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Positive outlook. Indian oil palm industry gaining momentum

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There is huge opportunity for the industry to grow further

BY NASIM ALI

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It is estimated that the world population will grow from 7.6 billion to 9 billion by 2050. Demand for food will keep rising whereas total arable land will remain at 3,080 million hectares (mh) globally.

To ensure global food security and nutrition demand, land productivity has to increase manifold to the extent of 40 per cent in the next 25 years through the application of appropriate technologies.

India attained self-sufficiency in foodgrains — rice, wheat, and sugar. But the production of oilseeds and edible oils is far short of the country's consumption. India is blessed with various agro-climatic conditions. The total potential area in the country for growing oil palm has been estimated at around 2.7 mh.

We are largely depending on imports to meet edible oil requirements with a 15 per cent global share, followed by China and the US. In India, palm oil constitutes more than 60 per cent of the import basket, followed by 25 per cent and 12 per cent of soybean and sunflower respectively.

→ Also read: [Growth trajectory and prospect of oil palm in India](#)

Working on mission mode

Oil palm as a smallholder irrigated crop was introduced from 1990 onwards. It has demonstrated positive growth potential in India. The practices and policies since the beginning of the promotion of oil palm cultivation were an alternative to cash crops or as a multi-crop with existing food crops and without deforestation.

In addition, the various mission and policies clearly State that there will be no use of the peat land and High Carbon Stock (HCS)/High Carbon Value (HCV) — for oil palm cultivation. This started yielding the industry to grow and flourish without

controversy.

The government of India is working on a mission mode to make India self-reliant in edible oil production, under which [National Mission on Edible Oils-Oil Palm \(NMEO-OP\)](#) has been launched in August 2021.

Andhra Pradesh and Telangana demonstrated their yield potential more or less on par with other major oil palm growing countries but the States such as Tamil Nadu, Karnataka, Odisha, Chhattisgarh, etc. including the North-East (N-E) States have yet to deliver the result significantly.

However, there is a need to Review the progress of effective area coverage across various States, since the launch of NMEO-OP, by engaging an independent team of professionals by the State government and the Ministry of Agriculture, government of India jointly.

→ Also read: [Oil Palm: Life to livelihood, good health](#)

Higher per acre productivity

A significant advantage of palm oil production per hectare over other domestic traditional oilseeds such as groundnut, mustard, sunflower and soybean is 6X, 7.5X, 13X and 16X times, respectively.

The awareness and penetration of bringing the area under oil palm through the farmers in Andhra Pradesh and Telangana is reasonably high compared to other prospective oil palm growing States including N-E States in India.

Oil palm is being grown sustainably by [adopting responsible practices](#), engaging various stakeholders transparently, and the [industry's support for the successful implementation of various policies](#) from time to time.

As per the land use pattern (2021), it is found that the total forest area as a percentage of land area in the world and India is 31 per cent and 24.6 per cent, respectively.

Similarly, total agricultural land as a percentage of land area in the world and India is 38 per cent and 61 per cent, respectively. The total area under oil palm in the world is over 19 mh and in India is around 0.4 mh.

Extension services rendered over the past three decades along with companies' reputation and value among growers have provided a huge strength today to rely on.

The oil palm industry in India has [been on a good growth trajectory](#) with a strong foundation and is evidenced by expanded processing capacity, establishing of a palm oil refinery, and spreading its wings further to new areas including N-E States and intend to improve its margin continuously.

The inclusive approach by the Ministry of Agriculture, government of India, and States along with developer cum processing companies and farmers can turbocharge oil palm development in India.

→ Also read: [Towards self-reliance in edible oils](#)

Core strategy

Probably, the core strategy of a few companies is a resilient integrated agro-business model. Oil palm will be at the centre of anything that happens in the edible oil sector in India.

We need to build confidence among the growers in oil palm growing States in India. It is possible through productivity improvement per hectare across India and ensuring a sustainable and remunerative income consistently for the oil palm growers.

The processors should leverage their relationship with growers to ensure that the right technology and advice are provided to them with a real-time solution.

Despite macroeconomic challenges at present, oil palm companies should continue to strengthen their business through investments and operational streamlining and through expansion of their footprint in new States. Processing companies should ensure "growth-intensive profit", not mere profit only.

→ Also read: [Opportunity for value-addition in Indian oil palm industry](#)

On the philanthropy front, the major processors should spend about 0.20 per cent of their net profit on social programmes in their operating areas.

Once we can achieve the milestone of 2.7 mh area under oil palm through farmers, India will be self-reliant to a great extent in edible oil production along with other

traditional oil seeds production. I am extremely optimistic about the future of oil palm in India.

There is a huge opportunity for growth in the country and believe unequivocally that we are in a position to take advantage of that opportunity in association with the respective State government and government of India, though it may take more than a decade. India will turn from a larger importer to the largest producer of edible oil.

(The author is Former CEO-Oil Palm Plantation, Godrej Agrovet Ltd. Views expressed are personal)

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