Peanut Blog
An ounce of information

Govt plans to boost oilseed output, cut imports

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In an attempt to reduce India's high dependence on edible oil imports, the government is looking to boost domestic oilseeds production. The plan is to increase yields, expand the area under cultivation and introduce a dynamic import duty structure so that domestic prices are not impacted by cheaper imports.

The government is also making arrangements for the assured procurement of oilseeds such as mustard, soybean and groundnut at the minimum support price (MSP) from farmers as promised by the agriculture minister Shivraj Singh Chouhan.

Sources told FE that the agriculture ministry has identified 600 clusters across 347 districts in 20 states to boost the productivity of oilseeds, especially mustard, groundnut, soybean, sesame, and niger seeds. 'Through the introduction of high-yielding seed varieties and creation of seed hubs and storage facilities, we expect to boost oilseeds yield from 13.5 quintal/hectare currently to 21.1 quintal/hectare by 2030,' an official said.
In addition, expansion of oilseeds areas in traditional areas and non-traditional areas such as rice-fallow or potato- fallow and through intercropping are being worked out.
India is the world's second-largest consumer and biggest vegetable oil importer. It meets about 58% of its consumption needs of around 24 million tonne (MT) annually through imports. Trade sources estimate that domestic consumption is likely to increase to around 30 MT in the next 3 to 4 years.
According to an official note, a lower import duty structure on cooking oils ensures that farmers find it less profitable to grow oilseeds due to lower selling prices compared to imported prices.
'A dynamic import tariff structure when duties go up when prices fall remains counter-cyclical at the same time there is certainty in the market,' it stated.
Currently, crude palm, soybean, and sunflower oil imports attract only a 5% agri infra cess and a 10% education cess, resulting in a total tax incidence of 5.5%.
Because of record imports, the domestic prices of edible oil varieties such as mustard and soybean have been impacted.
Sources said that despite having a record mustard production of 13.16 MT in 2023-24 crop year (July-June), the mandi prices were ruling below the MSP and the government agencies have purchased 1.2 MT of mustard from the farmers in key producing states of Haryana, Madhya Pradesh, Rajasthan and Uttar Pradesh this season.
Earlier, the Commission for Agricultural Costs and Prices (CACP), which recommends the minimum support price (MSP) for the 23 crops to the government, had suggested extending the national mission on edible oils to major oilseeds such as mustard, soybean, sunflower, groundnut, etc. and ensure higher participation of the private sector in procurement operations of oilseeds.

The country is aiming to increase domestic palm oil production from the current level of 0.4 MT to 2.5 MT by 2032 under the national oil palm mission by adding at least 0.1 million hectare of new plantation annually in the five to six years.
To boost domestic supplies, the government has extended the lower import duty structure for palm, soybean, and sunflower oils by a year till March 31, 2025, which the industry had stated would adversely impact processing and prices of domestic oilseeds.
India's import of edible oils – palm, soybean and sunflower – rose 17% on year to a record 16.47 MT in the 2022-23 oil year (November-October), helped by lower import tariffs of only 5.5% on crude oil imports. The import of edible oil last oil year was valued at Rs 1.38 trillion.

Currently, India produces about 44% of its domestic edible oil consumption requirement. Mustard (40%), soybean (24%) and groundnut (7%) are other oils that have a share in domestic production.

Source: https://www.financialexpress.com/policy/economy-govt-plans-to-boost-oilseed-output-cut-imports-3589097/