



**PRESS INFORMATION BUREAU**  
( Research Unit )  
Ministry of Information and Broadcasting  
Government of India



### **Edible Oils**

*Prices of packed Mustard, Soya and Palm Oil down by 15-25 rupees per litre; timely government interventions on multiple fronts have led to falling trend in edible oil prices.*

*Record increase in Oilseeds production; up from 252.5 lakh tonnes in 2015-16 to 384.98 lakh tonnes in 2021-22*

*Exponential increase in average yields of oilseeds; up from 968 kg/ha in 2015-16 to 1292 kg/ha in 2021-22*

*Oilseeds procurement up by 16.22 times during 2016-21 in comparison to 2009-14*

*Record increase in MSP of the oilseeds benefitting farmers*

July 18, 2022

**Average monthly retail prices of major packed edible oils** have seen significant decrease in the last few months. The retail prices of packed mustard oil which were above **Rs. 200 per litre in March 2022** is now around **Rs. 184 per litre** as on July 17, 2022. The packed soya oil which was trading around **Rs. 180 per litre in March** and had peaked to around **Rs. 200 per litre in May 2022** has now come down to **Rs. 166 per litre** as on July 17, 2022. Similarly, the retail prices of packed Palm Oil which was around **Rs. 165 per litre in March 2022** and climbed to **Rs. 175 per litre in May 2022** has now dropped down below **Rs. 150 per litre** as on July 17, 2022.

Earlier on July 06, 2022, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution in a meeting directed leading Edible Oil Associations to **ensure reduction in the MRP of edible oils by Rs. 15/- with immediate effect**. The Centre also advised that the price to distributors by the manufacturers and refiners also needs to be reduced immediately so that the price drop is not diluted in any way. It was also impressed upon that whenever a reduction in price to distributors is made by the manufactures/refiners, the **benefit should be passed on to the consumers** by the industry.<sup>1</sup>

With the edible oil prices beginning to show a downward trend and are set to decline further, the Indian consumers can expect to pay less for their edible oils. The falling edible oil prices will help in cooling the inflation as well.

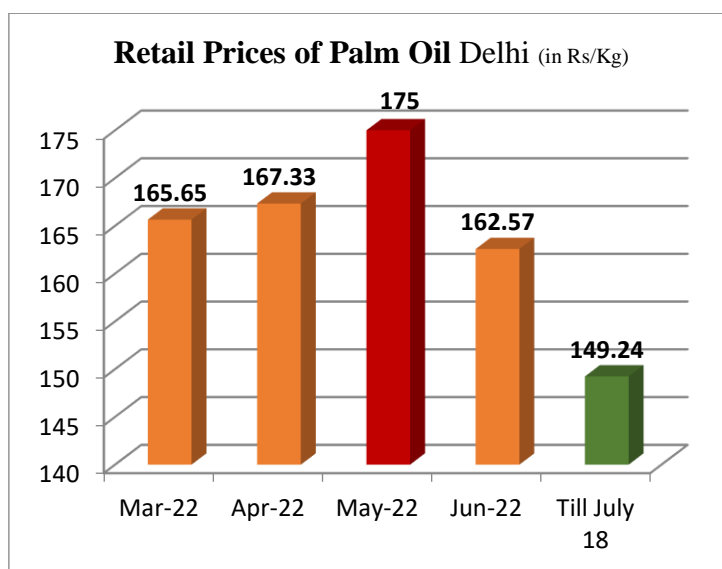
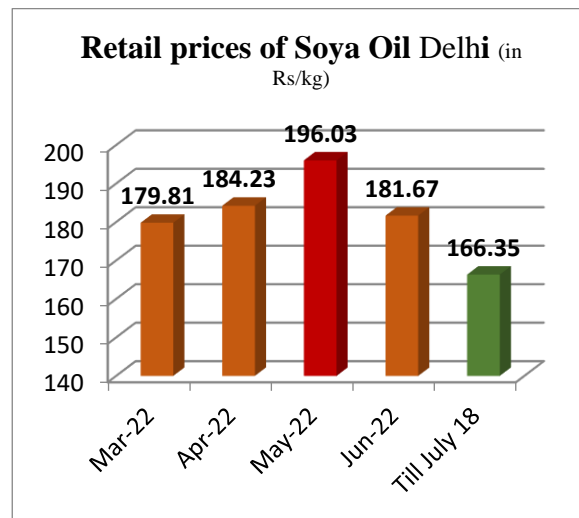
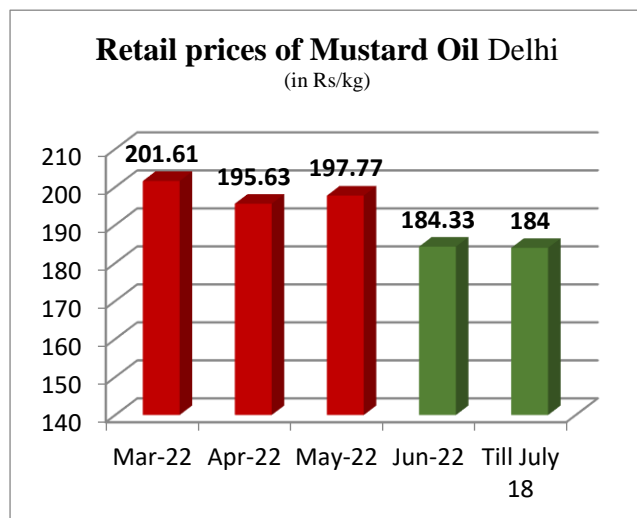
This has been possible due to constant monitoring and engagement with all stakeholders and multiple interventions by the government. The reduction in oil prices comes in the wake of Central Government reducing the import duty on edible oils making them cheaper.<sup>2</sup>The

