

MARKETING SCENARIO OF EDIBLE OIL IN INDIA (MARKETING STRENGTH OF EDIBLE OIL IN ANDHRA PRADESH)

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ABSTRACT

Edible oil industry happens to be the key player in the economic development of the country. It is a sector that provides revenue not only through industry but also through the agricultural sector. The country is becoming more self reliant in the production and consumption of edible oils. Innovative and scientific method of oil production is one of the basic aspects of oil industry. The continuous process of oil manufacturing through research and development making industry more viable the industries are using upgraded technology for making oils. The government is also taking good number of steps for better promotion of domestic oil industry. India is country where 25% of the population is suffering from cholesterol and heart related diseases. Maximum number of deaths is due to heart congestion and heart related attacks, which is duly recognized by oil industry by providing double and triple refined oil to protect the human heart. However there is a need for the government to take necessary steps to punish culprits of duplicate oil business. This will enhance the confidence of the people and the government to further boost the oil industry.

KEYWORDS: Marketing Scenario of Edible

INTRODUCTION

Brief Introduction about the Concepts of Edible Oil in India

The demand for edible oils in India has shown a steady growth at a CAGR (Compound annual growth rate) of 4.43% over the period from 2001 to 2011. The growth has been driven by improvement in per capita consumption, which in turn is attributable to rising income levels and living standards. However, the current per capita consumption levels of India (at 13.3 Kg/year for 2009-10) are lower than global averages (24 kg/year). The Indian edible oils market continues to be underpenetrated and given the positive macro and demographic fundamentals it has a favorable demand growth outlook over the medium-to-long term. In terms of volumes, palm oil, soybean oil and mustard oil are the three largest consumed edible oils in India, with respective shares of 46%, 16% and 14% in total oil consumption in 2010.

Given the high price consciousness and varied taste preferences of Indian consumers, ICRA (Internet Content Rating Association) expects these three oils to continue to account for the bulk of edible oil consumption in the country. There has been a significant gap between demand and supply of edible oil because of limited availability of oil seeds and shifting of acreage to other crops in the domestic market. This gap has been met through imports, which account for almost 45-50% of the total oil consumption. In H1OY2010-11

Edible oil imports were observed to be the lowest in the last three years in view of improvement in domestic oilseed production. Notwithstanding that, ICRA expects the high dependence on imported oils to continue in the foreseeable future due to anticipated domestic supply constraints and the high cost competitiveness of imported oils.

Refined and crude palm oil (CPO) have accounted for the major portion of edible oil imports in India (74% in OY2009-10) mainly due to their relatively low prices and ample availability. ICRA expects the dominance of palm oil in imports to continue in the near-to medium term.

Oil Year refers to the period November to October ICRA Rating Feature July 2011 ICRA Rating Feature Indian Edible Oils Industry: Key Trends and Credit Implications ICRA Rating Services Given the high reliance on imports, domestic edible oil prices have largely been linked to international edible oil prices. After the decline in FY09, international edible oil prices remained at subdued levels during most part of FY10.

The prices of major edible oils rose in H2FY11 on account of anticipated higher demand for bio-fuels, given the high crude oil prices as well as expected production shortfalls in palm oil production. Prices have, however, corrected and stabilized in recent months on account of better-than-expected CPO production from Indonesia/Malaysia during Feb-March 2011; demand rationing due to high prices in developing countries suffering from high levels of food inflation besides the geopolitical situation in the Middle East and North Africa. The improved pricing levels for Oil Year (OY) 2011 as compared to OY 2010 have provided some comfort to small/medium scale domestic solvent extractors and enabled relatively better capacity utilization levels.

