

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2644

ANSWERED ON:17.03.2006

ASHOK LAHIRI COMMITTEE ON IMPORT OF EDIBLE OILS

Karunakaran Shri P.;Nedurumalli Janardhana Reddy Shri

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has appointed Ashok Lahiri Committee on edible oils imports;
- (b) if so, the details thereof alongwith the recommendations made by the Committee;
- (c) the action taken/proposed to be taken by the Government thereon;
- (d) whether the import of edible oil has adversely affected domestic oil industry; and
- (e) if so, the steps taken by the Government to enhance the tariff rates of imported edible oil to save the farmers from the impending loss?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)&(b): Yes, Sir. A Committee under the chairmanship of Dr. Ashok K. Lahiri, with members from the relevant Government departments, was set up to examine the trends and developments relating to supply, demand and prices of edible oils and oilseeds and to suggest rationalization of the excise and customs duties on these items. The Committee has recommended that the nominal duty differential between crude and refined products may be reduced to 7.5 per cent and nominal duty fixed uniformly at 72.5 per cent for all refined products, except soybean. It also suggested an increase in the duty rate on vanaspati from the current 30 per cent to 72.5 per cent. For stability of the tax regime, it has also suggested that duty rates should be kept unchanged for a period of five years.

(c) to (e): Government policy on the edible oils sector keeps in view the interests of all the domestic stakeholders - farmers, processors and consumers. Tariff changes affect the different stake holders differently. In order to protect the domestic vanaspati industry, the proposals in the Budget 2006-07 include increase in customs duty on vanaspati to 80 per cent, the rate applicable to crude palm oil. Further, the countervailing duty (CVD) @ 4 per cent to compensate for state level taxes, is also applicable to imported edible oils/vanaspati. In order to harmonize the interests of domestic stakeholders, the duty structure on edible oils is reviewed from time to time. The prices and availability of edible oils are also regularly monitored.