20,266 ha), Gadwal (Jogulamba) (6,682 ha), Vikarabad (5,212 ha) and Mahabubabad (5,072 ha).

Table 3: Arrivals and Prices of Groundnut at Wanaparthy Market in the Month of January 2020

Date	Arrivals (Quintals)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	3,226	3,675	5,580	4,870
3	3,932	3,707	5,639	4,937
5	2,054	3,910	5,680	4,999
9	6,959	3,909	5,836	4,999
10	5,661	3,899	5,850	5,005
11	5,498	3,885	5,770	4,999
12	5,642	4,000	5,720	5,000
17	4,473	3,940	5,816	5,000
18	5,503	3,909	5,720	4,999
20	6,060	4,009	5,811	5,005
23	5,997	3,711	5,830	5,009
25	6,702	3,409	5,835	5,010
27	5,651	3,916	5,687	5,000
29	4,736	3,669	5,616	4,996
30	2,888	3,919	5,680	5,089
31	2,500	3,399	5,720	4,890

Source: <http://agrimarketing.telangana.gov.in/indexnew.jsp>

In Gadwal market about 77,482 quintals of groundnut was traded in price range of Rs. 4,870 – 5,089 per quintal during January 2020. The central government has increased the minimum support price of groundnut for the year 2019-20 by Rs.200 from Rs. 4890 to Rs. 5090 per quintal.

Groundnut Price Outlook

Groundnut prices may come under pressures after 19th February 2020 when NAFED will stop its buying activities. Exporters are less active at the current level. Farmers hold 30 to 35% Kharif groundnut stocks in hand so far and likely to release in mandies in full speed after 19th February 2020. Higher Rabi crop reported for 2019-20 due to ample water availability.

Farmers are happy as prevailing prices in markets are still quoting lower form MSP prices i.e. Rs. 5090 per quintal. As per trader, groundnut prices may be under pressure if the government will curb on groundnut exports.

Groundnut prices on monthly basis is decreasing due to less demand in domestic market. The prices have adjusted to the fundamentals and thus have been looking towards Rabi and summer supplies as well as the pace of NAFED procurement.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that groundnut may trade in a range of **Rs. 4900 – 5200** per quintal during the month of February 2020.