Over the near term, edible oil prices are expected to remain firm, considering the strong demand for alternative sources of energy like bio fuels in view of the continued rise in crude oil prices. The Indian edible oil industry is highly fragmented, with the presence of a large number of participants in the organized and unorganized sectors. This has resulted in severe competition and inherently thin profitability margins. Further, the profitability of market participants has also been vulnerable to risks emanating from weak harvests; commodity price volatility and forex movements. ICRA notes that while the share of branded oils segment has remained low over the years, it is poised for growth in view of rising income levels; uptrend in urbanization and increasing quality consciousness of Indian consumers.

The Government of India has cut down import duties on edible oil since April 2008. The current duty differential between crude and refined oils stands at 7.5%, which provides protection to domestic refiners against competition from imported refined oils. Going forward, the industry's profitability is vulnerable to any reduction in this duty differential. From a business risk perspective, ICRA considers the flexibility to modify product portfolio as a key strength in a market characterized by commodity price volatility. Accordingly, players with a diversified presence and exposure to the three major categories of oil, namely, palm oil, soyabean oil and mustard oil, would be better positioned for growth as compared to players with single product concentration.

Further, according to ICRA, the large-scale integrated players are better placed than small and mid-sized manufacturers to withstand the challenges in the business environment on the strength of benefits related to economies of scale such as marginally lower cost of production and access to cheaper working capital credit. From the perspective of revenue growth and profitability, market participants with a high share of established branded products are better placed than participants operating in the commoditized bulk market. In the recent past, the Indian edible oil industry has witnessed organic and inorganic expansion by some of its major participants. While ICRA views the increase in scale as a credit positive, the impact of these capex activities on the capital structure and the ability to scale up revenues and profitability to the envisaged extent will be some of the variables to be closely observed from a credit perspective

DEMAND GROWTH PROSPECTUS BY 2019

The report on future demand prospectus provides a comprehensive analysis of the market size of India edible oil Industry, palm oil, soybean oil, sunflower oil, mustard oil, rice bran oil, blended oil, groundnut oil and cottonseed oil market. The report also covers the market shares of major edible oil brands in India as well as the revenues of major players in the edible oil market.

Edible oil industry is driven by import of edible oils, registered huge revenue in FY'2012. With an increase in consumption of edible oils in the country, the revenue of edible oils had inclined by 30.8% as compared to FY'2011. Each segment in the edible oil industry is subject to a gamut of different factors such as price hikes and change in government policies play an important role in determining their respective revenues. The edible oil industry in the India has grown at a CAGR of 13.1% from INR 638.4 billion in FY'2009 to INR ~ billion in FY'2014. The competition in India edible oil market is highly fragmented owing to the presence of a large number of organized as well as local and unorganized players. The major players are Cargill, Adani Wilmar, Ruchi Soya, Agrotech Foods, and others.

India is the second-largest producer of Rice bran oil after China and the country has the potential to produce more than 1.4 million tonnes of rice bran oil. Rice Bran Oil market in India is still at its nascent stage, but the segment has showcased immense growth in the past few years. In 2012, the market for Rice Bran Oil in India grew at a sizeable growth rate of 14.0%. Adani Wilmar is the leading player in the Rice Bran oil segment. A large proportion of the rice bran oil market is dominated by regional and local players.

Sunflower oil market in India has showcased a promising growth in revenues during the past few years. The sunflower oil market revenues during the period 2009 to 2014 have surged at a healthy CAGR of 3.2%. The market for Sunflower oil in India has been dominated by Kauleeshwari. Ruchi Soya, Cargill, Adani Wilmar and other players such as Rasoya proteins, Kaneriya Oil industries, local and regional players as well as imported brands also command a substantial proportion in the overall market.

Blended Oil market in India has showcased a healthy and steady growth during the period from 2009 to 2014. The market for Blended Oil in India has been largely subjugated by organized players which has accounted for major share in the overall market. The organized market which incorporates branded players such as Agrotech Foods, Marico and Adani Wilmar also has a strong regional dominance in the country.

