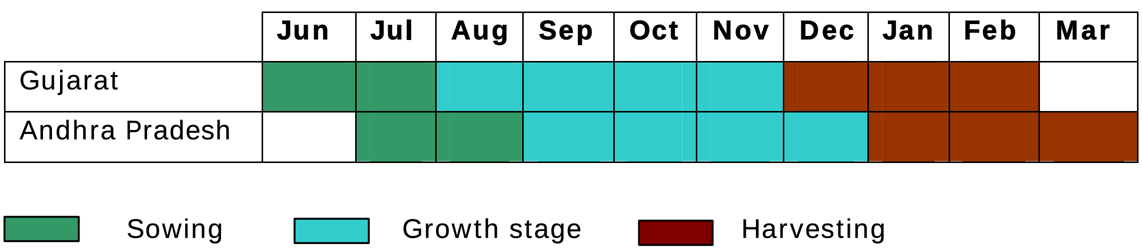
Castor

Castor (*Ricinus communis L.)* is a non edible oilseed, belonging to the *Euphorbiaceae* family. It is cultivated around the world because of the commercial importance of its oil. India is the world leader in castor production and dominates the international castor oil trade. The Indian variety of castor has an oil content of 48%. **Out of 48% about 42% of oil can is being extracted and** the cake retains the rest. The Castor seed products have widespread application in many industries like Paint, Lubricant, Pharmaceutical, Textiles, etc. These products are growing in importance because of their biodegradable and eco-friendly nature.

SEASONALITY

Castor is a perennial crop but grown as an annual for economic purpose. The crop duration is 4-5 months. In India, it is sown in July/August and harvesting commences around December/January. The seeds are then dried, de-podded, bagged and brought to the market yards for trading. The arrivals in the market start from December onwards.



World Scenario

For 2006-07, oilseeds are having competitive position as compared with cereals and with sugarcane. This competition will affect acreage in Brazil where sugarcane has proved to be hugely profitable whilst castor and other oilseeds had turned out to be marginal. Chinese market is also expected to have a 35% surge in castor oil imports. On the demand side, world demand of oilseed is likely to rise by at least 6 million tonnes.

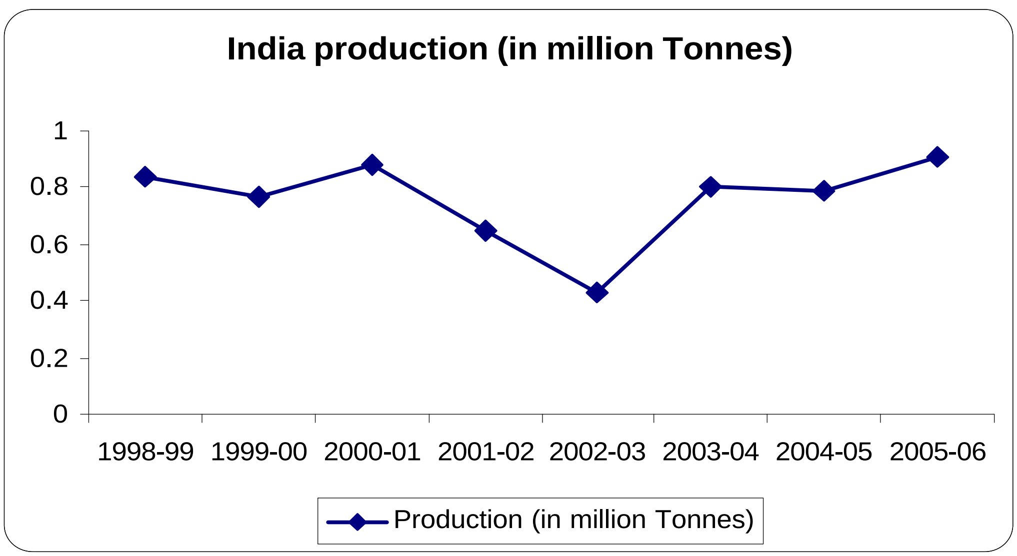
India

In 2006-07 market prices of wheat, rice and sugarcane had risen sharply in comparison to oilseeds. It is more than likely that in 2006-07, castor along with other oilseeds will lose acreage to sugarcane and to wheat because of better price realisation. In irrigated areas sugarcane and wheat will be the crops of choice for farmers. Floods and drought in Gujarat and Andhra Pradesh respectively had also adversely affected the crop. Better price realisation in pulses had also prompted the farmers to shift from castor.

