

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2100  
ANSWERED ON:11.08.2006  
IMPORT DUTY ON VANASPATI  
Veerendra Kumar Shri M.P.

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

- (a) Whether vanaspati is allowed to be imported from Sri Lanka, Nepal, Bhutan and Bangladesh without paying any customs duty;
- (b) If so, quantity of vanaspati imported from each of these countries during each of the last three years;
- (c) Whether duty free import of vanaspati is severely hitting the indigenous industry as the palm oil imported from Sri Lanka and Nepal attracts customs duty;
- (d) If so, steps proposed to be taken to save vanaspati industry in the country; and
- (e) the justification for imposing 89 percent customs duty on import of palm oil when vanaspati is allowed to be imported at zero customs duty from Sri Lanka?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

- (a) Import of Vanaspati from Nepal (upto one lakh MT in a year), Bhutan and Sri Lanka is allowed at nil basic customs duty.
- (b) As per information available from the Directorate General of Commercial Intelligence and Statistics, the quantity of Vanaspati imported from Sri Lanka, Nepal and Bhutan during last three financial years was as under:

2003-04   2004-05   2005-06 (Apr-Dec)

Sri Lanka   NIL   22151   138096

Nepal   45015   18658   60411

Bhutan   NIL   NIL   2733

- (c) Domestic Vanaspati industry has complained about the adverse impact of duty free imports of Vanaspati from Sri Lanka and Nepal.
- (d) Duty free imports of vanaspati from Nepal, have been restricted to a quota of 1 lakh Metric tone in a Financial year. As regards Sri Lanka, steps taken by the Government include
  - (i) canalizing imports of Vanaspati from Sri Lanka and
  - (ii) making adherence of guidelines prescribed under the Prevention of Food Adulteration (PFA) Act for such imports, mandatory.
- (e) Imports of Vanaspati at nil rate from Sri Lanka are as per India's commitment under Indo-Sri Lanka Free Trade Agreement. Palm oil is not covered under any such agreement. Import duty on edible oils including palm oils are fixed taking into consideration various factors including the need to protect domestic edible oil industry.