



# India to Import at Concessional Duty

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## Why in News?

Recently, India has allowed **limited imports** of **corn**, [crude sunflower oil](#), [refined rapeseed oil](#), and **milk powder** under the **Tariff-Rate Quota (TRQ)**.

- This has been taken with the effort to control the **rising food inflation**.

## Tariff-Rate Quota (TRQ)

- It is a trade policy tool that allows a set amount of a specific good to be imported at a **reduced tariff rate**, while quantities above this threshold are subject to a **higher tariff**.
- This is used to **balance protecting domestic industries** with the need to meet demand through imports.

## What is India's Position in Vegetable Oil and Milk Market?

- **India's Position in Vegetable Oils:**
  - India is the world's **largest importer of vegetable oils** such as **palm oil, soya oil and sunflower oil**, fulfilling almost **two-thirds of its needs through imports**.
    - **Palm oil** accounts for **40%** of India's vegetable oil consumption, with over two-third of it imported from **Indonesia and Malaysia**.
      - In 2021, India unveiled the [National Mission on Edible Oil-Oil Palm](#) to boost India's domestic palm oil production.
    - **Sunflower oil and Soybean oil** are imported from **Russia, Ukraine, Argentina, and Brazil**.
    - **Top 5 producers of Edible Oil:** China, India, the United States, Indonesia and Brazil.
- **Milk Production:**
  - India is the **top producer of milk** contributing around **24.64%** of the world's total milk production in 2021-22 as per [Food and Agriculture Organisation's \(FAO\)](#) data.
    - The National Dairy Development Board (NDDB) reported a significant 58% increase in milk production from 2014-15 to 2022-23, with the total production reaching 230.58 million tonnes.
- **Corn:**
  - India ranks **fourth** globally in corn cultivation area and **seventh largest producer**, contributing around **2% to global corn output**.
  - Corn production estimates for 2023-24 indicate a yield of approximately **33.5 million metric tons**.
  - **Top 3 Producers of Corn:** US, China and Brazil.

## What is Concessional Duty?

- **About:**
  - It is a tariff, or tax, imposed on imported goods, but at a lower rate than the standard duty.
- **Reasons for Imposition:**
  - **Reduced Import Costs:** By lowering the duty, the government aims to make **importing certain goods cheaper**. This can **benefit consumers** by making those goods more affordable domestically.
  - **Control Prices:** It can help regulate domestic prices, especially when dealing with essential commodities.
  - **Encourage Specific Industries:** Reduced duties on raw materials or equipment can incentivize domestic production in certain industries.
  - **Strengthen Trade Relations:** Offering concessional duties can be a way to build stronger trade partnerships with other countries.
- **Temporary Measure:** These are often implemented as temporary measures to address specific situations, like high domestic prices or shortages. Once the situation improves, the duty may be raised back to the standard rate.

### UPSC Civil Services Examination, Previous Year Questions (PYQ)

#### Prelims

Q1. Consider the following statements: **(2018)**

1. The quantity of imported edible oils is more than the domestic production of edible oils in the last five years.
2. The Government does not impose any customs duty on all the imported edible oils as a special case.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (a)**