India's Production from 1993-94 to 2005-06

(Qty. in Million Tonnes)

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Castor	0.84	0.77	0.88	0.65	0.43	0.80	0.79	0.91

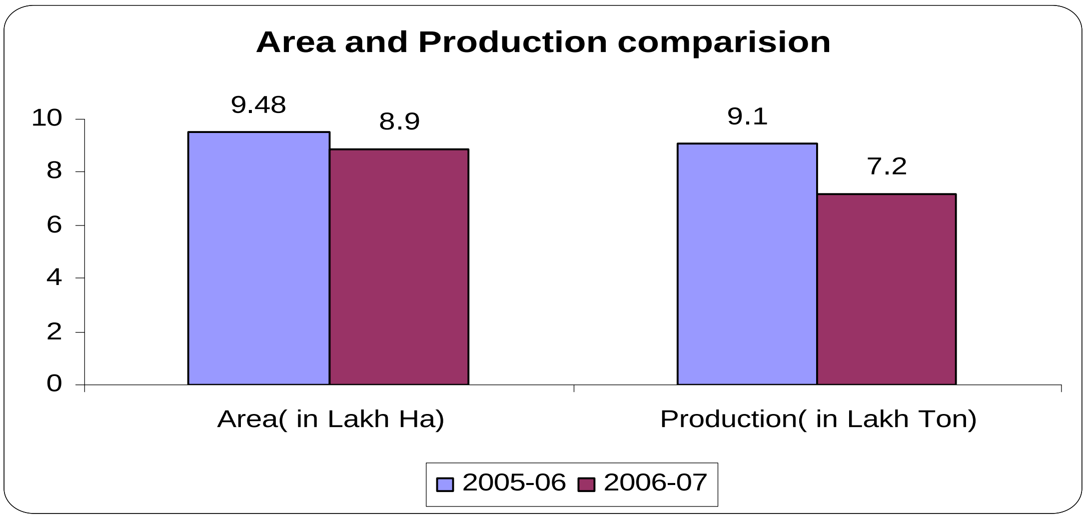


As per the Ministry of Agriculture, Govt. of India data, the acreage under castor as on 20th October, 2006 is down by nearly 0.6 lakh hectares and estimated at 8.9 lakh hectares against 9.48 lakh hectare last year.

Area, Production & Percentage Change

Oilseeds	**2006-07**		**2005-06**		**Percentage Change**	
	Area* Lakh Ha	Production Lakh Ton	Area Lakh Ha	Production Lakh Ton	Area Lakh Ha	Production Lakh Ton
Castor	8.9	7.2	9.48	9.1	(-) 6.12	(-) 20.88

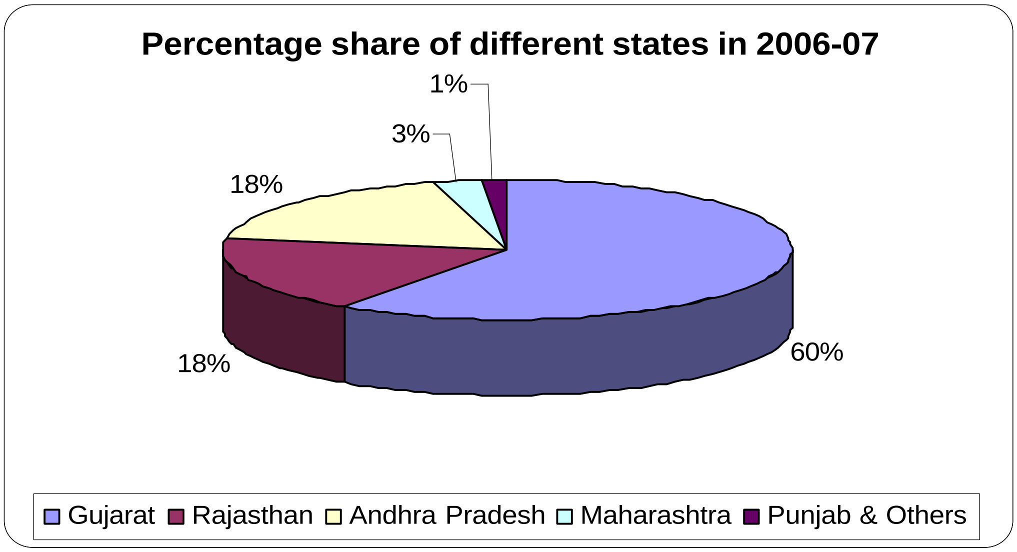
* Area as per GOI data as on 20th October, 2006



Production is also expected to reduce to 7.2 lakh tonnes compared to 9.1 lakh tonnes previous year registering a decline of 21%. Major decline is registered in Tamil Nadu (-45.45%) followed by Karnataka (-38%), Maharashtra (-33.33%), Gujarat (-18.75%) and Rajasthan (-11.39%).

