Indian Economy · GS - III

Assess the economic and strategic implications of India's dependence on imported edible oils.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 25/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Import dependence, edible oil deficit, food inflation, current account deficit, global price volatility, oilseed productivity, import diversification

Model Answer

India's dependence on imported edible oils is a significant vulnerability in its agricultural trade and food security. Palm oil, soybean oil and sunflower oil constitute important components of the country's edible oil import basket.

Economic implications

1. **External sector pressure:** Large-scale imports increase foreign exchange expenditure and can widen the merchandise trade deficit.
2. **Food inflation:** International price fluctuations, exchange-rate depreciation and supply disruptions can raise domestic edible oil prices.
3. **Producer vulnerability:** Cheaper imported oils may affect the competitiveness and profitability of domestic oilseed farmers.
4. **Industrial dependence:** Refining industries remain exposed to international supply chains, geopolitical disruptions and export restrictions imposed by producing countries.

Strategic concerns

Concentration of imports among a limited number of producing countries creates supply risks. Changes in export policies, weather conditions or shipping routes can affect domestic availability and prices. However, imports also provide consumers with relatively affordable edible oils.

Reducing vulnerability

India needs a balanced strategy rather than abrupt import restrictions.

1. Expand domestic production of mustard, soybean, groundnut, sunflower and other suitable oilseeds.
2. Improve seed quality, irrigation, research and farm-level productivity.
3. Strengthen procurement, storage and processing infrastructure.
4. Diversify import sources and use calibrated customs duties to balance consumer interests with farmers' incomes.

The National Mission on Edible Oils–Oil Palm can contribute to domestic supply, provided expansion is ecologically suitable and protects local livelihoods.

Ultimately, improving domestic productivity while maintaining diversified and affordable imports is essential for India's edible oil security.

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