<sup>1</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1840096>

<sup>2</sup> <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1836313>

surprise inspections conducted by Department of Food and Public Distribution to check illegal stocking of edible oil has shown significant impact in bringing down edible oil prices.

**Below are the graphs showing average monthly price trends of major edible oils:**



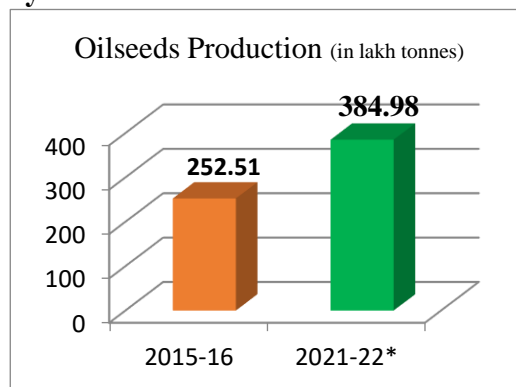
Source: [Mustard](#), [Soya](#), [Palm](#)

In its latest initiative to ease the prices of Edible Oils and provide relief to the consumers, the Government has issued Notification for allocation of Tariff Rate Quota (TRQ) for import of 20 LMT of Crude Soyabean Oil and 20 LMT of Crude Sunflower Oil for the financial year 2022-23 and 2023-24 at zero import duty and zero Agriculture Infrastructure and Development Cess (AIDC). This has been done keeping in view the rising domestic prices of Edible Oils, average increase in domestic demand and uncertainty/decline in Global Palm Oil availability.

## Edible Oil Scenario

### Importance of Edible Oils in the Country's Economy<sup>3</sup>

Oilseeds and edible oils are two of the most sensitive essential commodities. India is one of the largest producer of oilseeds in the world and this sector occupies an important position in the agricultural economy, accounting for the estimated production of 384.98 lakh tonnes of nine cultivated oilseeds during the year 2021-22 as per [3<sup>rd</sup> Advance Estimates](#) released by the Ministry of Agriculture on 19.05.2022. This is a significant rise from 252.51 lakh tonnes in 2015-16.



\*as per 3<sup>rd</sup> Advance Estimate

### Import dependency

India is dependent on imports to meet its edible oil requirements and is the largest importer of edible oils in the world. During 2020-21, India imported around 13.35 MT of edible oils costing around ₹ 80,000 crore. Out of all the imported edible oils, the share of palm oil is about 56%, followed by soybean oil at 27%, and sunflower at 16%.

