Malaysia, Indonesia export sops for refined edible oils a worry: IVPA chief

FLOODGATES OPENED. Industry fears deluge of refined oils from Nepal and Bangladesh too, says Desai

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After the hike in edible oil import duties, the industry fears that refined oils may reach India via Nepal and Bangladesh, with whom Free Trade Agreements are in force. Getting edible oils processed there and selling it in India can still be cheaper. Besides, the government has to consider suitable steps as countries, such as Indonesia, have increased incentives on exporting refined oils.

In an interaction with *businessline*, Sudhakar Desai, president of the Indian Vegetable Oil Producers' Association (IVPA), said refined oil floodgates are open because Indonesia and Malaysia are widening the duty differential, reducing the cost of refined oils through export incentives against the prices of crude palm oil.

Hailing the government for the long-awaited decision on the import duty hike, he said it was a bold step to support oilseed prices in the short term. Besides, the Centre has also rolled out the National Mission on Oilseeds and asked the States to procure oilseeds at the assured MSP, he said.

Desai said the current duty structure had opened the floodgates for zero-duty imports from SAFTA countries such as Nepal and Bangladesh. "This gives exporters, particularly of palm oil, an easy route to bypass India's 35 per cent import duty, creating a substantial competitive imbalance. As Indian refineries have become packaging hubs, the risk to domestic manufacturing is profound," he said.

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> **SUDHAKAR DESAI**
> President, IVPA

A strategic recalibration of duty structures is essential to protect the industry from this relentless influx, he said.

IMPACT NOT MATERIALISING

Secondly, the IVPA President said although recent duty increases were intended to support Indian oilseed prices, especially soyabean, the desired price impact has not materialised. Soyabean prices remain below the minimum support price due to the persistent downward pressure on meal prices, he said. "This highlights an urgent need for more precise interventions to truly benefit India's farmers and sustain domestic agriculture."

Desai said while the government is ready to fully support the farmers by buying at assured prices, ideally a normal pace of crushing and domestic oil production is more beneficial to substitute oil imports month-on-month. He said the 7.5 per cent duty differential between crude and refined oils now lags behind recent export duty changes from Indonesia and Malaysia, where refined products enjoy up to a 10 per cent duty advantage against crude oil.

"Combined with significantly lower duties on byproducts, Indian refiners are battling a non-level playing field. So, a more dynamic duty policy, responsive to global shifts, is imperative to ensure India's refining industry can thrive in an increasingly competitive market," he said.