(In Lakh Tonnes)

State	2006-2007 Season	2005-2006 Season
	Total	Total
Gujarat	4.3	5.7
Rajasthan	1.3	1.5
Andhra Pradesh	1.3	1.6
Maharashtra	0.2	0.2
Punjab & Others	0.1	0.1
Total	7.2	9.1
Retained for sowing & export	--	--
Marketable Surplus for crushing	7.2	9.1



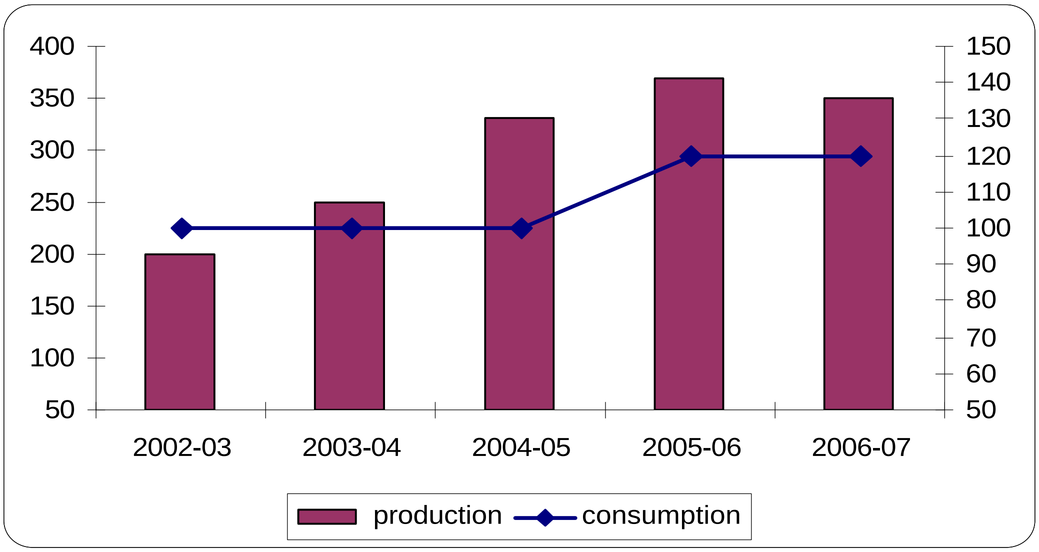
Estimated availability of Castor oil during 2006-07

(In Lakh Tonnes)

	Oil Recovery	Kharif Oilseeds Crop		Marketable Surplus For Crushing		Oil availability for domestic purpose from kharif crop	
		2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
Castor seed	42%	**7.2**	9.1	**7.2**	9.1	**3.2**	3.8

Production and consumption scenario (000 tonnes)

	2006-07	2005-06	2004-05	2003-04	2002-03
	Estimates	Estimates	Actual	Actual	Actual
Castor oil production	320	380	330	250	200
Castor oil consumption	120	120	100	100	100



Balance Sheet

(In Lakh Tonnes)

	2004-05	**2005-06**	**2006-07***
Carry Over Stock	-	0.22	0.69
Production	3.3	3.8	3.2
Total	**3.3**	**4.02**	**3.89**
Consumption	1.0	1.2	1.2
Export	2.08	2.13	2.3
Balance	**+0.22**	**+0.69**	**+0.39**

