Becoming 'Atmanirbhar' in Edible Oils

What is the issue?

- The prices of imported edible oil are at an all-time high, causing inflation and high dependence on imports.
- In this context, here is a look at the government's programmes and the measures needed to increase palm oil production.

What are the domestic requirements?

- India needs about 25 million tonnes of edible oil a year to meet its domestic requirements.
- India cultivated oilseeds on 25 million hectare of land, producing 32 million tons of oilseeds in 2018-19.
- Soybean, rapeseed, mustard and groundnut accounts for almost 90% share in the area.

    1. Primary sources - soybean, rapeseed and mustard, groundnut, sunflower, safflower and Niger (Niger nut)
    2. Secondary sources - palm, coconut, rice bran, cotton seeds and tree borne oilseeds

How import-dependent is India?

- Domestic production can only meet a little over 30% of the total demand for edible oils. The remaining requirement is met through imports.
- India is the world's largest importer of edible oil with a share of 20.7%, [EU (13.5%) & China (12.8%)]
- Edible oils imports account for 40% of the agricultural imports bill and 3% of the overall import bill of the country.

    1. Palm oil - 62 % of total oil imports (from Indonesia & Malaysia)
    2. Soya oil - 21% (from Argentina & Brazil)
    3. Sunflower oil - 21% (from Ukraine & Argentina)

What are the negatives of imports?

- Burden on the government's exchequer
- Dependence on the international market
- Price volatility

Labour shortage in palm oil plantations of Indonesia and Malaysia, drought in Argentina affecting soyabean production, lower production of sunflower crops in Ukraine impacted price of edible oils. Subsequently, the government has to reduce import tariff of palm oil by 10 per cent in November to ease the domestic price.

What is the government's recent palm oil mission?

- Diversifying more areas for palm oil plantations is the need of the hour.
- Palm cultivation has high potential - 1 hectare can give about 4,000 kg of oil (only 500 kg of oil in the case of sunflower, coconut, and rice bran).
- **National Edible Oil Mission-Oil Palm (NEMO-OP)** - Thee government recently launched this Rs.11,000-crore program to increase palm oil production by 3 times (11 lakh tonnes of Palm oil by 2025-26.)
- The government plans to boost cultivation of oil palm to 10 lakh hectares and 16.7 lakh hectares by 2025-26 and 2029-30 respectively across 19 Southern and the North-Eastern States.
- Forex savings from reduced imports can be spent on encouraging farmers to take up palm and oilseeds cultivation.
- **Others Initiatives**

    1. Oil Palm Area Expansion under Rastriya Krishi Vikas Yojana
    2. Increasing MSP of oilseed crops,
    3. Creation of buffer stock for oilseeds
    4. Cluster demonstration of oilseed crops

What is the issue with the current MSP?

- MSP system for oilseeds has failed due to low procurement by government agencies.
- As the procurement of pulses on MSP has been increased, the government should also ensure the oilseeds procurement.
- [Against a domestic demand of 30 million tonnes of pulses/year, India now imports just 4 million tonnes.
- India's success story of achieving self-sufficiency in pulses, must be replicated in the oilseeds & palm oil.]

What are the measures to be taken?

- Attracting corporate bodies towards palm oil production.
- Effectively using 100% FDI in palm oil plantation to attract corpoate bodies.
- Leasing, renting or selling of wasteland, degraded land, and other lands to private entrepreneurs, cooperative bodies or joint ventures for oil palm plantation.
- Combining individual farming, contract farming and captive plantation.
- Incentivising farmers to cultivate oil palm and oilseeds.
- Compensating famers for at least 6 years for their land under oil palm against the potential loss; providing a one-time irrigation subsidy to farmers.

Source: **Business Line**, **DownToEarth**

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