

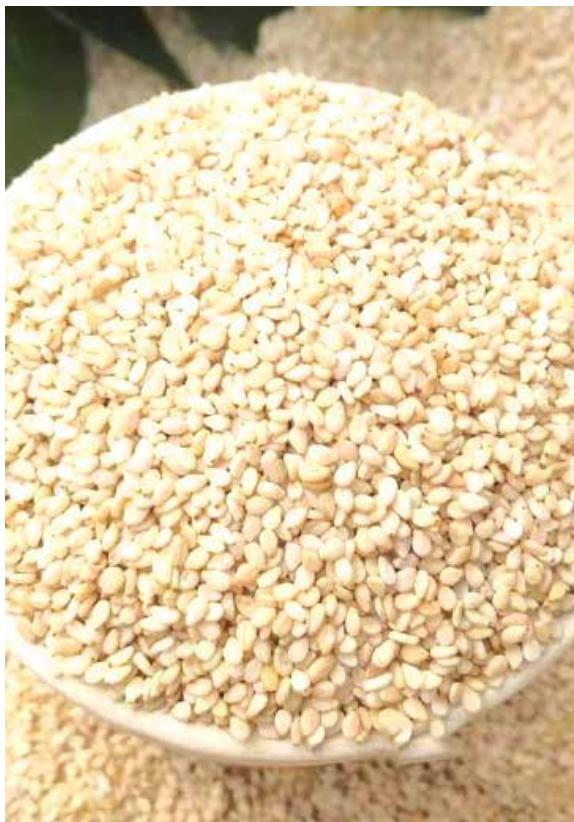
India Kharif (Jun-Oct 2021) Sesame Crop

Steep Dip in Production, Challenges Ahead



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India crop size reduced

drastically

Sesame seeds are an indigenous crop to the Indian region and have seen tremendous growth in production, manufacturing, and distribution network over the last two decades. But globally changing weather conditions have been taking a toll on the Indian winter crop, and we have seen a steady decrease in Indian crop size from an average of 350,000 MT in the previous 10 years to 250,000 MT last season to a mere 1,50,000 MT in the current year.

A glimpse at the Kharif sesame crop in India

The major growing states of Rajasthan, Gujarat, UP, and MP witnessed a normal sowing area as per Government reports as compared to the previous year; yet the output was severely affected by unfavourable weather conditions

at the time of harvest. In our opinion more than 60 percent of white sesame seed produce was damaged, leaving only a fraction of the produce being adherent to export standards & quality.

The market forces were predictive of a rising price trend due to a shortage of supply in India. The inferior product was majorly used as raw material for the Hulling Industry, which to an extent controlled the price spike even after a bad harvest. In succession to the above, the Natural sesame seed export remained a gloomy

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figure for the year. As the current natural sesame seed crop was low-grade for exports the carry-over stock estimated at 125,000 MT was brought in the cycle. In the final reckoning, this carry overstock also played a major role in the stabilisation of Indian Prices.

Exports may take a hit due to quality issues

The winter crop quality taking a severe hit diminishes the prospect of any surge in exports instead projects lower exports in comparison to the previous year.

Export constraints for hulled sesame from India include:

Our hulled sesame seed Industry/ exporters have a rising challenge from the new Hulled sesame producing countries like Nigeria, Pakistan, Myanmar, Sudan, Egypt, and Turkey.

The presence of these countries in sesame trades creates an unpleasing / falling export trajectory for Indian Sesame seed exports as:

- Production in the African continent has been increasing over the past five years.
- Price competitiveness of the raw material is another important reason.
- There is a mammoth gap in freight rates from some of these countries in comparison to Indian freight rates has

made a big dent in our exports. In certain cases, the freight rates provided were the US \$ 200 per metric ton cheaper than from any Indian port taking India out of the equation is price competitiveness.

- Also, certain importing countries give superfluous advantages to some of these countries by way of reduction or elimination of import duties, trade barriers, etc.

Demand Situation in India

An evaluation of the overall local demand does not show much variation from last year. Although the local demand for sesame seed was similar to the previous year, internally a steep upward trend of demand for sesame seed for oil crushing was comprehended.

The reason is a steady decrease in the crop size of brown sesame seeds in Tamil Nadu, Karnataka, and Andhra Pradesh over the past few years. As a result, most of the crushing factories situated in the southern region of the peninsula are dependent on the Northern states for raw materials.

Import situation in India

The prime reason for the import of sesame seed in India is for

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making Hulled Sesame seed, as the availability of raw material from our local crop this year was in abundance. Thus, the imports were not lucrative. Imports are expected to follow the same trend until May 2022, by then the states of Gujarat and West Bengal will be ready with their new summer crop.

The impact of Covid's third wave on global and Indian sesame production

Globally the pandemic has been very potent in deciding the demand and supply factor products. However, sesame demand and supply extensively seem to be stable and unaffected by the pandemic.

An assessment of the Import data of Sesame seed by the leading importing countries does not show much decline, which indicates the demand for Sesame seed worldwide.