

EDIBLE OIL SECTOR IN INDIA



**Report of the High Level Technical Committee on
Support Price for Oil Palm and Trade
Policy for Growth and Equity**

MAY 2023



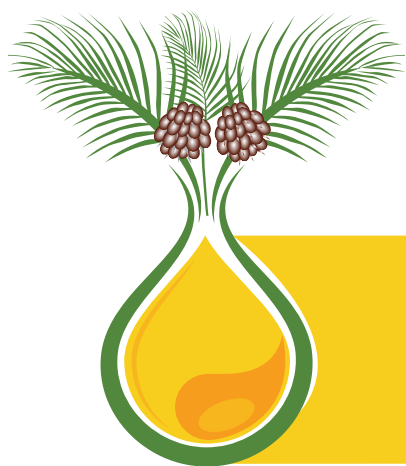
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Foreword

India meets more than half of its domestic demand for vegetable oil from imports. However, prices at which imports take place remain highly volatile because of sharp and frequent inter and intra year fluctuation in the global price. Indian producers of oilseeds and consumers are strongly affected by these fluctuations in international prices of various edible oils. It is a constant challenge for the government to put in place suitable policies to safeguard producers of oilseeds and consumers against adverse situations in international prices. Accordingly, the government resorts to changes in tariffs and related measures to regulate imports moderate the effect of abnormal international prices on domestic prices and maintain a balance between the interests of different sections of the society. The basis and effectiveness of policy measures require sound empirical estimates of transmission of impact of international prices on domestic prices.

To address this matter, a High Level Technical Committee was constituted by NITI Aayog, at the request of the Department of Agriculture & Farmers' Welfare, Government of India, to work out a strategic plan to maintain stability in prices of edible oil. The Committee was also asked to suggest suitable framework for intervention in producer price and trade policy to keep prices remunerative for the farmers in the case of oil palm.

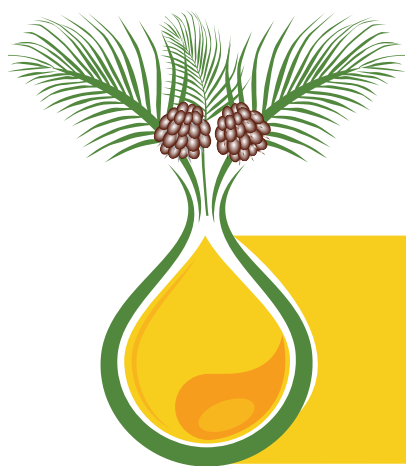
I appreciate Prof. C.S.C Sekhar, Chairman of the Committee, Dr. Girish Kumar Jha and other Members of the Committee for preparing a highly analytical report. I am sure that the quantitative parameters and framework provided in the report will be quite useful for formulating price policy for oil palm that is remunerative for farmers and to adjust trade policy to changes in global prices to stabilize edible oil prices in the country.

May 17, 2023

New Delhi

Ramesh Chand





Preface

A committee was constituted by the NITI Aayog, Government of India, to recommend an appropriate support price mechanism for oil palm cultivators and to suggest a suitable framework to dovetail the support price and the trade policy. This Report, entitled “*Edible Oil Sector in India: Support Price for Oil Palm and Trade Policy for Growth and Equity*”, has been prepared in pursuance of this requisition. Detailed Terms of Reference (ToR) of the Committee can be found in Annexure 1 of the Report.

The Committee explored the complex issues of suitable floor price for fresh fruit bunches (FFB), the needed protection from cheaper imports and other related issues and held wide-ranging discussions with all the stakeholders. The Committee reviewed the pricing and trade policies and has recommended the best possible mechanisms to the extent feasible in the timeframe provided to the Committee. The Committee also made recommendations about other critical issues for the long-term development of the edible oil sector, such as increasing productivity and improving infrastructure.

We take this opportunity to thank the NITI Aayog for giving us this opportunity and in particular, Prof Ramesh Chand, for giving us direction on the expectations from the Committee in the first meeting. We would also like to thank the staff of NITI Aayog, in particular Ms Anuradha Batana, for facilitating our work. We place on record our thanks and appreciation to the Solvent Extractors Association (SEA) for sharing valuable data and providing inputs on the processing industry’s viewpoint. For this, we are particularly thankful to Shri B.V. Mehta, Executive Director, SEA and Shri Akshay Modi, Managing Director, Modi Naturals Limited and, Shri Vijay Kumar Jain, Vice President-EXIM, Patanjali Foods Limited, for sharing their views on industry’s perspective. We also like to thank Smt. Shubha Thakur, Joint Secretary, MoA&FW for making available the data used for viability price fixation. We are very grateful to Prof. C. Veeramani, Professor, IGIDR, Mumbai for clarifying important technical issues on trade policy. We are extremely thankful to Dr. Yogesh Bhatt, AERC, Delhi,



Dr. Namrata Thapa and Kriti Panwar, Institute of Economic Growth for the compilation of data and making the necessary tabulations. Last but not the least; we thank our respective organizations for facilitating our work.



C.S.C. Sekhar
(Chairperson)



Girish Kumar Jha
(Member)



Naveen Singh
(Member)



Md. Nazmuddin
(Member)



K. Suresh
(Member)



Neelam Patel
(Member Secretary)

15 May 2023, New Delhi

