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Pakistan Need to Be Self Sufficient in Edible Oil Production

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Abstract
The study has been related to the consumption of edible oil in Pakistan. The country has a total requirement of Edible oil I about 4 million ton, 30% of the demand meet by domestic production of oilseed, while 70 percent of the requirement fulfill by import from foreign countries. This study shows the critical factors which are responsible for the high import and which create dependability of Edible oil on import. Due to changing in people consumption pattern of food as increase in Junk food trend, the need of cooking Edible oil is going high day by day, Pakistan's food industry has been expend in recent 10 years, it force the government to import more and more.Pakistan has been annually spending large amount of foreign reserves to pay import bill of Edible oil, per capita consumption of Edible Oil in Pakistan about 17kg annually. Pakistan's Increasing Population and low production have major impact on import.
Keywords: Population growth, Domestic production, Farmer's education, Real income

Objective
The primary objective of my study is to cater those factors that are considered for high import of edible oil.
To analyze the consequences of increasing demand of Edible oil in the country.
To build the criteria of house hold expenditure and oil expense.
To build the impact of increasing real income on the usage of edible oil.

Introduction
Today Pakistan is facing a high dependability of edible oil on import, more than 70% of edible oil requirement fulfill by import from mainly Malaysia and Indonesia, both countries are one of biggest trade partner of Pakistan. The requirement of edible oil increased by 3 percent per year and it consume high amount of foreign reserves for the import.

The domestic production of oilseed is increasing very low, which does not meet the consumption requirement, country get edible oil form domestic main crops cottonseed, rapeseed, sunflower and canola, cotton is highest source of oilseed and its future production is so bright, because cotton is most favorable cash crops of Pakistan and earn high amount of foreign exchange for the country by importing textile product. Government has much focus on cotton crops and textile industry, and government is continuously ignoring other industries of the countries, in which edible oil industry is the most highly suffered industry. If government do not take serious step to overcome the hurdles of industry then it will face 100 percent dependability of edible oil on import and it could face high deficit of trade.

Significance
The study brings all related issues of edible dependency in front of government, so the it will help to minimize the import of edible oil.

The study will help the government to implement policies in support of local oil industries and farmers. Policies include the increment in tariff and quotas on the importers of oil and oilseed.

The study also contributes in the area of development of company infrastructure to facilitate production and distribution channel.

Scope of the study
The study provides benefits to local industries to understand the deficiency of oilseed. It also provides link those factors that contribute in promoting deficiency.

The study also focuses on the impact of increasing oil prices on total house hold expenditure in the country.

To research also focuses on world's edible oil market analysis and how global oil prices affect on edible oil importing countries.

Limitations
The big limitation of the study is people in Pakistan have not enough awareness about deficiency of edible oil in

Pakistan, so is critical to get reliable information from small size of population.

Secondly students have not enough time to write research report due to burdenized by other subjects and assignments.

Thirdly this research need data from Pakistan statistics bureau to determine the impact of edible oil import on BOP, but this site has no enough information about the impact.

Fourthly Cost of conducting research is high because students have no enough money to fulfill the requirement of survey and questionnaire.

Problem statement

Currently Pakistan 70 percent depends on other countries to meet the demand of edible oil because Pakistan has scarce resources to get oilseed for production of edible oil. Due to hiking import of oilseed and edible oil the country is facing deficit BOP for a long time period. The government supports the importers of edible oil by low tariff and quotas so the farmers of country are not confidentially produce oilseed for extraction of oil because the importers announce their low prices in the start of season. If Pakistan continuously ignores this situation then in the future the government will invite major problems for the edible oil industry in the country.

Informal Sector

The Informal sector of Edible Oil industry is estimated to be 70-80 percent captured market share of the industry. In which production share of 16 kg ghee and cooking oil is required by mostly Hotelers, Caterers, Restaurants, Bakers and Confectioners.

Formal Sector or Organized Sector

The organized sector of edible oil industry captured 20-30 percent share of market, the Sector Produces 1kg, 2.5kg and 5kg packs of Cooking Oil and Vanaspatti Ghee. The quantities are demanded by typical household consumers

Production of Oilseed Crops

Pakistan has total requirement of edible oil is about 4 million tons but the country has enough resources to meet requirement it just produces 1.2 to 1.4 million tons.

