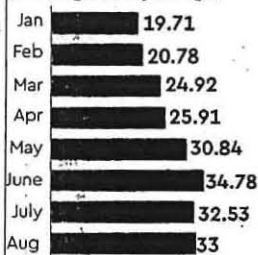
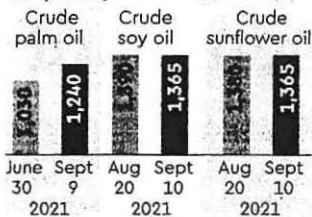
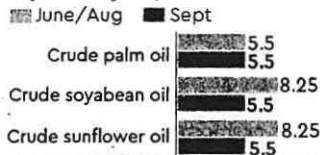


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FINANCIAL EXPRESS 3

Edible oil import duty relief not fully passed on to consumers

CPI Inflation in oils and fats
 (% change from year-ago)

CIF prices, Mumbai (\$/tonne)

Reduction in effective import duty (% points)


PRABHUDATTA MISHRA
 New Delhi, September 12

RETAIL PRICES OF edible oils continued to rise after the recent cuts in import duty, indicating the benefits have not been fully received by consumers and may have been appropriated by palm oil sellers in Indonesia and Malaysia. This is even as the government claims that revenue of as much as ₹4,600 crore will be foregone in FY22 due to the duty reductions.

Along with the agri cess and social welfare cess, the effective duty on crude palm oil was cut by 5.5% to 30.5% effective from June 30 and was in force until September 10 when it was further reduced. However, the pan-India average retail price of palm oil increased 3% to ₹133.77/kg between June 30 and September 10, according to consumer affairs ministry data.

Similarly, the effective duty on crude soybean oil and crude sunflower oil was cut by 8.5% to 30.5% from August 20 and was in force until September 10. However, average retail prices of both soybean oil and sunflower oil marginally increased after the reduction. Out of 9.37 million tonne (MT) of edible oil imported until July 31 of 2020-21 oil year

(November-October), the share of crude varieties was 99.5% and refined oils 0.5%.

"The duty cuts already made (before September 10) amount to an estimated ₹3,500 crore in a full year. With the latest reduced import duty worth ₹1,100 crore in a full year, the total direct value of benefits expected to be passed on to the consumers, in terms of duties given up by the government, is ₹4,600 crore," the food ministry's statement said September 11.

While retail prices in the domestic market have inched up, there is also a marginal increase in landed rates of imported crude palm oil after the duty cut, which means the purported benefits of reduction in basic customs duty have been neutralized. Palm group of oils has over 60% share in overall import of edible oils and is imported mainly from Indonesia and Malaysia.

The cost, insurance and freight (CIF) price of crude palm oil increased 20.4% to \$1,240/tonne on September 9 from \$1,030/tonne on June 30 in Mumbai. On the other hand, imported crude soybean oil and sunflower oil declined 1-2% to \$1,365 a tonne (same for both) as on September 9 from \$1,390 and \$1,380, respectively on August 20, according to industry data.