### Exponential increase in per capita consumption of Edible Oils

During 1980s & 1990s per capita consumption of edible oils was between 6-7 kg per person per year. For this requirement India was more or less self-sufficient. For example, in 1994-95 when per capita consumption was around 7.3kg/year, India needed to import only 0.35 MT of edible oils.

After 2000s, there was a boom in edible oil consumption throughout the country. The per capita consumption which was 7.3 kg/year in 1994-95 increased to 18.3 kg/year in 2014-15. This led to increase in demand for edible oils. The production of oilseeds in the country could not keep pace with the increased demand. Domestic production which was 7.19 MT in 1994-95 only increased to 8.63 MT in 2014-15. This led to India importing around 60% of its edible oils.

Year	Total availability (MT)	Domestic Production (MT)	Imports (MT)	Value of Import (Rs in crore)	Dependency on imports	Per capita consumption (kg/year)
1986-87	5.34	3.87	1.47	700	28%	6.2
1994-95	7.54	7.19	0.35	300	5%	7.3
2014-15	21.36	8.63	12.73	64,894	59.6%	18.3
2019-20	25.06	10.60	14.46	68,576	57.7%	18.7
2020-21	25.82	12.47	13.35	79190	54.9%	18.2

[Source](#)

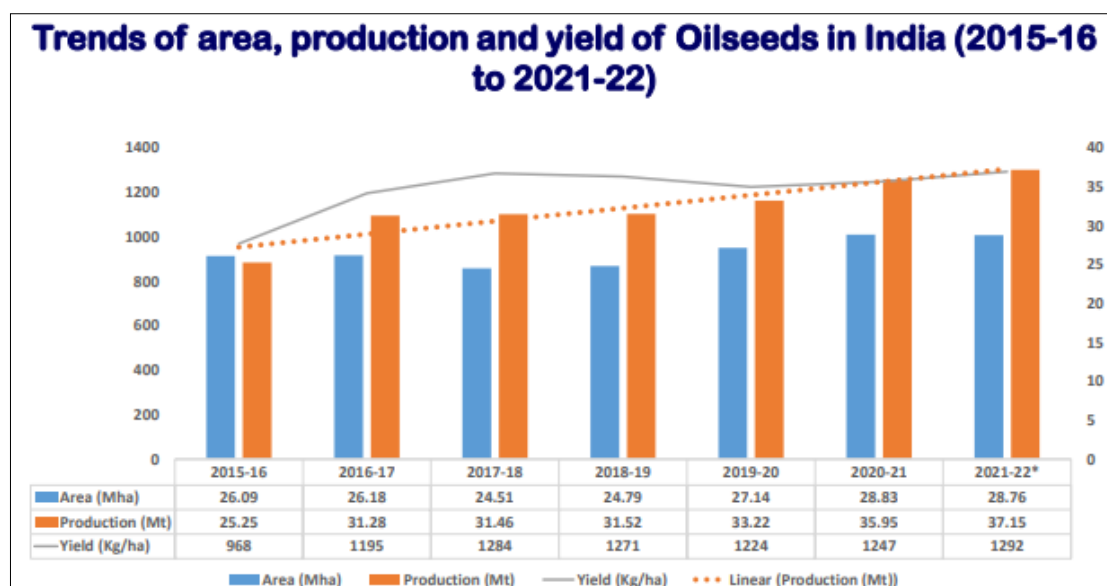
**Note:** Indian Council for Medical Research (ICMR) recommends 30g per person per day of edible oils i.e., 12kg per person per year.

<sup>3</sup><https://dfpd.gov.in/oil-division.htm>

## India gaining momentum in Oilseeds production through systematic & sustained efforts by the Government of India

With the timely and precise interventions of government, Oilseeds production is gaining momentum in the country. The production which merely increased by 1 MT over a time span of 20 years (1994-2014) has increased by 4 MT in just 5-6 years. (see table for details).

