

Zero duty imports from Nepal become major concern for Darjeeling's tea and edible oil industry

By Sutanuka Ghosal, ET Bureau Jun 13, 2021, 04:57 PM IST

Zero duty imports from Nepal under the South Asian Free Trade Area (SAFTA) agreement have emerged as a major concern for Darjeeling's tea and edible oil industry. Darjeeling's tea industry, which is a major sufferer on account of the entry of cheaper Nepalese teas, has decided to take up the issue with the West Bengal government once the lockdown in the state is withdrawn. It wants the state government to curb sales of Nepalese teas, which do not conform to the quality parameters.

On the other hand, the edible oil industry has requested the central government to channelise imports of soybean oil from Nepal through public sector agencies and distribute the oil to the vulnerable sections of society.

"Zero duty imports of Nepal tea cannot be stopped under SAFTA. What is required is more stringent checking by the administration so that cheap quality Nepal teas do not reach the consumers in the name of Darjeeling tea," Kaushik Basu, secretary, Darjeeling Tea Association, told ET. "We will take up the matter with the West Bengal government once the lockdown is withdrawn and retail shops start reopening. We have also requested the Food Safety & Standards Authority of India (FSSAI) to step up quality checks on imported Nepal teas."

Last year, the Tea Board of India had issued directives to all the registered tea buyers and licensed distributors that they would require a clearance from the FSSAI before the tea sale is allowed in Indian markets. The decision was made after teas from neighbouring countries like Nepal were sold as 'Darjeeling tea' for domestic consumption. Darjeeling tea estates annually produce 8 million kg of teas.

While cheap teas from Nepal are bothering the Darjeeling tea industry, imports of refined soybean oil from Nepal have emerged as a major concern for the oil refining industry in northern and eastern India.

The Solvent Extractors Association of India (SEA) has alleged that Nepal has no production of soybean and a very small capacity for crushing imported soybean. It said the soybean oil coming from Nepal is of South American origin and is entering India by flouting the rules of origin for getting the duty exemption. According to the SEA, Nepal imported 350,000 metric tonnes of crude soya oil from July 2020 to April 2021 and exported 215,000 metric tonnes of refined soya oil.

"Though Nepal's ministry of industry and supplies as well as Federation of Nepalese Chambers of Commerce and Industry have clarified through media that certificate of origin issued for export of refined soybean oil to India is meeting the value addition of 20% norms under India-Nepal treaty, we have still asked the government to channelise imports of edible oils from Nepal through government agencies like NAFED and distribute the oil to the vulnerable section of society through public distribution system which will also protect the refining industry in eastern and northern India," said BV Mehta, executive director, SEA.

<https://m.economictimes.com/news/economy/foreign-trade/zero-duty-imports-from-nepal-become-major-concern-for-darjeelings-tea-and-edible-oil-industry/articleshow/83481917.cms>