

# Edible Oils in India



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## Table of Contents

<b>THE REPUBLIC OF INDIA</b> .....	<b>4</b>
<b>Executive summary</b> .....	<b>4</b>
<b>Key demographics and economic indicators</b> .....	<b>4</b>
<b>Consumption and the market</b> .....	<b>5</b>
Consumer Trends .....	5
Current market size and forecast 2022 to 2027.....	5
<b>India's edible oil production and trade balance</b> .....	<b>6</b>
India's edible oil imports.....	6
Canadian edible oils exports to India .....	8
India's edible oils exports.....	8
Balance between imports and exports.....	10
<b>Supply chain dynamics</b> .....	<b>10</b>
<b>Distribution channels</b> .....	<b>11</b>
<b>Canada-India trade relation implications</b> .....	<b>11</b>
<b>Market access regulations</b> .....	<b>11</b>
<b>Prospects and opportunities</b> .....	<b>12</b>
<b>Key contact organizations</b> .....	<b>13</b>
<b>References</b> .....	<b>14</b>

# THE REPUBLIC OF INDIA

## Executive summary

Edible oils refer to vegetable and animal oils that are fit for human consumption, and have numerous uses in food preparation. In 2021, the global edible oils market was valued at \$156.4 billion and is expected to increase at 5.1 per cent over the period 2021-2028<sup>1</sup>.

India is the second largest vegetable oil market globally, consuming over 10 per cent of the global edible oil supply which reached 22 million tons in 2021. India is heavily dependent on imports. In 2021, India imported 56 per cent of their domestic demand of edible oil. Their sales at the retail level is also growing. In 2021, edible oils retail volume sales grew by three per cent to reach 9.9 billion liters<sup>2</sup>.

Canada's exports of edible oils to India in the 2017-2021 period consisted mainly of canola oil for a total value of \$16.6 million in 2020 and \$11.5 million in 2019. Most of the Canadian oil exports to India (19 per cent) was shipped from Alberta<sup>3</sup>. Manitoba reported a very small amount of flax oil exports to India in 2017 for a total value of \$6,300.

High, fluctuating and unpredictable tariffs as well as high transportations costs represent barriers for Canada and Manitoba to increase exports of edible oils to India.

## Key demographics and economic indicators<sup>4</sup>

**Country name:** Republic of India

**Head of State:** Droupadi Murmu

**Head of Government:** Narendra Modi

**Government Type:** Federal parliamentary constitutional republic

**Capital:** New Delhi

**Legislature:** Parliament (Upper and Lower House)

**Judiciary:** Supreme Court, headed by the Chief Justice of India, 25 High Courts, and trial courts.

**Location:** India is a country in South Asia. It is the seventh-largest country by area, the second-most populous country, and the most populous democracy in the world. Bounded by the Indian Ocean on the south, the Arabian Sea on the southwest, and the Bay of Bengal on the southeast, it shares land borders with Pakistan to the west, China, Nepal, and Bhutan to the north; and Bangladesh and Myanmar to the east. In the Indian Ocean, India is in the vicinity of Sri Lanka and the Maldives; its Andaman and Nicobar Islands share a maritime border with Thailand, Myanmar, and Indonesia.

**Economic indicators:** India is the 5<sup>th</sup> largest economy in the world in terms of GDP (\$4.9 trillion).

**Population:** 1.4 billion people (estimate 2022)

**GDP growth:** -6.6 per cent (2020) and 8.95 per cent (2021)<sup>5</sup>

**GDP per capita:** \$8,293 (PPP, 2022 est.)

**GDP per capita rank:** 143<sup>rd</sup> (nominal, 2022 estimated)

**Inflation:** 7.4 per cent (September 2022)

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<sup>1</sup> [Edible Oils Market Size, Trends and Forecast to 2028 \(coherentmarketinsights.com\)](https://www.coherentmarketinsights.com)

<sup>2</sup> Euromonitor – January 2022

<sup>3</sup> CATSNET – November 2022

<sup>4</sup> Wikipedia.org

<sup>5</sup> [www.macrotrends.net/countries/IND/india/gdp-growth-rate#](https://www.macrotrends.net/countries/IND/india/gdp-growth-rate#)

## Consumption and the market

### Consumer Trends

India is one of the youngest and largest countries in the world with rising disposable incomes. In addition, there is an increased awareness about healthier eating and a move from loose edible oil to refined, packaged options.

