

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
LOK SABHA
UNSTARRED QUESTION NO. 4248
ANSWERED ON 19/08/2025

REDUCTION IN IMPORT DUTY

4248. SHRI PUTTA MAHESH KUMAR

Will the Minister of **COMMERCE AND INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the Government has undertaken any study/survey regarding the impact of reduction in import duty of crude edible oils on Indian palm oil farmers;
- (b) if so, the details thereof along with the steps undertaken to safeguard the interests of Indian palm oil farmers in India, especially those in Andhra Pradesh and in Eluru district;
- (c) whether the Government has considered utilising a dynamic import duty mechanism to maintain CPO prices, if so, the details thereof and if not, the reasons therefor; and
- (d) whether the Government has considered potential impact of reduction in import duty on crude palm oil could have on the implementation of National Mission on Edible Oils - Palm Oil (NMEO-OP), if so, the details thereof and if not, the reasons therefor?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री जितिन प्रसाद)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) & (b): The Ministry of Agriculture and Farmers Welfare has been implementing the National Mission on Edible Oils-Oil Palm (NMEO-OP) under which a comprehensive support package is provided to oil palm farmers in Andhra Pradesh, including Eluru district, covering financial assistance for planting material, intercropping, irrigation, mechanization, replanting, capacity building, adoption of improved technologies and infrastructure development such as nurseries, seed gardens and processing mills.

Further, with respect to Andhra Pradesh, including Eluru district, the State Government declares the Fresh Fruit Bunch (FFB) price every month based on the CACP- recommended formula, considering factors such as Oil Extraction Ratio (OER) and Kernel Nut price. The

industries within the notified factory zone are mandated to procure FFBs at this price from the farmers.

(c) & (d): A dynamic import duty structure on edible oils in India has certain disadvantages as India relies on imports for about 60% of its edible oil needs and domestic prices are heavily influenced by international market rates. Due to the extreme volatility of global prices, using a dynamic import duty system is unlikely to effectively stabilize or control prices within the domestic market.

The recent reduction of Basic Custom Duty (BCD) from 20% to 10% on crude edible oils, including crude sunflower, soybean, and palm oils, aims to alleviate the inflationary pressures on edible oil prices which had escalated due to the earlier duty hike in September 2024 and concurrent increases in international market prices. The reduction in import duty on crude oils has created a duty differential of 19.25% between crude and refined edible oils. The benefits of this higher duty differential include:

- (i) Discouraging the import of RBD Palmolein, which is refined from crude palm oil (CPO), thereby promoting the domestic refining of crude oils.
- (ii) Import of CPO for domestic refining, leading to higher availability of by-products like Palm Stearin and Palm Fatty Acid Distillates (PFAD).
- (iii) The by-products will be more affordable, benefiting the Fast Moving Consumer Goods (FMCG) industry. This could lead to potential price reductions in various consumer goods like home and personal care products.
- (iv) Higher capacity utilization of domestic refineries will be achieved fostering higher value addition and promoting the local edible oil refining industry.