In Pakistan two types of Oilseed crops are cultivated Traditional crops and non-Traditional crops. Traditional crop (Rapeseed-Mustard, Groundnut, Sesame and Linseed), Non-traditional crops (sunflower, Safflower, Soybean).

Production of Oilseed Crop & Yield Potential

Oilseed Crops	Production (000 tons)	Yield (kg/hr)
Sunflower	243.1	1239
Rapeseed-mustard	220.3	922
Groundnut	81.3	995
Sesame	29.1	418
Linseed	2.62	710
Soybean	0.10	1000
Safflower	0.10	1000
Castor	3.38	996

Liakat shahid, Mohammad Azhar and Nadeem Amjad argued their research paper that, three type of oil yielding crops are growing at the moment in pakistan. i.e, (a) true oilseed crops, it yield only oil, as rapeseed, Sunflower, Soybean, Sesame, Groundnut and Safflower, (b) by product it yield oil for edible and industrial purposes as Cottonseed, Maize, & Rice bran, (c) linseed it include Jojoba, Castor, Salicornia, Salavadora. And the stones of Apricot,and Mango also provide edible oil.

Literature Review

According to the chairman of Pakistan vanaspati manufacturer association (PVMA) (Mohammad Bashir Janmohammad) expresses the fact that at the time of independence there were few oil/Ghee mills in Pakistan. Before the secretion of subcontinent mainly oil/Ghee mills were in Bombay, Okha and Calcutta.

In 1947, the urgency of edible oil was executed. When a few businessmen, form a small vanaspati unit closed to the Custom House Karachi called Bengal Oil Mills. At the end of 1947 the firm was set in motion by Qauid-e-Azam. The process of Bengal Oil Mills commenced with Cotton and Rapessed Oil to produce Cooking Oil. At that the export of Rapeseed was in large quantity to the East Pakistan. A one unit added in Bengal Oil Mills to produce Vanaspati Ghee by Hydrogenation.

The informal sector of edible Oil and Ghee was grape 70-80% of market share in 2003, while 20-30%

share was entity of formal edible Oil and Ghee sector. (Amir shafat)

Punjab industry pays much freight charges to bringing Palm oil from Karachi. The official of PVMA claimed that, the industry's stock declined from 176000 Tons to 140000 Tones in April, 2016. Palm oil daily consumption is 4000T and jumped it 6000 tons in Ramadan.(Amir Shafaat).

In the article of Dr. Muhammad Amjad argued that luckily pakistan have more than dozen Oil seed crops,it can cultivate one or other oil seed crops in all season of 356 days, but despite of this the country produce oilseed with a minimum crop that can not satisfy domestic requirement , the oilseed farming sector is rapidly neglected

In the article of Syed masroor Husain Zaidi, mention the statement that, In the world Pakistan is in fourth no, who import in the largest quantity of edible oil after China, India, and EU. Pakistan's agriculture sector has a great potential for the production of oilseeds but research and development constraints made it impossible. Farmers are unaware of new technology for utilizing resources in more fruitful manner. The crops of cottonseed, rapeseed, and sunflower have a large share in the production of edible oil in the country but their production share is not yet enough to satisfy the local need.

Liakat shahid, Mohammad Azhar and Nadeem Amjad argued their research paper that, three type of oil yielding crops are growing at the moment in pakistan. i.e, (a) true oilseed crops, it yield only oil, as rapeseed, Sunflower, Soybean, Sesame, Groundnut and Safflower, (b) by product it yield oil for edible and industrial purposes as Cottonseed, Maize, & Rice bran, (c) linseed it include Jojoba, Castor, Salicornia, Salavadora. And the stones of Apricot,and Mango also provide edible oil.