India is a vast country and consumer preferences vary by region. For example, people in the South and West prefer groundnut oil while those in the East and North use mustard, canola oil. Likewise several pockets in the South have a preference for coconut and sesame oil. Inhabitants of northern plain are basically consumers of fats and therefore prefer “vanaspati”, a term used to denote a partially hydrogenated edible oil mixture of oils like soybean, sunflower, ricebran and cottonseed oils. Many new oils from oilseeds of tree and forest origin have found their way to the edible pool largely through vanaspati route. Of late, things have changed. Through modern technological means such as physical refining, bleaching and de-odorization, all oils have been rendered practically colorless, odorless and tasteless and therefore, have become easily interchangeable in the kitchen. Oils such as soybean oil, cottonseed oil, sunflower oil, rice bran oil, palm oil and its liquid fraction palmolein, which were earlier not known have now entered the kitchen. The share of raw oil, refined oil and vanaspati<sup>6</sup> in the total edible oil market is estimated roughly at 35 per cent, 60 per cent and 5 per cent, respectively.<sup>7</sup> Despite the interchangeability of oils in the kitchen, it is expected that palm oil will continue to be the most widely used edible oil in India over the 2022-2027 period due to its low unit price. This is especially the case in rural areas and in households with low incomes.

The consumption of oils and fats in India is higher among men (51.7 per cent) than among women (48.3 per cent). By age group; children (0-15 years) are the largest consumers at 28.1 per cent, followed by older consumers (age 55+) at 16.4 per cent, the early and older young adults (16-24 and 25-34 years) respectively at 14.8 per cent, almost equally followed by pre-mid-lifers (35-44 years) at 13 per cent and mid-lifers (45-54 years) at 12.9 per cent.<sup>8</sup>

Consumption by education level is highest amongst those at the tertiary level at 58.9 per cent. In terms of regionalization, 93.1 per cent of those living in urban areas consume oils and fats in comparison to only 6.9 per cent of those living in rural areas.

India is also seeing an increasing demand for healthier variants of edible oils for those who suffer from some form of heart-related condition or obesity-related issues and can afford to pay a higher price. As per survey conducted in 2020<sup>9</sup>, over a third of respondents in India fall under one of these two categories, creating a huge potential for healthy variants of edible oils, and supported by the fact that over 70 percent of consumers look for healthy ingredients in the food and drinks they consume.

### Current market size and forecast 2022 to 2027

Due to improvement in the living standards, the demand for edible oils has been increasing in India reaching 19.7 kg in 2020<sup>10</sup>. India consumed an estimated volume of over 22 million metric tons of vegetable oils in 2021, representing more than 10 per cent of the worldwide consumption (over 205 million metric tons.<sup>11</sup>) These included oil from coconuts, cottonseeds, olives, palm, peanuts, canola, soybeans, and sunflowers. Half of the volume consumed by India (10.8 million metric tons) came from retail, with a retail value of 32 billion dollars. As per Table 1, the forecasted volume and retail value growth for the period 2022-2027 is 5.7 per cent, and 10.4 per cent respectively.

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<sup>6</sup> Fully or partially hydrogenated vegetable cooking oil, often used as a cheaper substitute for ghee and butter

<sup>7</sup> Oil Division (dfpd.gov.in) - 2021

<sup>8</sup> AAFC-Global Data

<sup>9</sup> Euromonitor International's Health and Nutrition survey

<sup>10</sup> Sharpest rise in edible oil prices in 5 years | India News - Times of India (indiatimes.com)

<sup>11</sup> India: vegetable oil consumption 2021 | Statista

Table 1. **Market size and forecasted volume CAGR<sup>12</sup> for the Indian Edible Oils market**

Type of Product	2021 Market Size by Retail Value RSP <sup>13</sup> (CAD million <sup>†</sup> )	2021 Market Size by Total Volume (000 tonnes)	Forecasted Volume Growth 2022-2027 CAGR %	Forecasted Retail Value Growth 2022-2027 CAGR %
<b>Edible Oils</b>	\$31,972	10,817	5.1%	10.4%

Source: Euromonitor <sup>†</sup>Exchange rate 1 CAD = 0.72 USD.