*** estimated**

Characteristics of Castor Seed and Oil Market

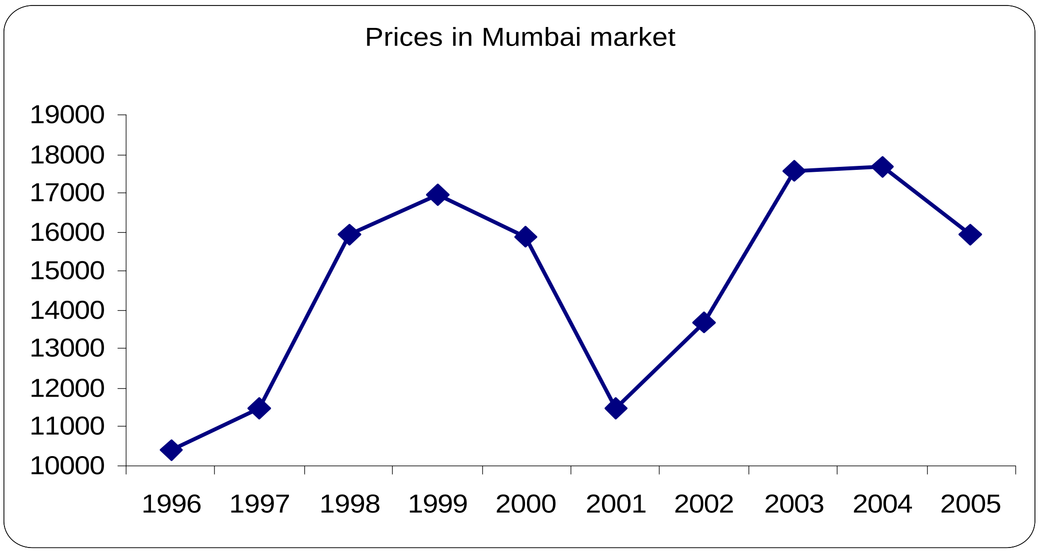
- Uncertain supply
- Uncertain demand
- Wide intra and inter seasonal price variation
- Long storing period
- Well-developed and organized spot market

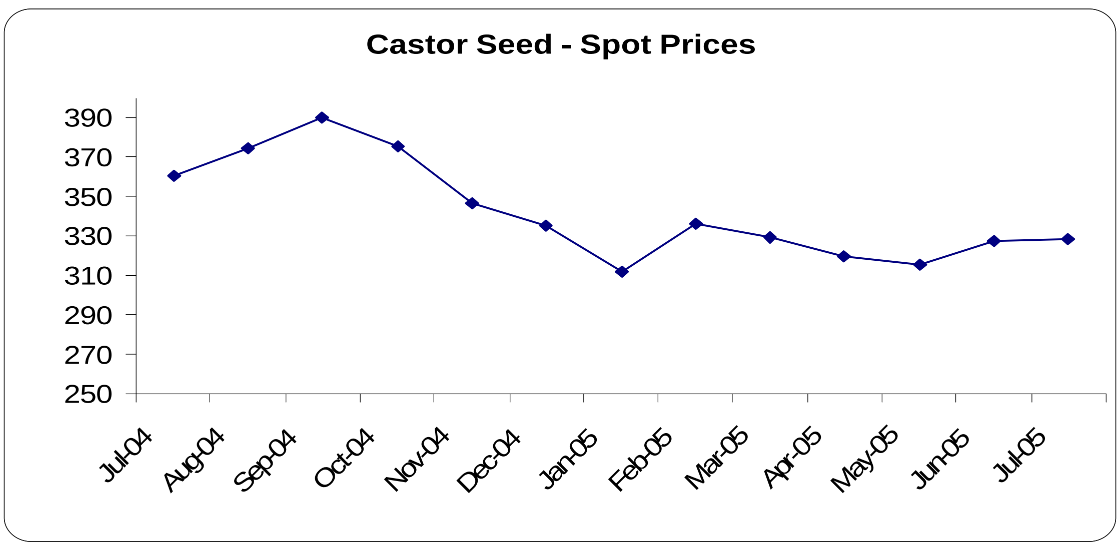
Price Trend

The price of Castor Seed is influenced by climatic conditions, prices of Castor Oil in the world trade, production in India and Rotterdam prices in Europe. Also the large number of down-stream products makes consumption demand of this oil price inelastic. In the international market, castor oil is one of the most expensive vegetable oils. Despite India's dominant position in the global castor market, in the exports market the Indian castor produce doesn't drive the prices.

Annual average price for 1996 to 2005 registered for Mumbai market

	2005	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**
Castor Seed (Gujarat small)	15921	17676	17581	13668	11464	15873	16968	15949	11494	10425





Generally, there is a wide intra and inter seasonal price variation. As can be observed, the prices of castor seeds firm up during the planting period that is Jul – Aug due to lesser availability in the market. It eases down during the harvesting period (Jan – Feb) as a result of increase in supply. There is a price variation of almost Rs 270 - Rs 390 per 20 Kg between planting and harvesting seasons. In Jan 2006, the arrivals in the Deesa market in Gujarat were 103.5 tons compared to 50 tons in September and it was pricing about Rs 282 per 20 Kg as compared to Rs. 380 per 20 Kg in September-October.

In 2006-07, the expected area and production had registered steep decline however the large carry over stock from the previous year cushioned the impact of this shortfall. As arrivals had already started in major markets prices will come under pressure in near future. However, this year because of firm demand and declined in production we expect prices will not come down much. Till January end castor prices are expected to come down to 335-340 levels.

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