Population Growth of Pakistan (2006-2015)

Years	Population (Billion)
2006	161.51
2007	164.44
2008	166.41
2009	169.1
2010	173.5
2011	175.31
2012	178.91
2013	182.53
2014	186.53
2015	189.87

www.tradeeconomy.com

Per Capita GDP during (2006-2015)

Years	GDP per Capita (U$D)
2006	1017.45
2007	1044.97
2008	1041.05
2009	1048.52
2010	1043.30
2011	1049.59
2012	1063.60
2013	1086.77
2014	1114.57
2015	1152.14

www.tradeeconomy.com

Import & Import Bills of Edible Oil

Years	Import (000 tons)
2006	1696
2007	1787
2008	2700
2009	2347
2010	1878
2011	2176
2012	2283
2013	2322
2014	2443
2015	1796

Pakistan Bureau of Statistics

Production of Edible Oil

Years	Production (000 Tons)
2006	510
2007	565
2008	588
2009	565
2010	560
2011	696
2012	636
2013	646
2014	649
2015	573

Pakistan Bureau of Statistics

Methodology

My research philosophy makes bridge between Edible oil industry of Pakistan and demand of Edible oil in the country and import of oilseed. The goal of my research is to find out those factors which are responsible for the weakness of industry.

For conducting research quantitative approach use, In which use statistical tools to analyze the views of respondents' answer in questionnaire, the tools are Frequencies and Bar Chart, the research used SPSS software to analyze the results. The software calculated frequencies of each variable and provide results.

My research use case study strategy, in the research there is in-depth inquiry of Edible Oil industry's hurdles and developed question to find the reason of hurdles, the research explore the crises and complicated issues of the industry, and also explore government's policies. The researchers find the reasons of biasness and Farmer's problems who cultivate Oilseed crops.

H1=There is a significant 'relation between the import of edible oil and population growth.
H1=There is a significant 'relation between the import of edible oil and real income.
H1=There is a significant 'relation between the import of edible oil and low production.

Data Analyze

For measuring my questionnaire data and verifying it firstly, respondent view put in Microsoft Excel then I applied statistics techniques through SPSS, and calculate (Mode and frequencies) and I analyzed the data and interpret it.

Applying Statistical Techniques for Variable Measurement

FREQUENCIES VARIABLES: Population Growth, Demand, Real Income, Import Tariffs, Oilseed crops, Domestic Production, Research Technology, Farmer Education, Government Policies, Machineries & Equipment, Energy, Investment, Infrastructure

STATISTICS=MODE
BARCHART FREQUENCIES

Frequencies

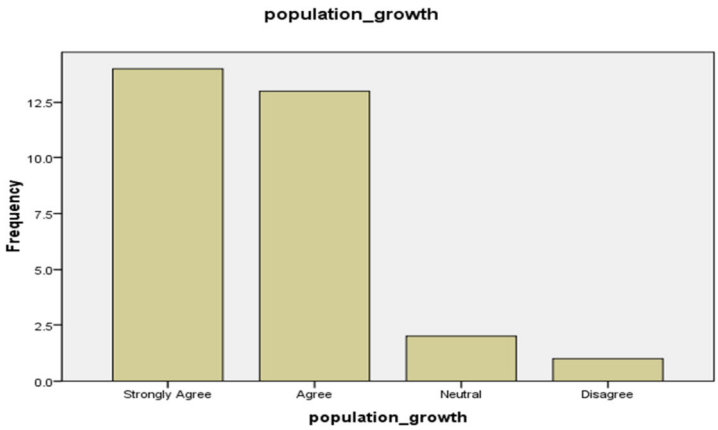
Variables	Valid	Missing	Mode
Population Growth	30	0	1
Demand	30	0	1
Real Income	30	0	2
Import Tariffs	30	0	2
Oilseed crop	30	0	2
Domestic Production	30	0	2
Research & Technology	30	0	2
Farmer's Education	30	0	2
Government Polices	30	0	2
Machineries & Equipments	30	0	2
Energy	30	0	2
Investment	30	0	2
Infrastructure	30	0	2

- Multiple modes exist. The smallest value is shown
- 1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5= Strongly Disagree
- Dependant variables: Dependability of Edible Oil on import