About 56 per cent of domestic demand of edible oils is met through imports out of which palm oil constitutes about 54 per cent for the period 2017-2021 as shown in Table 2. The consumption of refined palm oil as well as its blending with other oils has increased substantially over the years and is used extensively in hotels, restaurants and in preparation of wide varieties of food products.<sup>14</sup> None of the top five vegetable oil companies in the world<sup>15</sup> has full control of India's vegetable oil market.

## India's edible oil production and trade balance

Oilseeds and edible oils are two of the most sensitive essential commodities. India is one of the largest producers of oilseeds in the world and this sector occupies an important position in the agricultural economy, accounting for the estimated production of 36.56 million tons of nine cultivated oilseeds during the year 2020-21 (November-October) as per information released by the Indian Ministry of Agriculture in late May 2021.

India's oilseeds production in marketing year 2022/23 (October-September) is expected to extend its momentum and reach 42.1 million metric tons, a one per cent increase over the 2021/22 crop. Both rising animal feed demand and the anticipated growth in oilseed supply will further increase oil meal production by two per cent to 20.7 million metric tons. Notwithstanding current market disruptions, India is expected to continue its reliance on imported edible oils to meet domestic demand, and imports are forecast at 14.5 million metric tons for 2023, an increase of six per cent over the 2022 year estimate.<sup>16</sup>

Over 90 per cent of oilseed production in India is centered in nine states: Madhya Pradesh, Rajasthan, Maharashtra, Gujarat, Andhra Pradesh, Karnataka, Tamil Nadu, Uttar Pradesh and Haryana. Rajasthan with an area share of roughly 20 per cent contributes to over 40 per cent of oilseed production in the country. On November 2021, considering the commercial importance of oil seed crops and the heavy dependence of imports for edible oils from other states of the country, the Indian Department of Agriculture organized a campaign to introduce oil seed in almost all the districts of Kashmir division.

### India's edible oil imports

Between 2017 and 2021, India's imports of edible oils increased by 8.9 per cent, reaching \$21.6 billion in 2021, as shown in Table 2. Palm oil accounts for 54.4 per cent of the total imports in value for the period 2017-2021, followed by soybean oil and sunflower oil with 25.3 and 17.1 per cent, respectively. India's imports of rape, colza (canola) or mustard oil decreased at a compound annual growth rate (CAGR) of -27.2 per cent from 2017 to 2021. However, these imports represented only one per cent of the total amount of edible oils both in value and in volume imported for the period in question. (Table 3).

Indonesia, Argentina, Malaysia and Ukraine are the top four suppliers of edible oils with 83.2 per cent of the imports in value as per Table 4. Argentina is a supplier of soya-bean oil, while Indonesia and Malaysia supply India with palm oil.

<sup>12</sup> CAGR - Compound Annual Growth Rate

<sup>13</sup> Retail Sale Price RSP is the maximum price at which the excisable goods in packaged form may be sold to the ultimate consumer and includes all taxes, local or otherwise, freight, transport charges, commission payable to dealers, and all charges towards advertisement.

<sup>14</sup> Oil Division (dfpd.gov.in) - 2021

<sup>15</sup> ADM, Bunge, ACH Food Companies, Inc., Henry Lamotte Oils GmbH, Adani Wilmar Ltd. (as per Brand Essence Research)

<sup>16</sup> [India: Oilseeds and Products Annual | USDA Foreign Agricultural Service](#)

Table 2. India's imports of edible oils 2017-2021 (in Canadian dollars).

