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IVPA flags trade distortions from surge in edible oil imports under SAFTA

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By **Shraddha Warde** | April 14, 2025



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The Indian Vegetable Oil Producers' Association (IVPA), the apex body representing India's edible oil refining industry, has submitted a formal representation to the concerned government

departments, highlighting critical concerns around the surge in duty-free edible oil imports from Nepal under the South Asian Free Trade Area (SAFTA) framework.

According to IVPA, imports from Nepal rose sharply in early 2025, reaching over 1.80 lakh metric tonnes between January and March—up from 1.25 lakh tons in the whole of 2024. It is important to note that most of the 1.24 lakh tons also arrived in India only during Oct- Dec 24, post-hike in Indian duties by way of re-routed imports of soya to India via Nepal. This growth, which is not backed by Nepal's oilseed production capacity, raises serious questions about the effective enforcement of Rules of Origin and the risk of third-country routing.

The Association has noted that this surge is distorting the domestic edible oil market by creating an uneven playing field for Indian processors and refiners, impacting farm gate oilseed prices, and leading to underutilisation of domestic capacity. Due to the prevailing fear of further zero-duty inflows, market sentiment around oilseed prices has also weakened, resulting in farmers receiving significantly below the MSP—despite the sharp increase in import duties and other corrective measures.

The trend also has broader fiscal implications, including potential loss of revenue and erosion of the intended benefits of duties such as the Agriculture Infrastructure and Development Cess (AIDC).

IVPA has submitted a detailed proposal to the relevant ministries outlining actionable recommendations to ensure that SAFTA provisions are implemented in both letter and spirit, without adversely impacting India's farmers, processors, or long-term agri-economic interests.

The Association has reiterated its support for balanced trade and regional cooperation while underscoring the importance of fair competition, robust compliance mechanisms, and alignment with national priorities, such as Make in India and Atmanirbhar Bharat in edible oils.

Read online: https://nuffoodsspectrum.in/news/11/22248/ivpa-flags-trade-distortions-from-surge-in-edible-oil-imports-under-safta.html

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