Centre to boost oil palm farming

New plan to cut dependence on imports by increasing domestic production

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The Centre will offer price assurances, viability gap funding and planting material assistance to oil palm farmers to boost domestic production and reduce dependence on imports via a new mission approved by the Cabinet on Wednesday.

Over a five-year period, the financial outlay for the National Mission on Edible Oils - Oil Palm (NMEO-OP) will amount to ₹11,040 crore of which ₹8,844 crore is the share of the Central government, according to an official statement. The Mission hopes to increase oil palm acreage by an additional 6.5 lakh hectares by 2025-26 and grow production of crude palm oil to 11.2 lakh tonnes by 2025-26 and up to 28 lakh tonnes by 2029-30.

At a media briefing after the Cabinet meeting, Agriculture Minister Narendra Singh Tomar said the government aimed to reduce the risk for farmers facing price fluctuation of the fresh fruit bunches from which oil is extracted, due to volatility in the international market.

Push for cultivation: Less than four lakh hectares are currently planted with oil palm in India. ▪ FILE PHOTO

Price mechanism

"The government will develop a mechanism to fix and regulate palm oil prices. So if the market is volatile, then the Centre will pay the difference in price to the farmers through direct benefit transfer," he said.

This is the first time the Centre will give oil palm farmers a price assurance, with industry mandated to pay the viability gap funding of 14.3% of crude palm oil prices. In a bid to encourage oil palm cultivation in northeastern India and in the Andaman and Nicobar islands, the Centre will bear an additional cost of 2% of the crude palm oil prices in these States. The scheme has a sunset clause, ending November 1, 2037.

The Mission will also more than double the support provided for the cost of planting materials.

Asked about biodiversity concerns involved in monoculture plantations, Mr. Tomar said an assessment by the Indian institute of Oil Palm Research had found 28 lakh hectares across the country which could be safely used for oil palm cultivation. Less than four lakh hectares are currently planted with oil palm.

Praise from industry

The Oil Palm Developers & Processors Association hailed the Cabinet decisions and said it has been relentlessly urging the government to usher reforms in the sector. The decisions would benefit farmers and make it viable for the industry to continue contributing towards making the country self-sufficient in edible oil requirements and consequently save foreign exchange, association president Sanjay Goenka said.

(With inputs from Special Correspondent in Hyderabad)