

# Higher edible oil price major concern for India, says CARE Edge's report – Explains what should be done to reduce dependency

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The current geopolitical crisis has pushed the prices of the edible oil companies and it is also seen as a major challenge to an edible oil-importing country like India, a CARE Edge rating said in its report.

Hence, it is desirable to increase the domestic oil seeds production to reduce import dependency in an uncertain geopolitical environment amid the increasing de-globalisation trend across the world, the rating agency firm further said in its report as a solution.

The report also added that a huge reliance on imports could compromise the national interest in the long run. Therefore, it has become imperative for a country like India to become not only self-reliant but also self-sufficient to the best extent possible, the report pointed out.

The recent geopolitical crisis causing restrictions in the import of edible oils, such as sunflower oil, adverse measures taken by major edible oil-exporting countries relating to the export of palm oil, and increasing diversion towards biofuels are major challenges to an edible oil-importing India.

India is the world's second-largest consumer and number one importer of vegetable oil. Although the oilseed production in India has grown over the years, the production has lagged its consumption, resulting in continuous dependence on imports, CARE Edge said.

It added that the import bill of vegetable oil witnessed an increase of around 21 per cent in 2020-21 over 2019-20, which further increased by 63% in FY22 over FY21, despite a decline in the import volume, attributable to oil price rise in the global market along with depreciation in Indian currency.

As per Economic Survey 2021-22, 'oils and fats' contributed around 60 per cent of 'food and beverages' inflation despite having a weight of only 7.8 per cent in the group, as fluctuation in the imports and international prices transmit to domestic prices of edible oil.