

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

UNSTARRED QUESTION NO:3046
ANSWERED ON:02.08.2002
PRICE RISE IN VANASPATI
RAMSHETH THAKUR

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

- (a) whether the Government are aware that prices of vanaspati has gone very high during the past six months;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government have assessed the demand of vanaspati for the year 2002-03;
- (d) if so, the details thereof;
- (e) the gap between the demand and supply of vanaspati; and
- (f) the steps proposed to be taken by the Government to meet the demand of vanaspati?

Answer

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

(a)&(b): As per available information the prices of vanaspati have increased from Rs.515 per 15 litre pack as on 30.1.2002 to Rs.625 per 15 litre pack as on 30.7.2002, thus representing an increase of 21.36%. The main reasons of increase in vanaspati prices are as follows:

(i) Increase in the international prices of Crude Palm Oil (CPO) from which vanaspati is produced. The average international price of CPO in January 2002 was US\$ 312 per MT f.o.b. which has increased to US\$ 370 per MT f.o.b. in July 2002, thus representing an increase of 18.6%.

(ii) Increase in the tariff value of CPO on which the customs duty is levied. The Tariff value of CPO was US\$ 314 per MT as on 5.1.2002 which has now been increased to US\$ 392 PMT with effect from 13.6.2002.

(iii) Increase in the prices of indigenous oils used in the production of vanaspati. Mostly rice bran oil is used for production of vanaspati. The price of rice bran oil which was Rs.2450 per quintal as on 30.1.2002 has increased to Rs.3150 per quintal as on 30.7.2002, thus representing an increase of 28.57%.

(c),(d)&(e): The demand for vanaspati has not been separately assessed. However, based on previous years' availability of vanaspati from domestic sources as well as from imports, the demand for vanaspati is likely to be of the order of 16 lakh MTs during 2002-03. The domestic production of vanaspati during 2002-03 is estimated at 15 lakh MTs. As per the India-Nepal Trade Treaty revised w.e.f. 6.3.2002, the duty free import of vanaspati from Nepal has been fixed at 1 lakh MTs per annum.

(f): Some of the steps taken by the Government to meet the demand of vanaspati are:

(i) Vegetable oil industry including vanaspati industry has been delicensed w.e.f. 25.7.1991, thereby creating opportunities for creation of new capacities/expansion of existing capacities.

(ii) Import of edible oils has been allowed in OGL to facilitate raw material availability to the vanaspati units.

(iii) Under Indo-Nepal Treaty of Trade, 1 lakh MT of vanaspati can be imported free of custom duty.