

SECTOR BRIEF

Edible Oil Industry



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Historical Background

At the time of independence, there were very few Oil and Ghee Mills in Pakistan and mostly they were crushing Cotton Seed in an orthodox fashion and producing Oil and then hydrogenating it through local machinery. Most of the oil and ghee were coming from the Indian cities of Bombay, Okha, and Calcutta and through Amritsar. The Ganesh Oil Mills in Faisalabad (previously Lyallpur) was established before partition by Delhi Cloth Mills and was producing Vanaspati Ghee. In 1950, the annual production of ghee/oil in Pakistan was just 4000 tons per day. Some historical developments are outlined below:

- 1947: Bengal Oil Mills was established in Karachi and inaugurated by Quaid-e-Azam M.A. Jinnah. This unit processed cotton and rapeseed to produce cooking oil.
- 1950: Uniliver Brothers (now Unilever) started production of 'Dalda' brand ghee
- 1954: Packages Group Lahore initiated 'TULLO' brand of ghee by taking over Hyderabad Khopra Mills
- 1955: Pakistan bought PL-480 Aid from the USA for the free import of Soyabean Oil. This continued till 1965.
- 1960: Burma Oil Mills was established in Karachi which produced 'Bano' and 'Bahar' banaspati
- 1968: Palm Oil was introduced in Pakistan by initially importing 5000 MT
- 1969: The Ministry of Industries assessed the capacity of 26 ghee/oil mills to restrict imports
- 1973: Nationalization of all industries, including oil and ghee mills in Pakistan by Bhutto regime
- 1976: Ghee Corporation of Pakistan (GCP) was formed under the Ministry of Industries, GOP, with the responsibility for overall management and control of the nationalized ghee industry
- 1978: The Pakistan Edible Oil Corporation (PEOC) was established and later dissolved in 1979.
- 1989: A 7-year National Oilseed Development Project (NODP) was initiated to promote oilseeds
- 1995: Pakistan Oilseed Development Board (PODB) was established under the Ministry of Food & Agriculture which was later wound up in June 2011 under 18th Amendment of Constitution.

Macro-economic Indicators

◆ Share of industry in the GDP:	2.8 percent [MY 2020]
◆ Revenue earned by the industry:	USD 7.1 billion (MY 2020)
◆ Contribution to national exchequer:	Rs. 110 billion (approx.)
◆ Total Market Size [edible oil]:	Rs. 500 billion
◆ Market Share of Vanaspati Ghee:	70 percent
◆ Market Share of Cooking Oil:	30 percent [70% share of Palm Oil]
◆ Per Capita Consumption:	22 Kg. per year [3 Kg in Europe]
◆ Annual edible oil/fats consumption:	3.9 million tons
◆ Annual Import of edible oil [Palm oil]	2.9 million tons [out of 3.9 million]
◆ Edible oil produced locally:	0.4 million tons
◆ Oil extracted from imported seeds:	0.7 million tons
◆ Consumption by Retail Consumers:	2.5 million tons
◆ Consumption by Industrial Consumers:	1.5 million tons

Size of the Industry

There are over 200 registered cooking oil and ghee manufacturing companies in Pakistan, including around 50 ghee manufacturing units, collectively producing 10,000 tons of oil and ghee on daily basis. The key market players are Dalda Foods; Habib Oil Mills; Sufi Banaspati & Cooking Oil; Seasons Edible Oil, Mezan Cooking Oil & Banaspati; Punjab Oil Mills Limited and Kashmir Cooking Oil & Banaspati.

Pakistani Vanaspati Manufacturers Association (PVMA) is the representative body of around 125 ghee and oil manufacturers in the organized sector which has an installed capacity of over 4 million metric tons.

Imports of Edible Oil

Pakistan is the world's 4th largest edible oil importing country. After petroleum products, edible oil is the second largest import item for Pakistan that costs around USD 3.1 billion annually in the import bill.

Palm oil constitutes almost 94% of the total imported edible oil followed by soyabean, sunflower, and canola. Crude and refined palm oil are imported mainly from Malaysia (75% of total edible oil imports) and Indonesia. Soyabean oil is imported from North America and Brazil.

During Marketing Year (MY) 2020 [Oct-Sep], Pakistan imported palm oil worth 3.396 million MT as against 3.266 million MT in MY 2019. Similarly, Oil Seed imports during MY 2020 stood at 2.485 million MT as compared to

2.904 million MT in MY 2019. These oilseeds are used extensively to produce ghee and oil.



SWOT Analysis of Edible Oil Industry

