

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:1394

ANSWERED ON:02.03.2001

IMPORT DUTIES ON EDIBLE OILS

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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether Government are assessing the impact of the recent increase in import duties on edible oils;
- (b) if so, whether the main purpose of raising the import duties on edible oils was to check imports;
- (c) if so, to what extent the purpose for which these increase was made has been achieved;
- (d) to what extent the duty increase in November and December, 2000 have been proved helpful;
- (e) the total shortfall of edible oils during 1999-2000; and
- (f) the efforts being made to improve the edible oils production in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SREENVASA PRASAD)

(a) Yes, Sir.

(b) One of the objectives of raising the import duty on edible oils has been to regulate import.

(c) & (d) : As per information available from the DGCIS, Ministry of Commerce, the imports for edible oils have gone down from 38.59 lakh MTs in 1998-99 to 34.55 lakh MTs in 1999-2000.

Duty increase has also proved helpful in enabling higher than minimum support price to two major oilseeds, namely, groundnut and mustard seed which constitute about 60% of the total oilseed production as shown below:

(Rs. per quintal)

Seed	MSP	Wholesale market price
		(as on 23.2.2001)

Groundnut (in shell)	1220	1435
Mustard/Rapeseed	1100	1205

(e) The total shortfall of edible oils during 1999-2000 has been estimated at around 34 lakh MTs.

(f) Some of the measures taken/efforts made to improve the indigenous production of oilseeds and hence of edible oils are :-

(i) Centrally Sponsored Oilseeds Production Programme is in implementation in the States to increase the production of Oilseeds/edible oils in the country. Under the programme financial assistance is provided for the critical inputs like production and distribution of seeds, distribution of seed minikits, sprinkler sets, improved farm implements, gypsum/pyrites, micro- nutrients, rhizobium culture etc. to the farmers through State Governments. In addition to this frontline and general demonstrations are also organised on the farmers fields to disseminate the improved production and protection technologies.

(ii) A technology Mission on Oilseeds was established in May 1986 for harnessing the best production, processing and management technology.

(iii) Intensification of research efforts for increasing production of oilseeds.

(iv) Increasing the areas under non-traditional oilseeds crops like soyabean and sunflower, exploitation of oilseeds of tree and forest origin, ricebran etc.

(v) Setting up of necessary processing and infrastructural facilities to keep pace with the production programme of oilseeds.

(vi) Assistance for oil palm development.

(vii) Better incentive to producers through fixation of Minimum Support Price (MSP) of major oilseeds.

(viii) Use of indigenous oils in the manufacture of vanaspati to at least 25% of the production on a monthly basis has been made mandatory. Also, higher use of expeller mustard oil in the manufacture of vanaspati up to 30% has also been allowed. The objective is to incentivise the farmers in terms of better returns for their produce.

(ix) The duty structure on edible oils has been further rationalised so as to encourage domestic processing industry in terms of higher value addition. The duty on crude edible oils has been raised from 25%(basic) to 35%(basic) while the duty on refined vegetable oil (other than coconut oil, RBD palm oil and RBD palmolein and fractions thereof) has been raised from 35% (basic) to 45% (basic). The duty on refined palm oil and RBD palmolein has been hiked from 35%(basic) to 65% (basic).