Interpretation

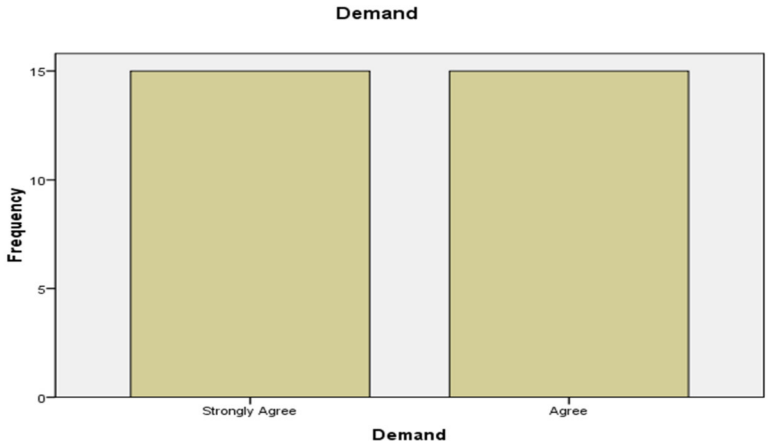
The above mode shows that population growth and demand are most important variable which coerced the government to import edible oil. And other variables also responsible for import directly or indirectly because respondents are "agree" with all other factors.

Bar Chart

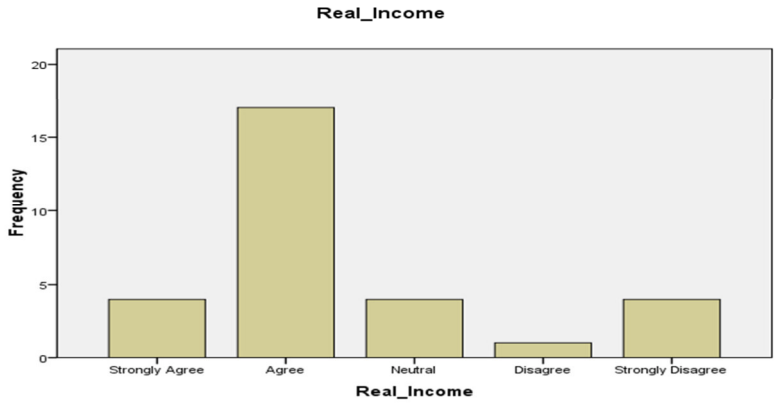


Interpretation:

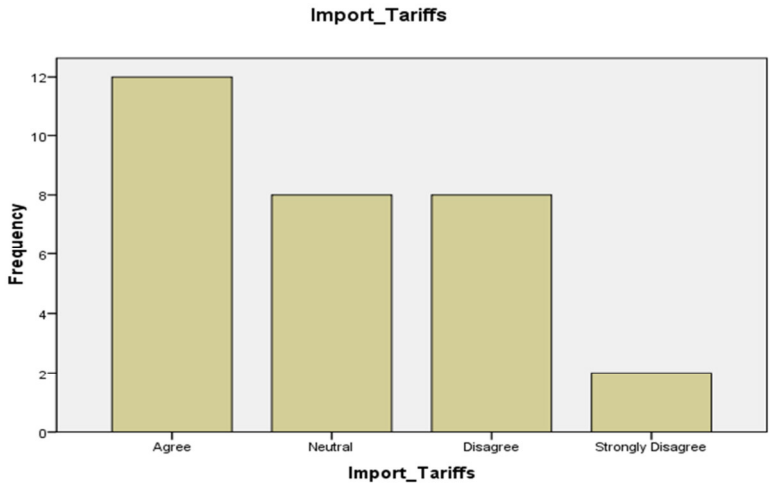
46.7% respondents are strongly Agree and 43.3% respondents are Agree that fined Population Growth is responsible for the high import of Edible oil.



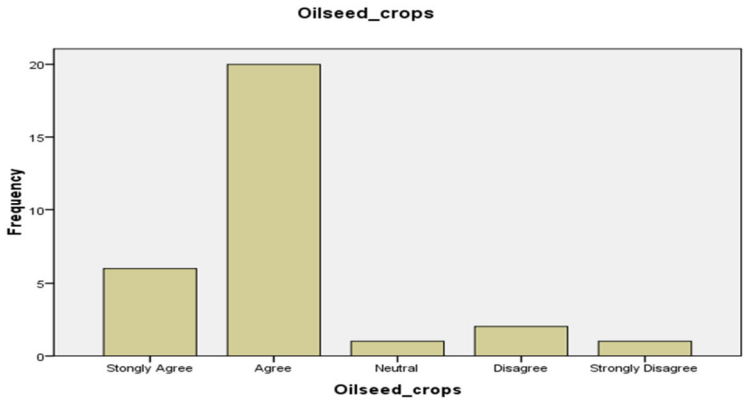
Interpretation:
50% respondents are strongly Agree and 50% respondents are Agree that increasing demand of edible oil coerced the government to import to meet the consumption requirements.