The edible oil market is expected to be dominated by various national and multinational players due to the increasing import dependence of the country in the near future. Rice bran and blended oil market are expected to be the fastest growing categories in the entire edible oil segment with Oils such as Mustard, Sunflower, Groundnut and Cottonseed tend to remain region specific in the near future with a moderate fluctuation in their prices.

It provides a comprehensive analysis of the various aspects such as market size of India edible oil Industry, palm oil, soyabean oil, sunflower oil, mustard oil, rice bran oil, blended oil, groundnut oil and cottonseed oil market. The report also covers the market shares of major edible oil brands in India as well as the revenues of major players in the edible oil market.

IMPORTANCE OF EDIBLE OIL

- The market size of the India Edible Oil, Palm Oil, Soyabean Oil, Mustard Oil, Sunflower Oil, Groundnut Oil,

Cottonseed Oil, Rice Bran Oil, Blended Oil Market

- Market segmentation of India Edible Oil market on the basis of types of oils
- Market segmentation of Palm Oil, Soyabean Oil, Mustard Oil, Sunflower Oil, Groundnut Oil, Cottonseed Oil, Rice Bran Oil, Blended Oil market on the basis of geography and sector
- Trends and Development in the India Edible Oil Industry.
- Market Share of Major Brands by North, South, East, West region
- Competitive landscape and detailed company profiles of the major manufacturers of edible oil in India Edible Oil Industry
- Future outlook and projections of the India Edible Oil Industry- Palm Oil, Soyabean Oil, Mustard oil, Sunflower Oil, Rice Bran, Groundnut Oil, Cottonseed Oil, Blended Oil on the basis of revenues in the India.

VEGETABLE OIL

A vegetable oil is a triglyceride extracted from a plant. Such oils have been part of human culture for millennia. The term "vegetable oil" can be narrowly defined as referring only to plant oils that are liquid at room temperature, or broadly defined without regard to a substance's state of matter at a given temperature. For this reason, vegetable oils that are solid at room temperature are sometimes called vegetable fats. Vegetable oils are composed of triglycerides, as contrasted with waxes which lack glycerin in their structure. Although many plant parts may yield oil, in commercial practice, oil is extracted primarily from seeds.

On food packaging, the term "vegetable oil" is often used in ingredients lists instead of specifying the exact plant being used, especially when the oil used is less desirable to the consumer or if a mix is used.

Note that these figures include industrial and animal feed use. The majority of European rapeseed oil production is used to produce biodiesel, or used directly as fuel in diesel cars which may require modification to heat the oil to reduce its higher viscosity. The suitability of the fuel should come as little surprise, as Rudolf Diesel originally designed his engine to run on peanut oil.

OTHER SIGNIFICANT TRIGLYCERIDE OILS INCLUDE

- Corn oil, one of the most common cooking oils. As of 2006 the US produced about 1.09 million metric tons^[21] of corn oil, which is used for cooking oil, salad dressing, margarine, mayonnaise, prepared goods like spaghetti sauce and baking mixes, and to fry prepared foods like potato chips and French fries.

Used Oil

- A large quantity of used vegetable oil is produced and recycled, mainly from industrial deep fryers in potato processing plants, snack food factories and fast food restaurants.
- Recycled oil has numerous uses, including use as a direct fuel, as well as in the production of biodiesel, soap, animal feed, pet food, detergent, and cosmetics. It's traded as the commodity, yellow grease.
- Since 2002, an increasing number of European Union countries have prohibited the inclusion of recycled

vegetable oil from catering in animal feed. Used cooking oils from food manufacturing, however, as well as fresh or unused cooking oil, continue to be used in animal feed

Cooking Oil

Cooking oil is plant, animal, or synthetic fat used in frying, baking, and other types of cooking. It is also used in food preparation and flavoring not involving heat, such as salad dressings and bread dips, and in this sense might be more accurately termed edible oil.