Description	Total		\$ (million)	\$ (million)	\$ (million)	\$ (million)	\$ (million)	CAGR
	2017-2021(\$ - million)	%	2017	2018	2019	2020	2021	
<b>Total Imports</b>	<b>76,912.59</b>	<b>100.00%</b>	<b>15,359.16</b>	<b>13,037.38</b>	<b>12,890.33</b>	<b>13,991.94</b>	<b>21,633.78</b>	<b>8.94%</b>
Palm oil	41,852.82	54.42%	8,780.03	7,111.14	7,172.92	6,802.95	11,985.78	8.09%
Soya-bean oil	19,446.13	25.28%	3,572.51	2,952.06	3,005.43	3,978.18	5,937.95	13.54%
Sunflower-seed, safflower or cotton-seed oil	13,134.25	17.08%	2,424.94	2,481.76	2,386.06	2,777.36	3,064.13	6.02%
Fixed vegetable fats and oils, incl. jojoba oil	549.96	0.72%	16.45	20.65	98.00	158.21	256.65	98.76%
Palm kernel oil	833.39	1.08%	157.09	165.98	141.37	136.82	232.13	10.25%
Rape, colza or mustard oil	783.32	1.02%	338.27	220.73	41.29	87.82	95.21	-27.16%
Olive oil	259.25	0.34%	61.09	72.30	33.80	41.00	51.05	-4.39%
Other oils	51.39	0.07%	8.66	12.48	10.90	9.18	10.16	4.09%
Groundnut oil	2.08	0.00%	0.12	0.28	0.56	0.42	0.70	56.18%

Source: Global Trade Tracker November 2022.

Table 3. Quantity of edible oil imported by India in 2017-2021 (in kilograms).

Description	2017-2021		2017	2018	2019	2020	2021
	tons	%	tons	tons	tons	tons	tons
<b>Total</b>	<b>73,079,704</b>	<b>100.00%</b>	<b>15,201,382</b>	<b>14,564,469</b>	<b>15,645,137</b>	<b>13,776,213</b>	<b>13,892,503</b>
Palm oil	43,094,617	58.97%	9,178,972	8,805,265	9,732,488	7,203,191	8,174,701
Soya-bean oil	16,757,002	22.93%	3,338,735	2,971,266	3,185,190	3,738,941	3,522,870
Sunflower-seed, safflower or cotton-seed oil	11,496,907	15.73%	2,264,483	2,425,490	2,440,771	2,509,379	1,856,784
Fixed vegetable fats and oils, incl. jojoba oil	353,168	0.48%	10,171	12,691	78,939	112,839	138,528
Palm kernel oil	630,626	0.86%	94,134	126,270	155,936	124,323	129,963
Rape, colza or mustard oil and fractions thereof	684,333	0.94%	302,399	210,833	40,554	74,373	56,174
Olive oil	42,944	0.06%	9,678	9,342	6,763	8,650	8,510
Other oils	19,730	0.03%	2,782	3,270	4,480	4,469	4,729
Groundnut oil	376	0.00%	28	43	16	48	242

Source: Global Trade Tracker November 2022.

Table 4. Top 10 global suppliers of edible oils to India in 2017-2021 (in Canadian dollars).

Partner countries	Total		\$ (million)	\$ (million)	\$ (million)	\$ (million)	\$ (million)	CAGR
	2017-2021 (\$ - million)	%	2017	2018	2019	2020	2021	
World	76,912.59	100.00%	15,359.16	13,037.38	12,890.33	13,991.94	21,633.78	8.94%
Indonesia	24,535.15	31.90%	6,757.80	4,871.58	3,540.12	4,384.58	4,981.07	-7.34%
Argentina	14,171.32	18.43%	2,960.67	2,065.74	2,371.66	2,965.50	3,807.75	6.49%
Malaysia	14,101.92	18.33%	1,990.17	1,778.18	3,033.94	2,055.74	5,243.88	27.41%
Ukraine	11,190.45	14.55%	2,296.20	2,394.95	2,061.44	2,115.24	2,322.62	0.29%
Brazil	2,682.48	3.49%	498.80	696.36	295.04	359.05	833.22	13.69%
Nepal	1,789.06	2.33%	0.33	27.35	332.95	344.88	1,083.55	656.48%
Thailand	1,483.25	1.93%	148.35	319.85	119.70	153.92	741.43	49.52%
Singapore	1,422.44	1.85%	0.43	261.09	328.66	291.97	540.28	494.93%
Russian Federation	1,188.02	1.54%	36.21	14.02	207.05	551.74	379.00	79.86%
Switzerland	762.94	0.99%	0.25	87.95	269.03	176.41	229.30	451.83%

Source: Global Trade Tracker November 2022.

