

# Govt scraps base import duty on edible oils

Also removes agri cess; move likely to impact farmers' realisations when kharif harvest is on, say experts

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With prices of edible oils threatening to remain at elevated levels, the Centre on Wednesday virtually abolished the basic Customs duty on crude varieties of palm, soybean, and sunflower oils and also slashed the agriculture (agri) cess on them till March 2022, barely days after it authorised states to impose stock limits on oilseeds and edible oils.

However, traders and market watchers said the timing of the cut could have a negative impact on farmers' realisations, given that they have started harvesting their kharif soybean and groundnut crops.

How much it will impact the final consumer prices remains unclear since international markets had priced in the duty cut and pushed up prices to

## COOLING DOWN

Effective import duties on all edible oils (in %)

	11-Sep	13-Oct
Crude palm oil	24.75	8.25
RBD palmolein	34.75	19.25
RBD palm oil	35.75	19.25
Crude soyoil	24.75	5.5
Refined soyoil	35.75	19.25
Crude sunflower oil	24.75	5.5
Refined sunflower oil	35.75	19.25

Effective duty includes basic Customs duty + agriculture infra cess + social welfare cess

Source: Solvent Extractors Association Of India

cancel out the impact.

The Solvent Extractors' Association (SEA) of India, a premier body of domestic oilseed processors, feels retail prices of major edible oils could go down by up to ₹15 per litre in the next few weeks.



## MIXED BAG

Packed edible oil prices in the Delhi market (₹ per kg)

	13-Sep	13-Oct	% Chg
Groundnut oil	184	188	2.17
Mustard oil	189	198	4.76
Soybean oil	159	151	-5.03
Palm oil	131	129	-1.53

Source: Department of Consumer Affairs

India imports around 55-60 per cent of its annual edible oil for consumption since domestic production is not enough to meet demand.

Wednesday's reduction in import duties is the fifth time since February that the Centre

has lowered to allay prices.

The last duty cut was announced on September 11, when basic duties were lowered 2.5 per cent for crude oils and 35.75 per cent for the refined variety.

The duty cuts will be effective

from October 14 and will remain in force till March 31, 2022, said the Central Board of Indirect Taxes and Customs in a notification.

Crude palm oil will now attract agri infrastructure (infra) development cess of 7.5 per cent, while the rate will be 5 per cent for crude soybean and crude sunflower oils.

Before Wednesday's reduction, the agri infra cess on all forms of crude and refined edible oils was 20 per cent.

After reduction, the effective Customs duty on crude varieties of palm, soybean, and sunflower oils will be 8.25 per cent, 5.5 per cent and 5.5 per cent, respectively.

Besides, the basic Customs duty on refined varieties of sunflower, soybean, palmolein, and palm oils has been slashed to 17.5 per cent each, from 32.5 per cent at present.

"The impact of the duty

reduction on crude palm oil is ₹14,000 per tonne, while on crude soybean and crude sunflower seed oils is ₹20,000 per tonne. The total benefit of duty reduction may not fully accrue to the Indian consumer. After the announcement, the Malaysian market has gone up 150-170 ringgit per tonne," said Atul Chaturvedi, president, SEA, in a statement.

He said rumours in the market have already discounted the domestic price somewhat, but refined oil may cool down by ₹6-8 per kilo after the duty cut.

The data sourced from the Department of Consumer Affairs shows that in Delhi, market prices of packed groundnut and mustard oils have risen 2 per cent and 5 per cent, respectively, in the past one month, while that of soybean and palm oils have dropped 5 per cent and 1 per cent, respectively.