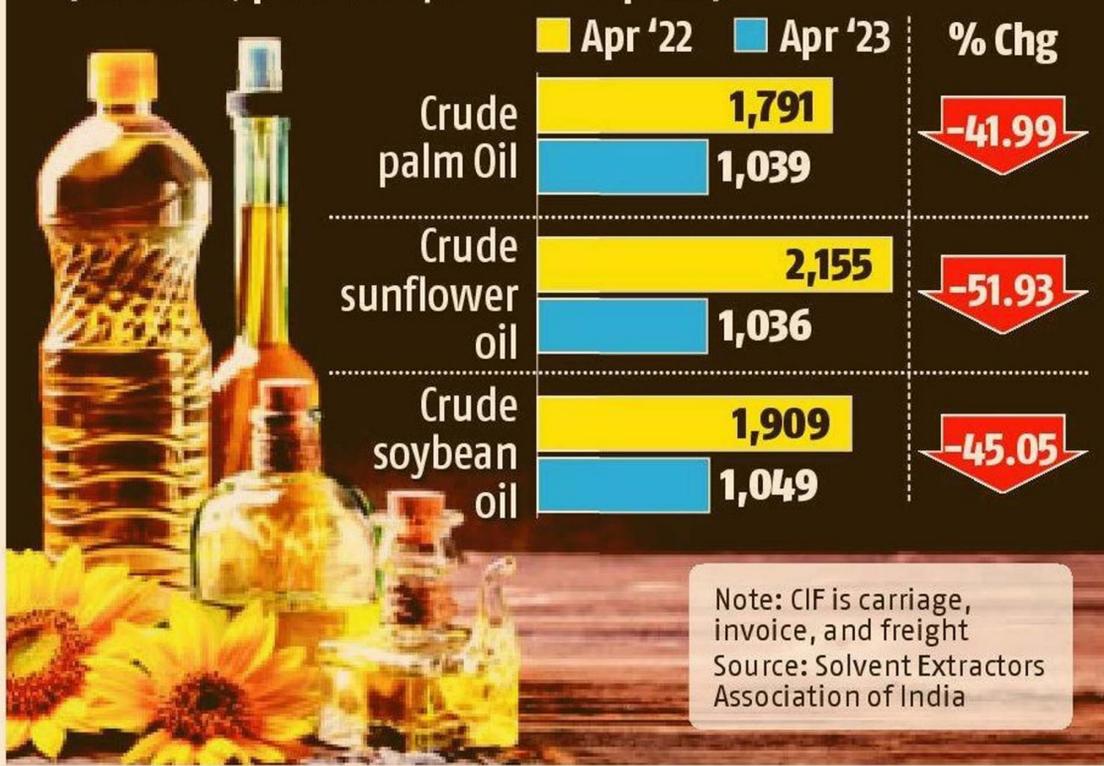


Import duty on refined soy, sunflower oil cut to 12.5%

LANDED PRICE OF MAJOR EDIBLE OILS

(Prices in \$ per tonne, CIF Indian ports)



SANJEEB MUKHERJEE

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The central government has lowered the import duty on refined soybean oil and refined sunflower oil with effect from Thursday to check food inflation.

Traders, however, said the step was more to do with sentiments rather than having any tangible impact on the ground because India seldom imports refined soybean and sunflower oil. Most of these oils (soybean and sunflower oil) are imported in their crude form and refined in India. Also, the exporting destinations don't have their own big refining capacities.

The import duty on refined soybean oil has been reduced from 17.5 per cent to 12.5 per cent, while that on refined sunflower oil has been brought down in a similar proportion.

The duty differential between the crude and refined oils for soybean and sunflower oil even after Wednesday's reduction remains fairly large to deter any big such imports, traders said.

The import duties on crude soybean oil, sunflower oil, and palm oil are around 5.50 per cent.

The move to lower duties is in contrast with the mood prevailing in the market, which was expecting a duty hike as both domestic and international edible oil prices have crashed over the past few months.

Traders said the decision to cut down duties against the expectations of an increase shows that Centre is hugely concerned with food inflation going into a big election year and also there are genuine worries over the fate of the 2023 southwest monsoon in an El Niño year.

So far till June 14, the Southwest monsoon is 53 per cent less than normal.

"Basically, the government wants to keep the price of edible oil under check. Even with lesser duty difference between crude and refined soya and sunflower oils, chances of shipment of refined soya or sunflower oil is not commercially viable but may have some temporary sentimental impact on the market," a senior industry official said.

According to the latest data (as on June 2), the landed price of imported crude palm oil in India is around \$860 per tonne, which is around 45 per cent less than the same period last year.

That of imported crude soybean oil is around \$970 per tonne, which is around 43 per cent less than the same period last year, while that of imported crude sunflower oil is around \$860 per tonne, which is almost 55 per cent cheaper than the same period last year.

India imported around 1.05 million tonnes (mt) of edible oil in May, which is 0.30 per cent less than the same period of last year. In the November-May period of 2022-23 edible oil year that runs from November to October, India imported around 9.16 mt of edible oil, which was 18 per cent more than the same period last year. In the 2021-22 edible oil year, India imported over 14 mt of edible oil, of which an overwhelming 56 per cent was palm oil largely from Malaysia and Indonesia. Rest is soybean and sunflower oil from Argentina and Ukraine.

States kept out of OMSS to preserve stocks: Govt

The Centre on Thursday said that it excluded states from the open market sale scheme (OMSS) to maintain adequate foodgrain stock in the central pool as output of some crops have been hit due to untimely rains and a rise in temperatures in May.

Explaining the rationale behind not allowing Karnataka to get rice for its free scheme, the Centre said that such a decision to exclude states has been made for all, and not specifically for Karnataka. It also said that the decision wasn't taken all of sudden and was the result of an inter ministerial meeting. Data shared by officials showed that as on June 14, wheat and rice stocks in the central pool was around 16.27 million tonnes.

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