On October 2021, to reduce its dependency for palm oil from other countries and lower its imports costs, India decided to increase its palm oil production in the northeast of the country, where the weather conditions are favourable. The Indian government is investing \$2.1 billion over the next five years to expand palm oil plantations by 6,500 square kilometres across the country, with over the half of this expansion taking place in northeastern states.

#### Canadian edible oils exports to India

During the 2017-2021 period, Canada exported canola oil for a total value of \$16.6 million in 2020, and for \$11.5 million in 2019. No soybean oil nor sunflower oil was exported from Canada to India during the period.<sup>17</sup> The bulk of the exports are recorded as originating from Alberta.<sup>18</sup> These Canadian exports represented 19 per cent of the total canola oil imports from India during the period 2017-2021, or the equivalent of 0.2 per cent of the total Indian imports of edible oils in value. Manitoba just reported exports of flax oil in 2017 for a total value of \$6,300.

#### India's edible oils exports

Although a big importer of edible oils (73 million tons in the 2017-2021 period), India also exports edible oils, mainly under the 'fixed vegetable fats and oils' category. In 2021, India exported 877 thousand tons of edible oils worth \$1.8 billion, with a compound annual growth rate of 8.6 per cent for the period 2017-2021, as seen in Table 5 and 6. The main destinations are China, Netherlands, United States and France with 45.15, 11.48, 9.72 and 8.05 per cent in value respectively during the 2017-2021 period as shown in Table 7.

<sup>17</sup> CATSNET – December 2022

<sup>18</sup> CATSNET – November 2022



Table 5. India's edible oils exports to the rest of the world (in Canadian dollars)

Description	Total		\$ (million)	\$ (million)	\$ (million)	\$ (million)	\$ (million)	CAGR
	2017-2021 (\$ - million)	%	2017	2018	2019	2020	2021	
<b>Total</b>	<b>7,478.41</b>	<b>100.00%</b>	<b>1,320.64</b>	<b>1,248.12</b>	<b>1,364.59</b>	<b>1,707.79</b>	<b>1,837.27</b>	<b>8.60%</b>
Fixed vegetable fats and oils, incl. jojoba oil	6,315.72	84.45%	1,240.69	1,164.25	1,263.75	1,217.45	1,429.58	3.61%
Groundnut oil	767.97	10.27%	24.07	27.60	40.40	399.98	275.91	84.00%
Palm kernel oil	189.71	2.54%	37.87	27.72	26.48	40.93	56.72	10.62%
Soya-bean oil	79.03	1.06%	3.23	12.05	15.56	22.94	25.26	67.24%
Palm oil	25.44	0.34%	0.38	0.15	0.28	1.68	22.96	179.60%
Rape, colza or mustard oil	61.53	0.82%	8.21	9.15	9.58	16.51	18.08	21.80%
Sunflower-seed, safflower or cotton-seed oil	37.48	0.50%	6.08	6.98	7.99	7.92	8.51	8.78%
Olive oil	1.37	0.02%	0.10	0.18	0.47	0.36	0.25	24.89%
Other oils	0.16	0.00%	0.01	0.04	0.09	0.02	0.00	-29.13%

Source: Global Trade Tracker November 2022.

Table 6. Edible oils exported from India to the rest of the world in 2017-2021 (in kilograms).

