

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 3483**

**TO BE ANSWERED ON MONDAY, AUGUST 11, 2025/ SRAVANA 20,
1947(SAKA)**

REDUCTION IN CUSTOM DUTY ON CRUDE EDIBLE OIL

3483. SHRI PUTTA MAHESH KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has undertaken any study/survey regarding the impact of reduction in customs duty on crude edible oils on Indian oil palm farmers;**
- (b) whether the Government has considered utilising a dynamic import duty mechanism to maintain Crude Palm Oil (CPO) prices, if so, the details thereof and if not, the reasons therefor;**
- (c) whether the Government has considered potential impact of reduction in import duty on crude palm oil could have on the domestic manufacture of palm oil; and**
- (d) if so, the details thereof and if not, the reasons therefor?**

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)**

- (a) Basic Custom Duty (BCD) was reduced from 20% to 10% on crude edible oils with effect from 1st June, 2025. The objective behind the reduction of customs duty on crude edible oils is not to undermine domestic cultivation but rather to create a balanced environment where domestic refining is enhanced, consumer prices are reduced and farmers continue to receive fair compensation for their produce.**
- (b) A dynamic import duty structure on edible oils in India has certain disadvantages. Since India relies on imports for about 60% of its edible oil needs, domestic prices are heavily influenced by international market rates. Due to the extreme volatility of global prices, using a dynamic import duty system is unlikely to effectively stabilize or control prices within the domestic market.**
- (c) & (d) The recent reduction of Basic Customs Duty (BCD) on crude edible oils, including crude sunflower, soybean and palm oils, besides alleviating the inflationary pressures on edible oil prices, is aimed at higher utilisation of domestic refineries and promoting local edible oil refining industry.**