Not only the production of oilseeds has increased but the area and yields have also increased exponentially. In 2015-16, 26.09 Million Hectares (Mha) area was under oilseeds with an average yield of 968 kg/ha. In 2021-22, 28.76 Mha area is under oilseeds with an average yield of 1292 kg/ha. Below are the trends:



[Source](#)

## Reducing the Yield Gap in Oilseeds

Although the yield gap has improved substantially over the last 8 years but there is scope for further improvement. Average existing yield gap in oilseeds is about 60%. Reducing the yield gap to 20% in next five years may lead to additional production of 13-14 MT oilseeds i.e., 3-4 MT edible oils. This feat can be achieved without bringing any additional area under oilseeds cultivation. (for details see figure below)

Reducing Yield Gap in Edible Oilseeds		
Crop	Existing yield gap (%)	Target for 2025-26 for minimizing yield gap (%) up to
Soybean	50	20
Rapeseed-Mustard	27	15
Groundnut	40	15
Sesame	22	10
Sunflower	160	20
Safflower	81	45
Niger	40	15
Average	60	20

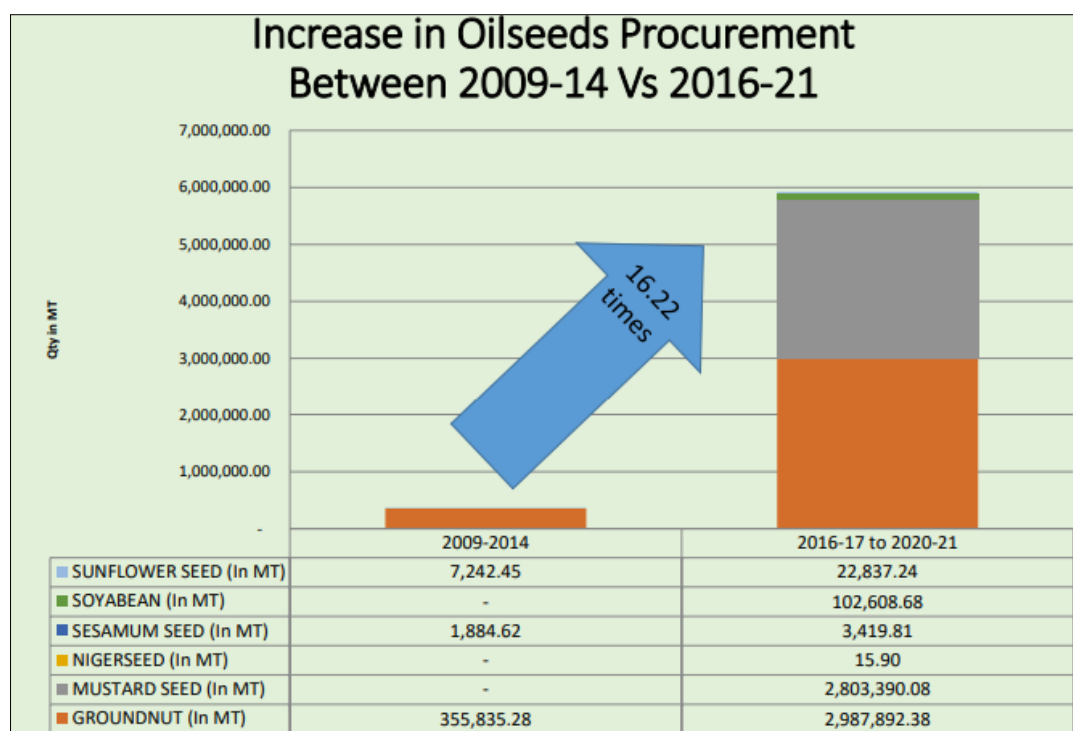
[Source](#)