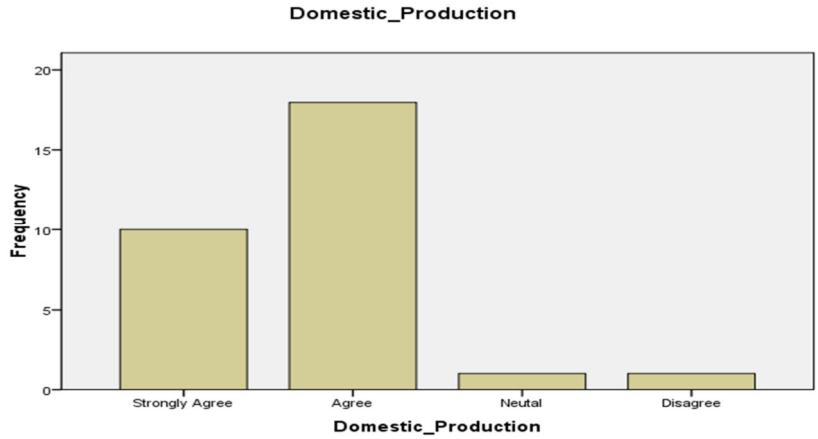
Interpretation:
56.7% view of respondents are Agree with Real income, that real income is responsible for increasing food expenditure ,and import of edible oil caused by high food expenses. There is indirect relation between high food expenses and import of edible oil.



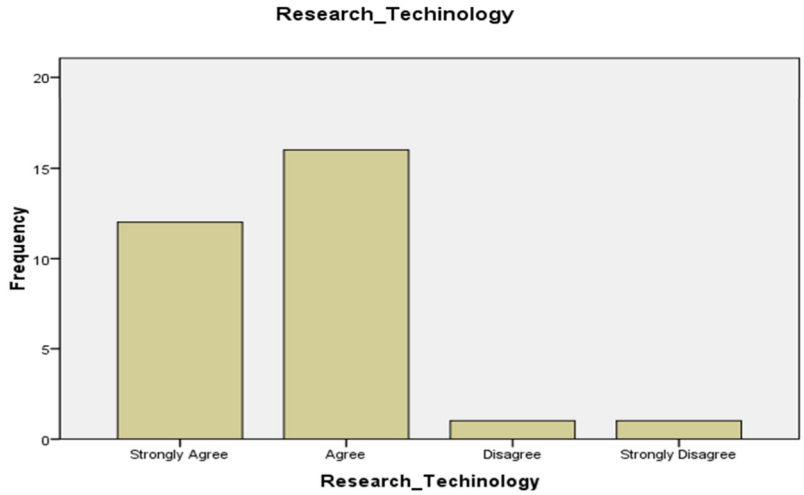
Interpretation:
40% respondents are Agree, 26.7% respondents are Neutral, 26.7 respondents are Disgree, and 6.7% respondents are Strongly Disagree, shows that low import tariffs caused high import of edible oil because cost of self- production of edible is high as compared to import . so the Refining industries of oils are mostly to import of oil.



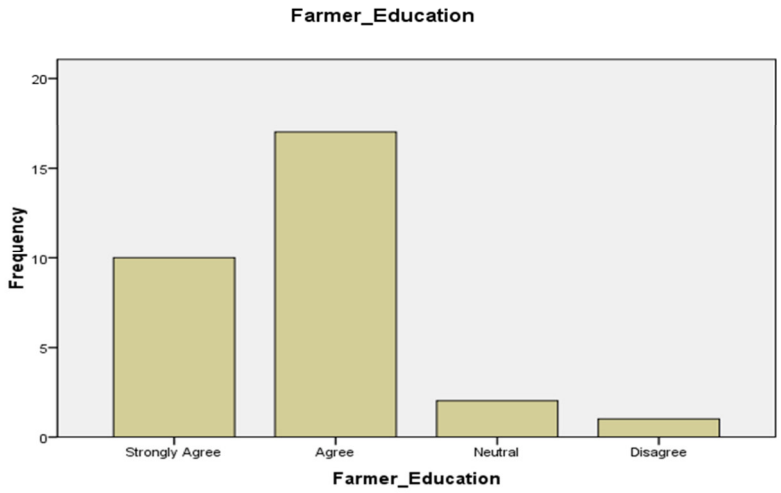
Interpretation:
66% respondents are Agree, that oilseed crops are insufficient to fulfill edible oil requirement in the country, there is limited area available to cultivate oilseed crops, so this factor is considerably responsible for the dependability of edible oil on import.