Cooking oil is typically a liquid at room temperature, although some oils that contain saturated fat, such as coconut oil, palm oil and palm kernel oil are solid. There are a wide variety of cooking oils from plant sources such as olive oil, palm oil, soybean oil, canola oil (rapeseed oil), corn oil, peanut oil and other vegetable oils, as well as animal-based oils like butter and lard. Oil can be flavored with aromatic foodstuffs such as herbs, chillies or garlic.

TYPES OF OILS AND THEIR CHARACTERISTICS

Lighter, more refined oils tend to have a higher smoke point. Experience using an oil is generally a sufficiently reliable guide. Although outcomes of empirical tests are sensitive to the qualities of particular samples (brand, composition, refinement, process), the data below should be helpful in comparing the properties of different oils.

Smoking oil indicates a risk of combustion, and left unchecked can also set off a fire alarm. When using any cooking oil, should it begin to smoke, reduce the heat immediately? The cook should be fully prepared to extinguish a burning oil fire before beginning to heat the oil, by having on hand the lid to place on the pan, or (for the worst case) having on hand the proper fire extinguisher.

COMPARISON TO OTHER TYPES OF FOOD

Fat Composition in different Foods (Click at Right to Hide or Show)

- Cooking oil extraction and refinement

Cooking oil extraction and refinement are separate processes. Extraction first removes the oil, typically from a seed, nut or fruit. Refinement then alters the appearance, texture, taste, smell, or stability of the oil to meet buyer expectations.

EXTRACTION

There are three broad types of oil extraction:

- Chemical solvent extraction, most commonly using hexane.
- Pressing, using an expeller press or cold press (pressing at low temperatures to prevent oil heating).
- Decanter centrifuge.

In large-scale industrial oil extraction you will often see some combination of pressing, chemical extraction and/or centrifuging in order to extract the maximum amount of oil possible.

REFINEMENT

Cooking oil can either be unrefined, or refined using one or more of the following refinement processes (in any

combination):

- Distilling, which heats the oil to evaporate off chemical solvents from the extraction process?
- Degumming, by passing hot water through the oil to precipitate out gums and proteins that are soluble in water but not in oil, and then discarding the water along with the impurities.
- Neutralization, or deacidification, which treats the oil with sodium hydroxide or sodium carbonate to pull out free fatty acids, phospholipids, pigments, and waxes.
- Bleaching, which removes "off-colored" components by treatment with fuller's earth, activated carbon, or activated clays, followed by heating, filtering, then drying to recoup the oil.
- Dew axing, or winterizing, improves clarity of oils intended for refrigeration by dropping them to low temperatures and removing any solids that form.
- Deodorizing, by treating with high-heat pressurized steam to evaporate less stable compounds that might cause "unusual" odors or tastes.
- Preservative addition, such as BHA and BHT to help preserve oils that have been made less stable due to high-temperature processing.

Filtering, a non-chemical process which screens out larger particles could be considered a step in refinement, although it doesn't alter the state of the oil.

Most large-scale commercial cooking oil refinement will involve all of these steps in order to achieve a product that's uniform in taste, smell and appearance, and has a longer shelf life. Cooking oil intended for the health food market will often be unrefined, which can result in a less stable product but minimizes exposure to high temperatures and chemical processing.

RECYCLING

Cooking oil can be recycled. It can be used as animal feed, directly as fuel, and to produce biodiesel,^[41] soap, and other industrial products.

In the recycling industry, used cooking oil recovered from restaurants and food-processing industries (typically from deep fryers or griddles) is called recycled vegetable oil (RVO), used vegetable oil (UVO), waste vegetable oil (WVO), or yellow grease.

Yellow grease is used to feed livestock, and to make soap, make-up, clothes, rubber, detergents, and biodiesel fuel.

Used cooking oil, besides being converted to biodiesel, can be used directly in modified diesel engines and for heating.

