NEWS | POLICY

Centre reduces BCD on major imported crude edible oils from 20 to 10 per cent

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By **Sanjiv Das** | June 12, 2025



Bottles of olive oil

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Centre has reduced the Basic Customs Duty (BCD) on crude edible oils namely crude sunflower, soybean, and palm oils has been reduced from 20 per cent to 10 per cent resulting in the import duty differential between crude and refined edible oils from 8.75 per cent to 19.25 per cent.

This adjustment aims to address the escalating edible oil prices resulting from the September 2024 duty hike and concurrent increases in international market prices. An advisory has been issued to edible oil associations and industry stakeholders to ensure that the full benefit of the reduced duty is passed on to consumers.

19.25 per cent duty differential between crude and refined oils helps to encourage domestic refining capacity utilisation and reduce imports of refined oils.

Import duty on edible oils is one of the important factors that impacted the landed cost of edible oils and thereby domestic prices. By lowering the import duty on crude oils, the government aims to reduce the landed cost and retail prices of edible oils, providing relief to consumers and helping to cool overall inflation. The reduced duty will also encourage domestic refining and maintain fair compensation for farmers.

The revised duty structure will discourage the import of refined palmolein and redirect demand towards crude edible oils especially crude palm oil, thereby strengthening and revitalising the domestic refining sector. This significant policy intervention not only ensures a level playing field for domestic refiners but also contributes to the stabilisation of edible oil prices for Indian consumers.

A meeting with leading edible oil industry associations and industry was held under the Chairmanship of the Secretary, Department of Food and Public Distribution, Government of India, and an advisory was issued to them to pass on the benefits from this duty reduction to consumers.

Industry stakeholders are expected to adjust the Price to Distributors (PTD) and the Maximum Retail Price (MRP) by the lower landed costs with immediate effect. The Associations have been requested to advise their members to implement immediate price reductions and share the updated brand-wise MRP sheets with the Department every week. DFPD shared the format with the edible oil industry for sharing the reduced MRP and PTD data.

The timely transmission of this benefit to the supply chain is imperative to ensure that consumers experience a corresponding decrease in retail prices.

This decision comes after a detailed review of the sharp rise in edible oil prices following last year’s duty hike. The increase led to significant inflationary pressure on consumers, with retail edible oil prices soaring and contributing to rising food inflation.

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