## Exponential rise in MSP and procurement of oilseeds

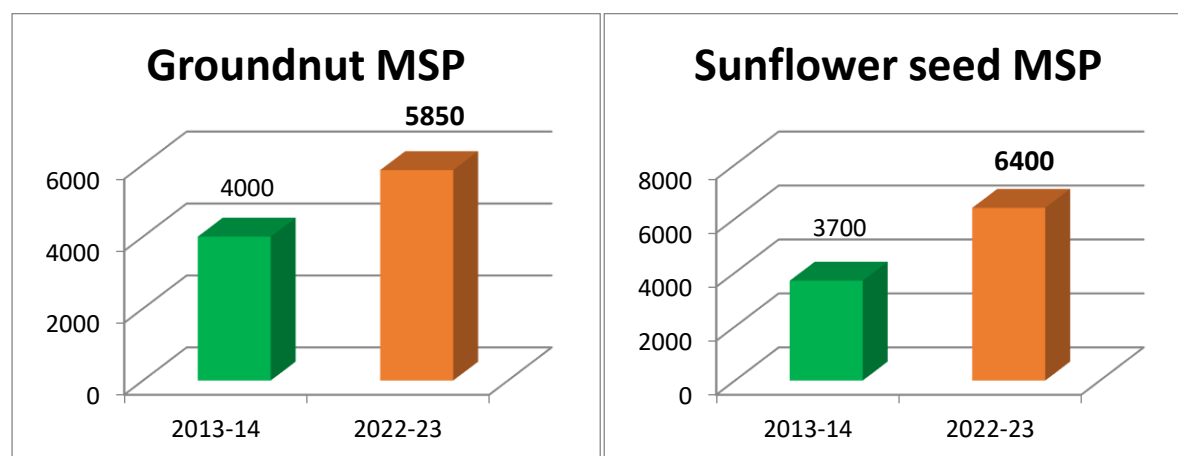
Union government had promised timely increases in MSP and delivered on it with multiple increases. Central government has not only announced regular MSP hikes but has also ensured multi-fold increase in procurement of crops at MSP.

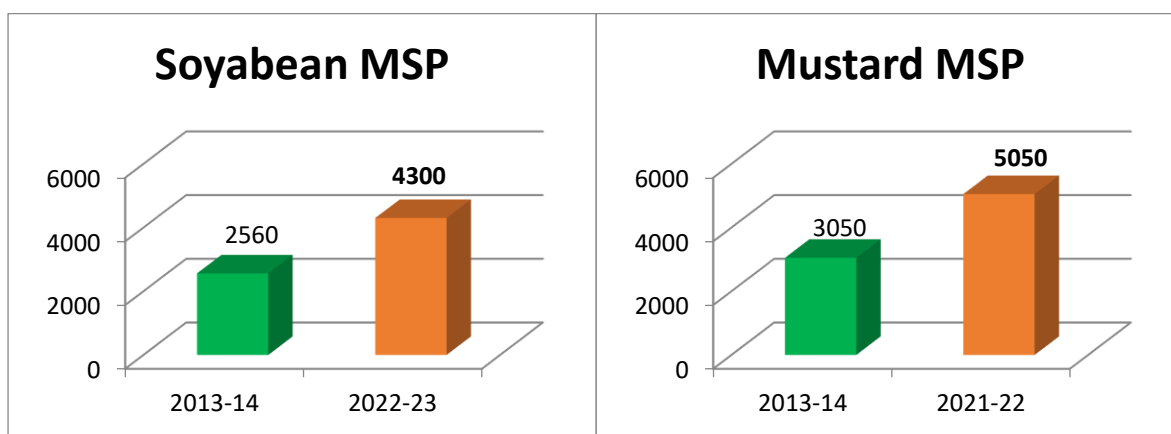
### Procurement of Oilseeds

By comparing the procurement figures in 2009-14 and 2016-21 it can be seen that the central government has increased the procurement of oilseeds by a **record 16.22 times**.