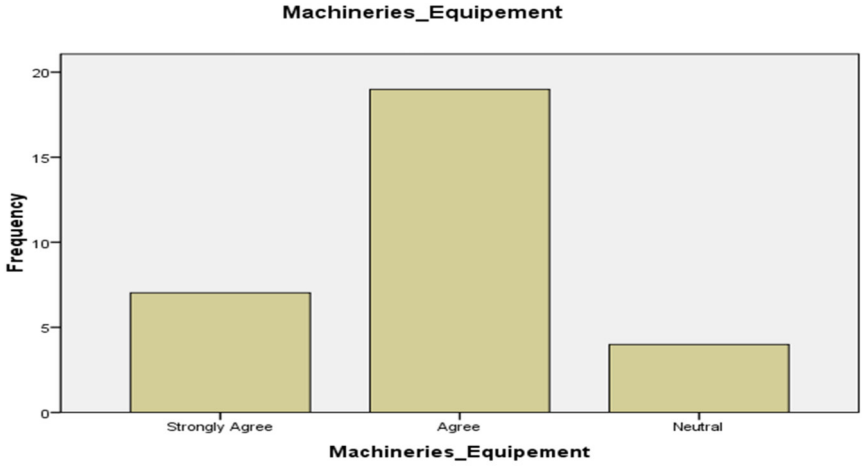
Interpretation:
60% respondents are Agree with low domestic production of edible oil, and low production does not fulfill the requirement of country, so it will consider for dependability of edible oil on import.



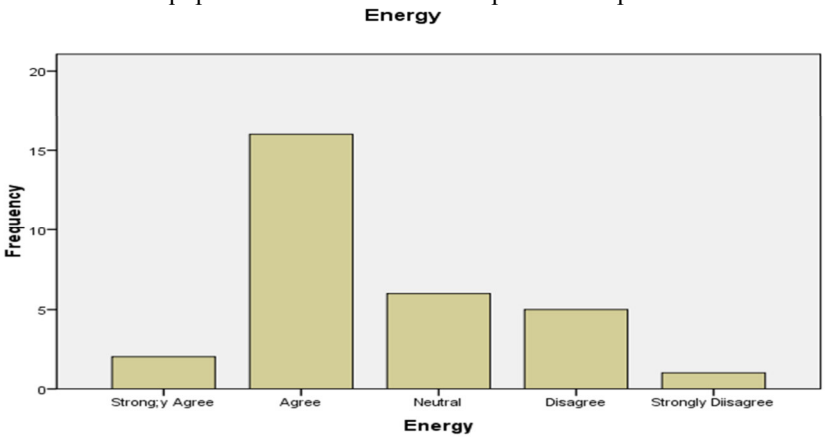
Interpretation:
53.3 % view of respondents are Agree, that show the research and technology cause low cultivation of oilseed, Pakistan is underdeveloped country, there is minimum resources of technology for research, so the country is tightly dependant on import of edible oil and oilseed to satisfy the consumption requirement.



