

1. A Turnaround Plan for Oilseed Sector

Context:

- When a commodity is in short supply, it is logical to expect its price to rise and benefit producers; but ironically, Indian oilseeds are a tragic exception.
- Despite chronic shortage, oilseed growers are often in distress as market prices rule below the government-assured minimum support price.

Brief Background:

- In the absence of remunerative prices, growers have no incentive to improve agronomic practices and input management.
- The cultivated area has got trapped in the **26-28 million-hectare range**; and at just about 1100 kg per hectare, yields continue to be abysmally low by world standards.
- Successive governments have paid scant attention to lifting domestic oilseed production, and allowing the import of vegetable oil, that directly hurts domestic primary producers' interests.
- Over the years, the situation has worsened to the extent that currently, as much as **70 per cent of our vegetable oil consumption requirement is imported**.

Issues in the Oil Sector:

- Our imports have reached 15 million tonnes, valued at about \$ 11 billion. Our edible oil security stands utterly compromised because of the omissions and commissions of the government.
- Traders and speculators immensely benefit from this government inaction.
- Liberal or free market import of edible oil for the last 25 years has advanced consumers' interests; but has miserably failed to protect growers' interest.
- Indian oilseed growers are pitiable as they have no capacity to compete with low-priced imported finished products.
- The oilseeds to be targeted **include groundnut, soybean and rapeseed-mustard which together account for over 80 percent of aggregate oilseed output**.

Strategies to Boost Domestic Oilseeds Supplies:

1. Expand Area and Yield:

- ✓ Area expansion can be achieved through crop diversification in grain mono-cropping area of Punjab, Haryana and Uttar Pradesh.

- ✓ This will result in multiple benefits, including arresting environmental degradation and augmentation of oilseeds supplies, which will result in reducing the dependence on vegetable oil imports and help increase domestic processing capacity utilisation.
- ✓ **Yield increase can be achieved by Adopting Technology.** It is critical that multiple technologies are adopted for boosting oilseed cultivation — information technology, biotechnology, satellite technology, nuclear agriculture technology, nanotechnology, drones and so on.
- ✓ Breakthroughs in seed technology can help boost oilseeds production.

2. Curb/regulate Imports:

- ✓ Excessive, speculation-driven, unrestrained import of vegetable oils needs to be curbed. It can be achieved through strict regulation of the import trade.
- ✓ Imposition of an annual ceiling on vegetable-oil import volume, registration of import contracts, close monitoring of imports and a system of dynamic tariffs are strongly recommended.
- ✓ Ceiling on vegetable oil import and augmentation of domestic supplies will boost capacity utilisation in the oilseed crushing mills and solvent extraction plants, providing several spin-off benefits.

3. Boosting consumption:

- ✓ Support consumers by including subsidised edible oil under government welfare programmes such as the targeted public distribution system (PDS) and the National Food Security Act.
- ✓ Such a move will help advance the country's nutrition security and allow the financially needy to access cooking oils at Affordable Rates.

4. Oilseed import in lieu of oil:

- ✓ India should consider allowing import of raw material (oilseeds) as partial replacement for vegetable oils.
- ✓ Oilseed import will deliver multiple benefits for the economy. It will help reduce idle capacity in the processing industry and enhance capacity utilisation. This will in turn create more employment and incomes, especially in rural areas.
- ✓ Crushing/extracting imported oilseeds will augment vegetable oil availability on the one hand, and provide oilcake/extraction as animal feed for the livestock industry, on the other.
- ✓ Demand for animal feed in the country's burgeoning livestock sector is set to expand.

5. Modernise Mills:

- ✓ The government must allot adequate funds to modernise oilseed-crushing mills. This step will help improve extraction efficiency.
- ✓ Together with liberal oilseed import policy, mill modernisation can potentially attract even foreign direct investment in the sector.

6. Towards genuine Make in India:

- ✓ To implement real Make in India, large processing plants should be mandated as well as incentivised to establish backward linkages to produce more oilseeds in the country.
- ✓ These processing plants can work in partnership with farmer producer organisations (FPOs) to boost oilseeds (raw material) output.
- ✓ FPOs need hand-holding as well as guidance relating to market dynamics.
- ✓ FPOs can also be trained to undertake exports of oilseeds such as selected groundnut kernels, sesame seed, and niger seed and so on.

Conclusion:

- Strong political will is necessary to creatively disrupt the well-entrenched interests that lobby for status quo.
- Perhaps the time has come to take bold decisions to genuinely move towards self-reliance in oilseeds.