### Exponential increase in MSP of major oilseeds (in Rs per quintal)





### Reasons of recent Edible Oil crisis<sup>4</sup>

#### Edible oil prices prior to Russia Ukraine war: World Scenario

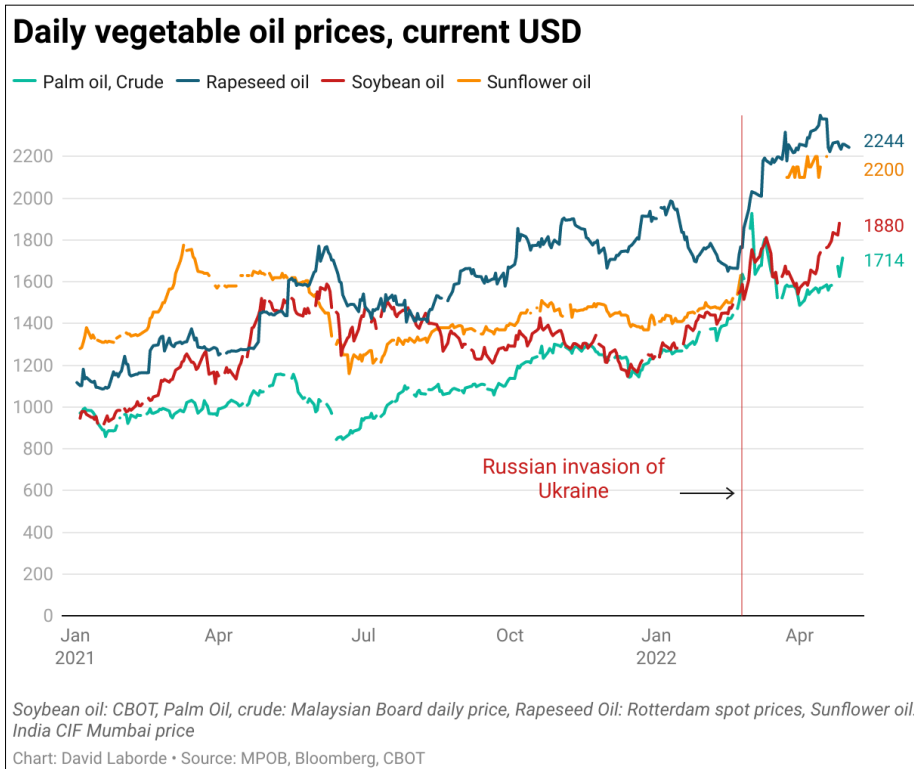
Prior to the Russian invasion of Ukraine, global vegetable oil supplies had tightened due to a variety of factors. [Drought in South America](#) has caused a sharp reduction in soybean yields, particularly for its largest producer, Brazil. As a result, soybean exports for Argentina, Brazil, and Paraguay are forecast to decline by [5% from last year's levels](#) and vegetable oil exports are estimated to be largely unchanged. [Malaysia palm production declined](#) due to the impacts of Typhoon Rai in Dec. 2021 and continuing [acute labor shortages](#) and other issues the industry has faced since 2019, amplified by the COVID-19 restrictions on worker mobility. [Drought-impacted Canadian rapeseed](#) production for 2021/22 declined 35% from the previous year, despite an 8% increase in planted area. As a result, Canada's rapeseed exports are estimated to fall by 50%, and rapeseed oil exports down year-over-year by 20%.

#### Deteriorating further: The Russia- Ukraine War effect

The war in Ukraine has pushed prices of agricultural products to historically high levels, and concerns about global food security occupy headlines and world leaders' minds, as demonstrated by recent IMF and [World Bank meetings](#). The Black Sea countries are large exporters of sunflower oil, and the crisis has pushed vegetable oils prices significantly higher, and also triggered trade policy responses around the world that further restrict supplies and raise prices.

As with a number of other commodities, prices for many vegetable oils were at very high levels prior to the invasion in February. Since then, vegetable oil prices have risen by almost 30% in average (see graph below)

<sup>4</sup><https://www.ifpri.org/blog/impact-ukraine-crisis-global-vegetable-oil-market>



Palm oil (Crude + Refined) constitutes roughly around 62% of the total edible oils imported and are imported mainly from Indonesia and Malaysia, while Soyabean oil (22%) is imported from Argentina and Brazil and Sunflower oil (15%) is imported mainly from Ukraine and Russia.

International prices of Edible Oils are under pressure due to shortfall in global production and increase in export tax/levies by the exporting countries.