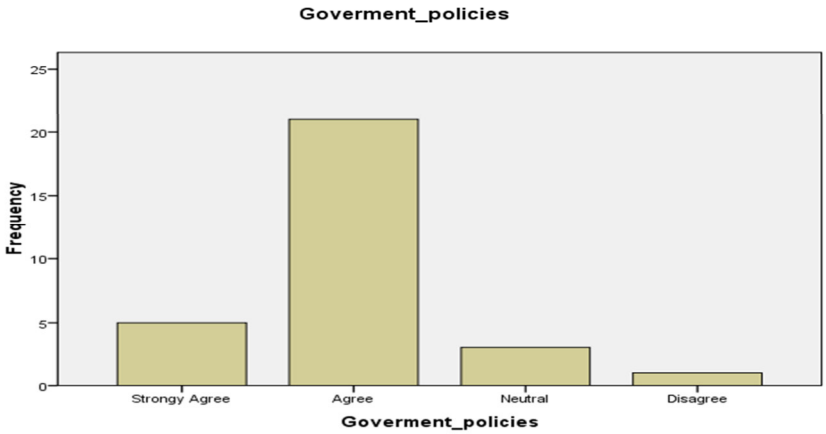
Interpretation:
56.7 view of respondents are Agree, that shows the Farmer's education is consider for the dependability of edible oil on import, Pakistan is an agriculture economy and population belong to agriculture sector, Pakistan has low literate population, so the Farmers are unable to get knowledge of running machineries and new technologies.



Interpretation:
63% respondents are Agree, that show In Pakistan there is minimum resources available to purchased advanced machineries and equipment due to industries are prefer to import refine edible oil and oilseed.

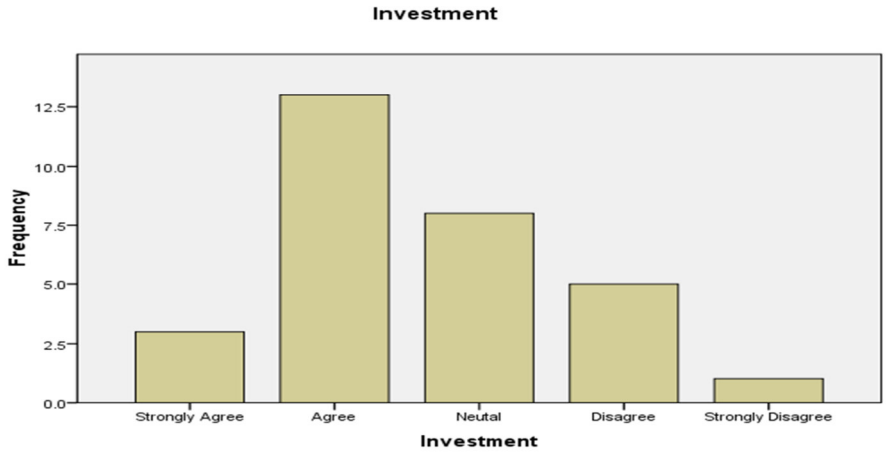


Interpretation:
53% respondents are Agree with energy crises for dependability of edible oil on import, Pakistan is facing a high energy crises for a long time and many industries are closed due to the crises.



Interpretation

70% views of respondents are Agree with biased government policies for edible oil industry or oilseed sector, this factor is responsible for high import.



Interpretation:

43.3% respondents are Agree, Pakistan has underdeveloped infrastructure for all industries, underdeveloped infrastructure is responsible for high import.

Conclusion

As per depth study find the facts that government of Pakistan do not encourage the farmer to cultivate oilseed crops, Pakistan has a potential of cultivation but ignoring continuously this sector, if government don's take serious step to overcome the import then in future the country will face a high deficit of foreign reserves and BOP (balance of payment) deficit because every year Pakistan pay huge amount import bill to foreign country.
Farmer's awareness of oilseed, population growth, and biased government polices and technologies are major constraints that inhibit the enough production to fulfill the requirement.

Recommendation

The study recognizes that sunflower crop has high potential to significantly contribute in enough production to meet the demand in the country. If the farmer realized about comparative advantage of sunflower production and its promotion by providing incentives to farmers, then can be enhanced its sustainable production.
To Government should attract small farmers with 5 to 12.5 acres of land holding owners by making availability of input like seeds, fertilizers, irrigation and credit because these farmers have no enough financial capacity. Most of farmers are engaged in cash crops it is difficult of convince to shift to oilseed crops because they need to practical evidence of success.

- Government should increase the research center in provinces and centers should collaborate with other countries research centers for gaining knowledge.
- Focus on under cultivation area of oilseed to make it improve.
- Government should introduce training program according to their need in the area of cultivation.
- Procurement center must be increased.

- Government should create proper market structure to ensure rights and returns of small farmers of every province.

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