

Edible oil firms likely to slash prices

Suneera Tandon
and Ravi Dutta Mishra

suneera.t@livemint.com

NEW DELHI: The Union government on Friday asked edible oil companies to slash oil prices by ₹15 per litre, amid easing supply bottlenecks internationally.

This comes following a steep decline in prices worldwide, driven by Indonesia's decision to reverse the export ban on palm oil. Cooking oil prices have been on the rise ever since the Russia-Ukraine war broke out earlier this year, as the Black Sea region made up for over 75% of global sunflower oil exports before the war. India's import bill of vegetable oil had surged over 63% in FY22 from the previous fiscal.

The consumer affairs ministry said global prices of edible oils have fallen by \$300-450 per tonne in the past month, but the fall in the prices in the domestic market is "gradual". However, the industry argued that changes in the retail prices would reflect with a lag.



The government has asked edible oil companies to slash oil prices by ₹15 per litre.

MINT

"The Department of Food and Public Distribution, in a meeting on July 6, has directed leading Edible Oil Associations to ensure reduction in the MRP of edible oils by ₹15 with immediate effect. The Centre also advised that the price to distributors by the manufacturers and refiners also needs to be reduced immediately so that the price drop is not diluted," the ministry said in a statement on Friday.

A Mother Dairy spokesperson said the company reduced the

MRP of Dhara Soyabean Oil and Dhara Ricebran Oil by up to ₹14 per litre, which will be available in the market by next week. "We anticipate a reduction in MRP of sunflower oil in the next 15-20 days," the spokesperson added.

Adani Wilmar, which sells edible oils under the Fortune brand, said that it already reduced the MRP of its Fortune range of edible oils by almost 15% a few weeks ago.

"Given the fall in global prices, we will be passing on the bene-

fits of reduced raw material costs to the consumers in the coming days," said Angshu Mallick, chief executive of Adani Wilmar Ltd.

Earlier in May, the Centre allowed duty-free imports of 2 million tonnes a year for crude soybean oil and crude sunflower oil. The relief on edible oil will be effective until March 2024. The ministry said companies must pass on the benefit of reduced duty on edible oils and the significant drop in global prices to end consumers without fail.

Meanwhile, credit rating company CareEdge, in a report, said India's dependency on imported edible oil is significantly higher among the top major edible oil-consuming countries, including the European Union. "Most of the countries are dependent on imported edible oil in the range of 30%-39% in FY21, whereas India's dependency on imported oil was around 60%, which has declined to 55% in FY21 due to the covid-19-induced decrease in demand," the report said.