

Government urged to abolish import duty on olive oil

The Indian government has been urged to abolish the import duty on olive oil in the forthcoming budget for 2008-09 'keeping in mind the health aspects of the product and the need for introducing heart-healthy products to tackle the national cardiovascular disease emergency'.

'The Indian Olive Association (IOA) has urged the government of India to abolish import duty on olive oil so that its prices in India become competitive and enable the product to become accessible to a larger number of consumers,' the association said in a statement Monday.

'India's entire requirement of olive oil is met by imports and there is no domestic production in the country, and hence no domestic producers that need the protection,' the IOA statement said.

'Being an expensive item, olive oil does not compete with other oils in common use. No other domestic product exists, with similar health benefits, which could be adversely affected by duty reduction,' the statement added.

India levies 45 percent import duty on virgin olive oil and 40 percent each on refined olive oil and olive pomace oil (made from olive residues).

In this context, the IOA noted that other non-olive oil producing countries like Taiwan, South Korea and China levy much lower import duties. The first two levy eight percent and the third levies 10 percent.

'Numerous studies on the use of olive oil as a cooking medium have proved that it lowers bad cholesterol and can actually increase the level of good cholesterol and high density lipoproteins,' IOA president V.N. Dalmia said in the statement.

'Olive oil is considered the healthiest cooking medium in the world, providing incomparable protection against cardio-vascular disease,' he said, adding: 'Fifty million people in India suffer from heart problems and the number is expected to double by 2010.'

'However, due to the high rate of import duty levied on various types of olive oil, its consumption is currently restricted to high-end consumers as the average consumer finds it too expensive,' Dalmia noted.

According to Dalmia, an analysis of the olive oil market showed that the target audience for the product was 35 million affluent, health-conscious Indians of the upper class (UC) and upper middle class (UMC).

'Assuming that olive oil for edible purposes consumed by both institutions and individuals in 2006-07 was 750,000 litres and assuming that the average household consumption of olive oil in UMC and UC household is one litre per month or 12 litres per annum, olive oil was used last year by 62,500 households or 343,750 people,' Dalmia said.

This, he maintained, was abysmally low considering the product's potential.

The IOA aims at promoting the consumption of olives and olive oil and expanding the market. It is

also committed to representing the industry before the government, circulating information and statistics to members and addressing the grievances of the industry.

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