Grease traps or interceptors collect fats and oils from kitchen sinks and floor drains which would otherwise clog sewer lines and interfere with septic systems and sewage treatment. The collected product is called brown grease in the recycling industry. Brown grease is contaminated with rotted food solids and considered unsuitable for re-use in most applications.

Gutter oil or Trench Oil are terms used in Asia for recycled oil which is processed to resemble virgin oil but

contains toxic contaminants and is illegally sold for cooking; its origin is frequently brown grease from garbage.

PRODUCT LABELING

There is increasing concern that the product labeling that includes "vegetable fat" or "vegetable oil" in its list of ingredients masks the identity of the fats or oils present. This has been made more pressing as concerns have been raised over the social and environmental impact of palm oil in particular, especially given the predominance of palm oil

In Canada, palm oil is one of five vegetable oils, along with palm kernel oil, coconut oil, peanut oil and cocoa butter, which must be specifically named in the list of ingredients for a food product. Also, oils in Canadian food products which have been modified or hydrogenated must contain the word "modified" or "hydrogenated" when listed as an ingredient. A mix of oils other than the aforementioned exceptions may simply be listed as "vegetable oil" in Canada; however, if the food product is a cooking oil, salad oil or table oil, the type of oil must be specified and listing "vegetable oil" as an ingredient is not acceptable. From 13 December 2014 all food products produced in the European Union will be legally required to indicate the specific vegetable oil used in their manufacture, following the introduction of the Food Information to Consumers Regulation

FUTURE PROSPECTUS OF OIL INDUSTRY IN INDIA

- Future Growth of India Edible Oil Market is expected to be led by palm and soyabean oil segments
- The market leader, Adani Wilmar is expected to maintain focus on Emerging Markets and global brands (Fortune) to compete with other players in the industry

Ken Research announced its latest publication on "India Edible Oil Market Report Outlook to 2019" which provides a comprehensive analysis of the various types of edible oils in India. The report covers various aspects such as market size of India Edible Oil Market, segmentation on the basis of palm, soybean, mustard, sunflower, groundnut, cottonseed, rice bran and blended oil volume of exports and imports for edible oil. The report is useful for edible oil manufacturers, wholesalers of food and beverages, retail chains, edible oil products machinery manufacturers and new players venturing in the market.

The Edible oil market in India has witnessed a growth in recent years on account of rising demand for variants of edible oil fueled by expansion in the production. The surge in growth is majorly originated from growth in palm and soybean as a segment of edible oil market. The growth in this segment has been largely led by the domestic factors such as growing preference for healthy oils, growth in population base, shift in consumption pattern towards branded oil and favorable government policies. The edible oil market in India is comprised of large companies such as Adani Wilmar which offers large product portfolio of edible oil variants.

The India Edible Oil Market Report revenues have grown at a CAGR of 13% from 2009-2014. According to the research report, the India Edible Oil Market Report will grow at a considerable CAGR rate thus exceeding INR 2,080 billion by 2019 due to the increasing number of edible oil brands and rising consumption of edible oil in the country.

"While High level of imports, low agricultural productivity, absence of technology for oil refineries, lower capacity utilization, lack of liquid storage and warehousing facilities are few of the major challenges which will affect the growth of this industry in the future", according to the Research Associate, Ken Research.

This study revealed that the diets which include peanut oil, peanuts plus peanut butter, and olive oil lowered total cholesterol (14%) and LDL - cholesterol (11%) in just 4 weeks. These diets were considered to be better than low fat diet as they lowered the triglyceride levels without affecting the HDL - cholesterol level.

Dr. Penny Kris-Etherton believes that the experimental results offer people a food option for increasing monounsaturated fats in the diet and adding variety, flexibility, and eating satisfaction to diet planning. The research team also believes that the positive effects from peanut products may go beyond beneficial fatty acids. Antioxidants, Vitamin E, folic acid, photochemical, fiber, minerals and plant protein present in peanut oil contribute to heart disease protection.

