

No respite for olive oil on rising euro

DILIP KUMAR JHA

Mumbai, 3 July

The appreciating euro has nullified the impact of government's import duty cut on olive oil prices. With import duty down at 7.5 per cent from 40 per cent earlier, the industry was estimating a 15 per cent decline in prices on fresh stocks.

The euro has appreciated 27 per cent to Rs 70 per euro from 55 in February this year. In April, it was hovering around 62.

"As India meets its entire demand through imports from Europe, the euro's strength affects the pricing of olive oil in India," said V N Dalmia, president, Indian Olive Association. Three types of olive oil are available in India. The extra virgin variety is priced at Rs 700 per litre, the medium variety at Rs 600 and olive pomace oil (the poorest quality) at Rs 350.

Confined largely to high-end consumers, olive oil is now gaining popularity among middle class consumers because of its health benefits. Therefore, the industry is estimating its consumption to double at 4,600 tonnes this year from 2,300 tonnes last year.

"In the process, many new players have entered in the market without proper plans for imports, marketing and distribution. Of them, only those who have proper brand-building plan

would succeed," said Dalmia.

Rajasthan initiative

In India, the Rajasthan government started olive cultivation over 250 hectares in 2007, which would start bearing fruits in 2012. The Mediterranean climatic condition is required to grow olive trees. According to experts, Nashik in Maharashtra and Nandi Hill in Andhra Pradesh are the most suitable areas for olive cultivation in the country. Taking cue from Israel on olive cultivation in deserts, Rajasthan has followed suit using the Israeli technology.

India requires at least 1,500 hectares to become self sufficient in olive oil production. According to an industry estimate, nearly 15 tonnes of olive (seed) is obtained from a hectare. With an average recovery of 20 per cent, at least 3 tonnes of oil could be extracted from seeds procured from one hectare.

"Looking at the success of the Rajasthan government's initiative, we expect thousands of hectares of land would be devoted to olive trees as it is more remunerative than other oilseeds," said Dalmia.

On the positive side, stability in olive oil prices is a blessing compared with the rapid rise in prices of other edible oils. Olive oil was once priced as high as 10 times that of the sunflower oil. Today prices have come down to less than 3 times that of the sunflower oil.