

CENTRE REDUCES AGRI-CESS FOR CRUDE PALM OIL (CPO) FROM 7.5% TO 5% WITH EFFECT FROM 12TH FEBRUARY, 2022

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Inflation & Monetary Policy

With a view to provide further relief to consumers and to keep in check any further rise in the prices of domestic edible oils due to rise in the prices of edible oils globally, the Government of India has reduced the agri-cess for Crude Palm Oil (CPO) from 7.5% to 5% with effect from 12th February, 2022. After reduction of the agri-cess, the import tax gap between CPO and Refined Palm Oil has increased to 8.25%. The increase in the gap between the CPO and Refined Palm Oil will benefit the domestic refining industry to import Crude Oil for refining.

Another pre-emptive measure taken by the Government to check the prices of edible oils is to extend the current basic rate of import duty of zero percent on Crude Palm Oil, Crude Soyabean oil and Crude Sunflower Oil upto 30th September, 2022. The rate of import duty on Refined Palm Oils at 12.5%, Refined Soyabean oil and Refined Sunflower Oil at 17.5% will remain in force up to 30th September, 2022. This measure will help in cooling down the prices of edible oils which are witnessing an upward trend in the international market due to lower availability and other international factors.

The above steps will augment the earlier measure taken by the Government viz. the stock limit order dated 3rd February, 2022 vide which the Government had specified the stock limit quantities on edible oils and oilseeds for a period upto 30th June, 2022 under the Essential Commodities Act, 1955. This measure is expected to curtail any unfair practices like hoarding, black marketing etc. of edible oils and oilseeds in the market which may lead to any increase in the prices of edible oils. Oil industry is being called for a meeting tomorrow to do their best in passing on the benefit to consumers and State Governments have been requested to enforce stock limit order strictly.

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