In an another study, Dr. Richard Mattes, Professor in the Department of Foods and Nutrition at Purdue University, showed that snacks of peanuts and peanut butter gave more satisfaction and feelings of fullness. After eating the peanuts and peanut butter, persons with normal weight -- who consumed seven different snacks -- did not in take more total calories but they increased the amount of heart-healthy monounsaturated fat in their diet.

In a different study, conducted by Dr. Frank Sacks and Kathy McManus, MS, RD, found that low fat diet is not required for the weight loss program to be successful. In this study, food with high saturated fat was replaced with food with monounsaturated fat like peanuts and peanut butter as they were tasty, satisfying and extremely nutritious.

Peanut (Groundnut) oil is high in mono-unsaturated fat, which is more stable and usually does not require artificial additives. It is considered to be the finest oil for cooking and frying. It is extremely robust and produces fewer flavor defects with long term use as compared with many other oils. Peanut oil also contains nutritional important natural antioxidants like tocopherol and tocotrienols as well as sterols, vitamin E etc., Dr. Trupti Kamat (Nutritionist) has explained this fact in his article Health Benefits of Groundnut oil.

BREAST CANCER - PREVENTION IS BETTER THAN CURE

Cancer is a disease in which abnormal cells grow in an uncontrolled way. Breast cancer is a type of cancer originating from breast tissue, most commonly from the inner lining of milk ducts or the lobules that supply the ducts with milk. The first noticeable symptom of breast cancer cases are discovered when a woman feels a lump which is different from rest of the breast tissue. Lumps found in lymph nodes located in the armpits can also indicate breast cancer.

Sesame seeds have a fabulous nutritional profile, granting their capabilities in fighting, preventing, and reversing illness and disease. The seeds are especially high in copper, manganese, calcium, magnesium, vitamins, minerals, and other nutrients. These seeds are sources of phyto-nutrients such as omega-6 fatty acids, flavonoids, phenolic anti-oxidants, vitamins and dietary fibre with potent anti-cancer as well as health promoting properties.

Sesame seeds and oil contain one of the best sources of lignans which helps to prevent the development of breast cancer. These seeds contain a potent antioxidant known as sesamin which stops and slows down the regeneration of cancer cells and also stops the production of chemicals that are linked to their survival. Skin-friendly nutrients having strong antioxidant, anti-inflammatory, antifungal, antibacterial and antiviral properties Idhayam sesame oil obtained from the selected quality sesame seeds can therefore be used as a natural remedy for skin conditions as well as for pimple scars, this product being virtually free of side effects. Sesame seeds are full of zinc, an essential mineral for producing collagen and giving skin more elasticity. Zinc also helps damaged tissues in the body to repair. "Beautiful glowing skin brings out the beauty of a person which makes you stand apart from the crowd. So make use of Idhayam Sesame oil "Idhayam sesame oil

(Gingelly oil or Til Ka Tel) can be mixed with apple cider vinegar and water and used as a night cream. The Idhayam sesame oil moisturizes and softens the skin; vinegar lightens discolorations, kills bacteria and loosens dead skin cells. Oil pulling also can be done by gargling with Idhayam Wealth (sesame oil) for 15 minutes to pull out toxins from your body and clear your face and provide better face look. A mixture of Idhayam sesame oil and turmeric powder can be applied on the skin and massage for at least 10 minutes and leave overnight to reduce the pimple size. The solvent properties in Idhayam sesame oil help to break up the excess oils and debris on your skin's surface.

CONCLUSIONS

- India is a potential market for edible oils because of its consumption in India.
- India happens to be the leading company in the production, consumption and marketing of edible oils.
- The scientific research has given the country many vegetable oils free from cholesterol and good for heart.
- The oil industry is not only industry economic support but also the agricultural support.
- The competition in oil industry limits the price structure of different brand structure of edible oils.
- The oil industry happens to be the main player in the export business in India

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