Description	2017-2021		2017	2018	2019	2020	2021
	tons	%	tons	tons	tons	tons	tons
<b>Total</b>	<b>3,757,425</b>	<b>100.00%</b>	<b>684,385</b>	<b>668,389</b>	<b>626,822</b>	<b>900,567</b>	<b>877,262</b>
Fixed vegetable fats and oils, incl. jojoba oil	3,272,001	87.08%	650,431	628,473	579,310	695,175	718,611
Groundnut oil	329,896	8.78%	13,360	17,482	21,176	168,578	109,300
Palm kernel oil	52,293	1.39%	11,766	6,863	7,997	11,182	14,486
Palm oil	15,841	0.42%	176	110	200	1,399	13,956
Soya-bean oil	43,599	1.16%	2,013	7,488	9,396	13,573	11,128
Rape, colza or mustard oil	23,453	0.62%	2,990	3,759	4,070	6,494	6,141
Sunflower-seed, safflower or cotton-seed oil	20,060	0.53%	3,626	4,179	4,549	4,109	3,597
Olive oil	233	0.01%	17	26	93	55	43
Other oils	50	0.00%	6	9	32	3	0

Source: Global Trade Tracker November 2022.

Table 7. Top ten export destinations of edible oils from India in 2017-2021 (in Canadian dollars).

Partner countries	Total		\$ (million)	\$ (million)	\$ (million)	\$ (million)	\$ (million)	CAGR
	2017-2021 (\$ million)	%	2017	2018	2019	2020	2021	
World	7,478.41	100.00%	1,320.64	1,248.12	1,364.59	1,707.79	1,837.27	8.60%
China (People's Republic of)	3,376.28	45.15%	540.65	525.17	522.50	889.51	898.44	13.54%
Netherlands	858.57	11.48%	169.20	154.65	201.82	145.03	187.87	2.65%
United States	726.89	9.72%	141.91	132.53	137.50	143.84	171.11	4.79%
France	601.68	8.05%	137.40	100.70	104.51	114.95	144.11	1.20%
Japan	200.70	2.68%	37.57	36.38	37.55	44.46	44.73	4.46%
Thailand	199.89	2.67%	45.33	40.19	42.03	34.47	37.87	-4.40%
United Arab Emirates	139.82	1.87%	20.08	23.40	30.23	32.26	33.85	13.94%
Italy	134.09	1.79%	21.68	19.16	26.84	47.57	18.85	-3.45%
United Kingdom	122.52	1.64%	19.53	24.99	30.43	24.98	22.60	3.71%
Korea (Rep. of)	105.25	1.41%	18.54	16.89	23.57	20.87	25.37	8.15%

Source: Global Trade Tracker November 2022.

### Balance between imports and exports

In conclusion, exports (in value) represent approximately less than 10 per cent of the imports, making India a net importer of edible oils to close the gap between demand and supply.

In order to harmonize the interests of farmers, processors and consumers, the Government of India maintains tariff for edible oils and reviews their tariff structure from time to time. In general, tariffs for edible oils fluctuate frequently and are quite unpredictable. For example, in June 2018, the import duty on all crude and refined edible oils, except palm oil and olive oil was raised to 35 and 45 per cent respectively, while the import duty on olive oil increased to 40 per cent. In 2020, the import duty on crude palm oil was revised from 37.5 per cent to 27.5 per cent and further to 15 per cent as per Union Budget 2021-22. The same budget reduced the custom duty on crude soybean oil and crude sunflower oil from 35 per cent to 15 per cent.

As of time of research, the import duty for crude palm oil, crude soybean, and crude sunflower oil is 5.5 per cent, while for refined palm oils is 13.75 per cent, and for refined soybean oil and sunflower oil is 19.25 per cent.<sup>19</sup> This will be in place until March 2023. Important to note that in the past, the Government of India has also taken measures to boost domestic supply of edible oils by reducing import duties on palm oil and restricting edible oil exports.<sup>20</sup>

### **Supply chain dynamics**

India is a land where ancient culture meets modern technology with the country's retail sector being a reflection of that. The two main retail formats are modern/organized retail and traditional/unorganized retail. The former is defined as large-scale chain stores or e-stores that apply modern management techniques and principles to business, while traditional retail includes local department stores, street vendors, and markets that follow informal business practices. Retail supply chain management, however, is essential to both these formats. It is the process of delivering goods to consumers as fast as possible, preferably without paying an outrageous amount. It must be optimized to be as efficient and affordable as can be managed.

