

Cabinet approves measures to increase oil palm area and production in India

Posted On: 12 APR 2017 4:48PM by PIB Chennai

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved measures to increase oil palm area and production in India. These include:

i. Relaxation of land ceiling limit for oil palm cultivation under NMOOP (National Mission on Oilseeds and Oil Palm).

The Cabinet approved relaxation in restrictions for providing assistance to more than 25 hectare area also under NMOOP to attract corporate bodies towards oil palm and derive maximum benefit of 100% FDI.

ii. Revision of norms of assistance under Mini Mission-II of NMOOP.

The Cabinet further gave its approval to revise the norms of assistance mainly for planting materials, maintenance cost, inter-cropping cost and bore-well to make oil palm plantations attractive.

The measures will yield following results:

- To encourage oil palm plantation on large scale by corporate bodies and to utilize wastelands. By relaxing restrictions under NMOOP, private entrepreneurs/cooperative bodies/joint ventures will show their interest in investment in oil palm plantation and availing the NMOOP support.
- To encourage farmers for oil palm cultivation in a bigger way. The revision of cost norms will motivate farmers for oil palm plantation.

Annual Action Plan (AAP) of the State / Agencies will be approved by Department of Agriculture, Cooperation & Farmers Welfare on revised cost norms. The private entrepreneurs/ cooperative bodies/ joint ventures will be invited by the respective state Governments for oil palm plantation in their state.

At present, the programme is being implemented in 12 States, namely, Andhra Pradesh, Karnataka, Tamil Nadu, Mizoram, Odisha, Kerala, Telangana, Chhattisgarh, Gujarat, Arunachal Pradesh, Nagaland & Assam. Nearly 133 districts are under oil palm cultivation in these 12 states, However, all the potential states of Oil palm are covered under NMOOP.

There will be some financial implication in relaxing restrictions of area and up-scaling the norms of subsidies but the same would be accommodated within NMOOP fund. Therefore, no additional funds would be required.

The year-wise physical & financial progress for the 12th five year plan is given below:

Year	Name of Scheme	Oil Palm Area Expansion (ha)	Amount (Rs. in lakhs)

		Target	Achievement	_Allocation Release	
		Target			
2012-13	ISOPOM OPAE	849932	26300	22705.74	6412.62
2013-14	ISOPOM & OPAE	41347	23183	19776.19	11849.09
2014-15	NMOOP	28146	17143	7290.58	4112.47
2015-16	NMOOP	27337	14425	6683.80	3823.49
2016-17*	NMOOP	30061	9968	8038.68	4241.57

*up to December, 2016

At present, oil palm development programme is being promoted in individual farmer's field. There is no scope to provide assistance directly to private entrepreneurs/Cooperative bodies/Joint ventures for large scale plantation. The waste land/degraded land/cultivable land in the oil palm growing states can be given on lease/rent or bought by private entrepreneurs/ cooperative bodies/ joint ventures for oil palm plantation. However, financial assistance under NMOOP is available for 25 hectare. Therefore, there is a need for relaxation of restrictions under NMOOP to attract corporate bodies towards oil palm and derive maximum benefit of 100% FDI. A combination of individual farming, contract farming and captive plantation (by relaxing land ceiling norms) can only boost oil palm cultivation in the country.

The norms of assistance for various interventions were decided on the basis of prevailing prices at the time of formulation of the NMOOP programme. In view of large investment towards the cost of planting material, digging of pits, planting, manuring, irrigation and maintenance of plantation for four years without any income, farmers particularly small and marginal have shown reluctance in taking up oil palm plantation. Besides, in North Eastern States, which have good potential for oil palm needs additional investment in land preparation being hilly terrain.

Background:

Edible Oil is an important component of household food basket. The total production of edible oil in the country is about 9 million MT. while the domestic requirement is around 25 million MT. The gap between demand and supply is being met through imports, which amounted to Rs. 68,000 crores in 2015-16 (Prov.). Palm oil contributes 70% of vegetable oil import and is one of the cheapest oil due to high productivity per hectare.

Oil Palm is one of the world's most efficient crop in terms of yield of vegetable oil per ha and today it is largest source of vegetable oil in the world. Malaysia, Indonesia, Nigeria, Thailand and Columbia are the major oil palm producing countries. An average oil yield of 4-5 tonnes/ hectare has been recorded with oil palm against the highest oil yield of 1.3 tonnes/ hectare from rapeseed.

Government of India is promoting oil palm by implementing several programmes since 1986-87 and from 2014-15 through NMOOP. NMOOP aims to bring an additional area of 1.25 lakh hectare under oil palm cultivation by the end of 2016-17. The developmental efforts have resulted in area expansion under oil palm from 8585 hectare in-1991-92 to around 3 lakh hectare by the end of 2015-16. Similarly, production of fresh fruit bunches (FFBs) and crude palm oil (CPO) have increased from 21,233 ton and 1,134 ton respectively (1992-93) to 11,50,000 ton and 1,98,000 ton during the year 2014-15.

(Release ID: 1487876) Visitor Counter : 63

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