

‘Proposed MSP will provide farmers the cushion’

It will also bring more area under cultivation

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Oil palm developers, who have been demanding for a stable, favourable policy to ensure sustainable growth of the edible oil crop, are elated.

They feel that the National Edible Oil Mission – Oil Palm (NMEO-OP), announced by Prime Minister Narendra Modi on Monday, is long overdue.

“This is what we have been asking for years. This is long overdue as it gives impetus for the growth of a crop with highest levels of oil yields,” Sanjay Goenka, President of Oil Palm Developers and Pro-

cessors Association (OPDPA), told *BusinessLine*. Goenka is also the MD and CEO of 3F Oil Palm Pvt Limited.

“We are yet to see the details of the policy. But we are told that there will be a minimum support price (MSP) component for farmers. This is the biggest addition. This is going to instil confidence in farmers and encourage them to grow the long gestation crop,” he said.

Pricing policy

More farmers taking up oil palm would mean more acreage. And, more acreage would mean increased availability of raw palm oil.

This, in turn, would mean, reduced oil bill for the country. In the absence of a long-term policy that ensures a predict-



Sanjay Goenka, President, Oil Palm Developers and Processors Association

able and secure pricing, the oil palm developers are not able to convince the farmers to go for the cultivation of the crop.

The CACP (Commission for Agricultural Costs and Prices) has evolved a formula to determine the cost of cultivation of oil palm, with two variables

The new policy would help the country tap its full potential of 20-25 lakh hectares against the present acreage of 2 lakh hectares

of extracted oil and price of palm oil. According to the formula, farmers would get 80 per cent share of the total realisation (extracted oil), while the industry gets the remaining 20 per cent.

Untapped potential

Though the price is fixed based on this formula, the proposed new component of MSP would trigger the growth as it offers a cushion to farmers in times of a crisis.

Goenka said the new policy would help the country tap its full potential of 20-25 lakh hectares against the present acreage of 2 lakh hectares.

“The coastal areas, which is closer to tropical climate with high humidity levels, and the North-Eastern States with very heavy rainfall are suited for the cultivation of the crop. It is encouraging to note that the new policy would focus on the North-Eastern region,” he said.

“The estimations on the potential can change when we add the newer geographies of the North-East and the Andamans,” he said.

What the industry wants

He, however, wanted the government to provide financial incentives to the companies from the mainland to go and

invest in the North-East. “It is a highly capital-intensive industry. You need to be ready with full capacities, while it takes six-seven years for the plantation to become ready for a peak production,” he said.

“You need to invest a lot. We expect the government to provide support financially,” he said.

The industry also wanted the Government to ensure a long-term policy stability and maintain sanctity of zonalisation.

“It is a long gestation crop. It takes 10 years to see any returns. While companies are expected to procure every kilogram of the highly perishable fruit, the farmers in the area are under obligation to sell the produce to the company in question,” he said.