<sup>19</sup> [Concessional Import Duties On Edible Oils In Place Till March 2023 \(outlookindia.com\)](https://www.outlookindia.com/concessional-import-duties-on-edible-oils-in-place-till-march-2023)

<sup>20</sup> [Oil Division \(dfpd.gov.in\)](https://www.dfpd.gov.in/)

Poor road network facilities and unavailability of regular transportation to remote areas also adversely affect both retailers and customers. Since over 75 per cent of people in India live outside cities and depend almost solely upon the small general retailers, both supply and demand remain unsatisfied.<sup>21</sup>

The logistics and infrastructural supports consisting of railways, aviation, seaways, road network and information and communication technology are weaker compared to other developed nations. Therefore, business establishments in India are exploring the possibilities of strategic alliance with chain partners to meet up these growing challenges.<sup>22</sup>

## **Distribution channels**

In India, convenience stores are the main distribution channel for oils and fats with 73.2 per cent, followed by hypermarkets and supermarkets with 15.3 per cent, food & drink specialists with 10.1 per cent, other stores and dollar stores at 0.8 per cent and 0.7 per cent respectively as per 2017-2021 period.

Adani Group remained the leader in edible oils in 2021 with its Fortune brand. The category is fragmented, with many local and regional players competing for share, but Fortune is the clear leader. This can be attributed to strong sales in the local market despite increases in the prices of edible oils. The company has the largest range of oils in the market, comprising soy, sunflower, olein, mustard, rice bran, cotton seed and groundnut oils, as well as other varieties of superior quality oils.<sup>23</sup>

The foodservice profit sector in India is expected to experience a slight increase in sales value growth of 9.6 per cent by the end of 2022. Within this sector, 80.8 per cent in value of the cooking oil is expected to be distributed through restaurants, followed by nine per cent via pubs, clubs and bars by the end of 2022 with sales valued at \$1.7 billion, and \$126 million respectively.

## **Canada-India trade relation implications**

India is the second most populous nation and the largest democracy in the world which offers political stability to foreign investors. It is the world's sixth-largest economy in the world with an annual GDP growth regularly above seven per cent, driven by a growing middle class consumer base and one of the largest global youth populations.

In 2010, Canada and India launched negotiations toward a Comprehensive Economic Partnership Agreement (CEPA). The most recent round of negotiations was held in August 2017 in New Delhi. At that time, constructive discussions were held on various issues, including cross-border trade in goods and services, e-commerce, telecommunications, sanitary and phytosanitary measures, as well as technical barriers to trade. Since then, Canadian and Indian officials have held several meetings, most recently in June 2021. Presently, businesses must follow the tariffs applied by the Government of India.<sup>24</sup>

## **Market access regulations**

In India, the Foreign Trade Act of 1992 regulates imports and exports, which empowers the federal government to make provisions for the development and regulation of foreign trade.

The procedure for exporting to India involves ensuring licensing and compliance before the shipping of goods, arranging transportation and warehousing after the unloading, and getting customs clearance and paying taxes before their release.

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<sup>21</sup> [Supply Chain Dynamics in the Indian Retail Industry — H&S SUPPLY CHAIN SERVICES PVT LTD \(hssupplychain.com\)](https://www.hssupplychain.com)

<sup>22</sup> [globalbizresearch.org](https://www.globalbizresearch.org)

<sup>23</sup> Euromonitor – January 2022

<sup>24</sup> <https://www.tariffinder.ca/en/search/export>

Every importer must first obtain an Import-Export Code (IEC) number from the regional joint Directorate General of Foreign Trade (DGFT) by filing an online application. The Import Export Code (IEC) is a permanent account number (PAN) with lifetime validity and is required for clearing customs, sending shipments, and sending or receiving money in foreign currency. Once the IEC is allotted, the importer may import goods. There are also items that are restricted, canalized, or prohibited, as declared, and notified by the government, which require additional permission and licenses from the Directorate General of Foreign Trade (DGFT) and the federal government.

To determine whether a license is needed to import a particular commercial product or service, an importer must first classify the item by identifying its Indian Trading Clarification based on a Harmonized System of Coding or ITC (HS) classification, an 8-digit alphanumeric code representing a certain class or category of goods.