### Indian Government's efforts to control and bring down edible oil prices despite global challenges

In a bid to control the continuous rise in the cooking oil prices since past one year, the Central Government had earlier cut the basic duty on Crude Palm Oil, Crude Soyabean Oil and Crude Sunflower Oil from 2.5% to Nil. The Agri-cess on these Oils has been brought to 5%. The basic duty on Refined Soyabean oil and Refined Sunflower Oil has been slashed to 17.5% from the current 32.5% and the basic duty on Refined Palm Oils has been reduced from 17.5% to 12.5%. The Government has extended the free import of Refined Palm Oils for a period upto 31.12.2022.

Further, stock limits on edible oils and oilseeds have been imposed for a period up to 31st December 2022 for ensuring the smooth availability of edible oils and oil-seeds in the country. In order to ensure strict enforcement of the control order, Central teams from the Department of Food & Public Distribution were deputed to conduct surprise inspections of the stocks of edible oils & oilseeds held by Retailers, Wholesalers, Big Chain Retailers and Processors in major oilseed producing/consuming States to prevent hoarding and profiteering.

All the above timely interventions taken by the Government along with cutting down of import tariff on soyabean oil and sunflower oil and the removal of export ban by Indonesia has made an enabling environment for edible oil companies to cut retail prices. More price reductions can be expected as the global supply improvements and the operationalisation of the Tariff Rate Quota (TRQ) start reflecting on the landed cost of crude edible oils. The recent decision



of the Government to reduce the excise duty levied on petrol and diesel has further helped in cooling down the prices of all commodities.

The price situation of the above commodities is being closely monitored on day-to-day basis so that appropriate timely measures may be taken to keep a check on their prices. The Inter-Ministerial Committee on Agri-Commodities chaired by Secretary (Food) which is in place closely monitors the prices and availability of agricultural commodities keeping in view the interest of the farmer, industry and consumers. The committee reviews price situation on weekly basis, consider relevant measures in relation to edible oils and other food items depending on the domestic production, demand, domestic and international prices and international trade volumes.

The timely interventions and measures taken by the Government have had a cumulative effect on controlling the prices of these essential commodities and have ensured that the prices remain stable and the interests of consumers are protected.<sup>5</sup>

### Reference:

- <https://pib.gov.in/PressReleasePage.aspx?PRID=1840096>
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- [https://fcainfoweb.nic.in/reports/Report\\_Menu\\_Web.aspx](https://fcainfoweb.nic.in/reports/Report_Menu_Web.aspx)
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- <https://cacp.dacnet.nic.in/ViewContents.aspx?Input=1&PageId=36&KeyId=0>
- <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2022/may/doc202251957301.pdf>
- <https://nfsm.gov.in/Guidelines/NMEO-OPGUIEDELINES.pdf>
- <https://www.ifpri.org/blog/impact-ukraine-crisis-global-vegetable-oil-market>
- <https://www.nfsm.gov.in/StatusPaper/NMOOP2018.pdf>
- <https://agrioutlookindia.ncaer.org/events/india-edible-oil-sector-mar.pdf>
- <https://dfpd.gov.in/oil-division.htm#:~:text=2018%2C%20the%20import%20duty%20on,37.5%25%20and%2045%25%20respectively>
- <https://eands.dacnet.nic.in/PDF/English%20MSP%202021.pdf>
- <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1808668>
- <https://www.nfsm.gov.in/StatusPaper/NMOOP2018.pdf>
- <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1746942>
- <https://pib.gov.in/PressReleasePage.aspx?PRID=1793814>
- <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1738239>
- <https://pib.gov.in/PressReleasePage.aspx?PRID=1720267>

### Video links:

- PRASAR BHARATI NEWS SERVICES: [India is becoming 'AatmaNirbhar' in Edible Oil Industry | Explainer Video](#)
- DD INDIA: [Express News | Cabinet takes steps to boost Edible oil production](#)
- DD INDIA: [News Night | New mission on Oil Palm to be known as the National Mission on Edible Oils - Oil Palm](#)
- DD INDIA: [Cabinet's approval to launch new mission on edible palm oil & more updates | In Focus | 19.08.2021](#)

AG/HP/RC/AKP

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<sup>5</sup><https://pib.gov.in/PressReleaseDetail.aspx?PRID=1836313>