

India's palm oil imports in May plunged 38 per cent from a year earlier to their lowest in nearly four and a half years, as higher [import tax](#) on the tropical oil made it more expensive, a trade body said on Thursday.

However, the fall in import of palm oil has been offset by much higher import of other varieties of oil like soyoil, [rapeseed oil](#) and sunflower oil, as duty on these soft oils is lower. Importers and traders, including refineries, are importing more soft oils as the government is expected to announce a hike in duty.

According to trade officials, storage cost in India is lower than in Malaysia, making it attractive to import soft oils in India ahead of the duty hike.

As a result, stock in India has reached a significantly higher level, covering 42 days of requirement as against the standard 30 days, including the stock on ports and in the pipeline. However, after the release of data on Thursday, which showed sharp increase in [soft oil](#) imports and huge stock of imported oils in India, the government moved to raise import duty of soft oils.

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The union finance ministry hiked duty on crude soft oils like soyoil, [rapeseed oil](#) and [sunflower oil](#) to 35 per cent, and refined varieties of the above to 45 per cent. Currently duties are from 25-35 per cent.

The stock of edible oils as on June 1, at various ports, was estimated at 1 million tonnes, while in pipelines, the stock is estimated at 1.66 million tonnes, taking the total stock to 2.66 million tonnes, according to the data from Solvent Extractors' Association (SEA) of India.

Palm oil imports might remain under pressure this month too, helping [soyoil](#) and [sunflower oil](#) gain market share, industry officials told Reuters. India imported 496,478 tonnes of palm oil in May, the lowest since February 2014, SEA said in a statement.

The country's [soyoil](#) imports in May jumped 16.6 percent from a year ago to 396,969 tonnes, while [sunflower oil](#) imports more than doubled to 330,985 tonnes.

India's total imports of edible oils in May fell 7 percent from a year ago to 1.25 million tonnes. "For the first time palm's share in total imports have come down 40 per cent," said B. V. Mehta, executive director of the SEA, adding, "This trend will continue in the coming months unless the government changes the duty structure."