After obtaining import licenses, importers are required to furnish import declaration in the prescribed format along with the Bill of Entry and permanent account number (PAN) based Business Identification Number (BIN), as per Section 46 of the Customs Act (1962).

Imported food must also display the Food Safety and Standard Authority of India (FSSAI) logo along with the FSSAI licence number and for packaged food, comply with label regulations. All declarations printed on the item's packaging must be bold and clearly visible, written only in either English or Hindi. In addition, a packaged food should indicate whether it is non-vegetarian or vegetarian. In India, non-vegetarian means food which contains no animal or part of an animal. Eggs are non-vegetarian while milk and milk by-products are considered vegetarian.

Non-vegetarian food must have a symbol of a brown dot inside a brown square displayed prominently on the package in a way that contrasts with the background of the packaging yet is displayed near the product's name or brand.

## **Prospects and opportunities**

Consumer awareness related to the impact of diet on disease prevention is driving the demand for 'healthier' edible oils compared to palm oil. In addition, the increase in purchase power in India is allowing consumers to buy other varieties of edible oils. Manufacturers have taken note of this and are responding by introducing edible oils with fortifications such as omega-3, vitamins and natural antioxidants. The COVID-19 pandemic has further strengthened consumers' belief in preventative health, and as a result manufacturers are launching products with claims such as immunity-boosting, that appeal to a group of consumers.

Canola oil is Canada's and Manitoba's largest edible oil product exported to the world. The United States and China are Manitoba's top destinations for canola oil, reaching 67.5 and 18.5 per cent in value, respectively in 2021. In that same year, Canada exported 3.15 million tons worth 5.3 billion dollars, and Manitoba represented approximately 18 per cent of the total canola oil exports in value.

Considering the market size of edible oils and their market growth, India may offer market opportunities for Manitoba canola oil exports. In April 2022, the Indo-Canadian Chamber Business Chamber suggested the implementation of intensive marketing of canola oil in order to cement its market position in the Indian healthy edible oil market. However, high import duties for canola oil, which currently sit at 75 per cent<sup>25</sup>; the unpredictability of Indian tariff policies and high transportation costs, pose important challenges for entering this market.

All these factors highlight the need to finalize the free-trade agreement negotiations between India and Canada and sign an agreement that could eliminate or substantially reduce tariffs for edible oils such as canola oil, soybean oil, and sunflower oil. In the meantime, fortified oils with health claims that could differentiate the product and compete in a premium edible oil market might be a good option to explore.

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<sup>25</sup> World Trade Organization

## Key contact organizations

### High Commission of Canada in India / Canadian Trade Commissioner Service

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New Delhi, Delhi 110021

India

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Email: [delhi@international.gc.ca](mailto:delhi@international.gc.ca)

E-Mail: [india.commerce@international.gc.ca](mailto:india.commerce@international.gc.ca)

## List of importers

### Consumer Marketing Private Limited

M B 1 E Madhban Road, Shakarpur,  
New Delhi, Delhi 110092

India

[cmipl.net](http://cmipl.net)

### AAK India Private Limited

14th Floor, Quantum, Central Avenue  
Hiranandani Business Park  
Hiranandani Estate  
Ghodbunder Road, Thane W- 400607,  
Maharashtra

India

Tel.: 1-800-266-6363

[info.in@aak.com](mailto:info.in@aak.com)

### Cargill India Private Limited

9A, Vishwakarma Road, DLF Phase 3, Sector 24  
Gurugram, Haryana 122010

India

Tel: 011-0124 235 8939

[cargill.co.in](http://cargill.co.in)

### Nataraj Oil Mills Private Limited

16, Chennai - Trichy Highway Alandur  
Uthangudi, Tamil Nadu 625107

India

Tel: 011-0452 242 4989

<https://nataraj-oil-mills-private-limited.business.site>

### K.T.V. Health Food Private Limited

48/310, Thambu Chetty Street  
Chennai 600001.

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[www.nationmaster.com](http://www.nationmaster.com)

[www.canada.ca](http://www.canada.ca)

[www.bestfoodimporters.com](http://www.bestfoodimporters.com)

### Others:

Catsnet

Euromonitor

Global Trade Tracker

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Available in alternate formats upon request.