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India

Modi govt puts fresh curbs on palm oil import, weeks after Malaysian PM slams CAA

Govt brings import of palm oil & palmolein under 'restricted category'. Move will be big setback for Malaysia from where India imports bulk of the product.

SAMYAK PANDEY 9 January, 2020 12:17 pm IST



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New Delhi: The Narendra Modi government Wednesday put fresh curbs on import of refined bleached deodarised palm oil and palmolein, bringing them under the “restricted category”, a move that will be a setback for Malaysia from where India imports bulk of the product.

The move to place the commodity in the restricted category means an importer will require a licence for import.

A notification issued Wednesday evening by the Directorate General of Foreign Trade, under the Ministry of Industry and Commerce, cited no reason for changing the import policy from “free to restricted”.

India has been, however, planning to **cut down** on imports from Malaysia since August 2019 after Malaysian Prime Minister Mahathir Bin Mohamad **made statements** against New Delhi’s Kashmir policy at the United Nations.

The situation got aggravated in December when the Malaysian PM once again **made a statement** against India’s new citizenship law.

India currently imports refined bleached deodarised palm oil and palmolein mainly from Malaysia and Indonesia.

According to the **Malaysian Palm Oil Council**, India imported about 42.7 lakh MT of palm oil from Malaysia between January and November 2019.

This, however, isn’t the first time that New Delhi has acted against Kuala Lumpur. As **reported** by ThePrint earlier, India had already levied 5 per cent safeguard duty on imports of refined palm oil from Malaysia for 180 days on 5 September, following the recommendation of the Directorate General of Trade Remedies, the commerce ministry’s investigation arm.

The DGTR had cited a probe for its decision, claiming there was an alleged jump in imports of the product from Malaysia, after a complaint from the Solvent Extractors’ Association of India (SEA).

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Order will help Indonesia

According to senior officials in the consumer affairs ministry, this order while aggravating inflation in edible oil in the near future will in particular help Indonesia in palm oil exports to India while Malaysia will lose out.

“The order puts an effective ban on imports of refined palm oil and palmolein that implies India can now only import crude palm oil,” an official said. “Malaysia was the main supplier of refined palm oil and palmolein to India but Indonesia is the biggest exporter of crude palm oil.”

The move also comes at a time when edible oil commodities including palm oil have witnessed substantial inflation in India over the last few months.

The wholesale prices of palm oil has increased from Rs 7000/quintal(QTL) to Rs 8500/quintal over the last week from 30 December 2019 to 6 January. Similarly, the prices of Sunflower and Soya oil have also increased in the corresponding period from Rs 9000/QTL to Rs 10400/QTL and Rs 8500/QTL to Rs 10000/QTL.

“Most businesses have other buyers and we will focus on those while the trade and political differences subside,” said palm oil industrialist Dr. Malini Saba, founder and chairman of Saba Industries.

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