

● DIRECTIVE FOR ₹8-12/LITRE REDUCTION

# Govt tells edible oil firms to cut prices

Cites sustained  
downtrend in  
global prices

FE BUREAU

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**THE FOOD MINISTRY** on Friday directed edible oil manufacturers to reduce the maximum retail price (MRP) of major edible oils by ₹8-12 per litre with immediate effect, taking a cue from the global market. "Some companies which have not reduced their prices and their MRP is higher than other brands have also been advised to reduce their prices," the food ministry said in statement. Earlier in the day, food secretary Sanjeev Chopra met industry representatives to discuss what the government felt was a reluctance among companies to cut prices.

The price to distributors by the manufacturers and refiners also needs to be reduced with immediate effect so that the price drop is not diluted in any



way, the ministry said.

It was also impressed upon them that whenever a reduction in price to distributors is made by the manufactures/refiners, the benefit should be passed on to the consumers by the industry and the ministry may be kept informed on a regular basis, it added. With the edible oil prices continuing to show a downward trend and set to witness further reduction by the edible oil industry, the ministry said, "the Indian consumers can expect to pay less for their edible oils. The falling edible oil prices will help in further cooling inflation fears if any". Prices of mustard oil, which has the largest share in India's consumption basket, has fallen

sharply in recent weeks.

Meanwhile, the government is unlikely to accept the demand from Solvent Extractors Association of India (SEA) to hike import tariffs.

The food ministry feels that any hike in imports duties of edible oil, especially palm, soybean and sunflower, may impact the domestic refineries as the country imports about 56% of its oil requirements, the bulk of it in crude form. Out of the total imports of 14 million tonne (MT) of edible annually, the share of crude and refined oil is 75% and 25% respectively. At present, crude palm, soybean and sunflower oils imports attract only 5% agricultural cess and a 10% education cess upon it, meaning a total tax incidence of 5.5%. In case of refined edible oil, effective import duty is 13.75%.

The government cut import duties on crude palm, soybean and sunflower oils in September 2022. In December 2022, it extended the concessional duties on edible oils till March 31, 2024. (With PTI inputs)