

## National Mission on Edible Oil-Oil Palm

### What is the National Mission on Edible Oil-Oil Palm?

The National Mission on Edible Oil-Oil Palm (NMEO-OP) is a new **centrally sponsored scheme** that was announced by the Prime Minister during his independence day speech in 2021.

- The scheme basically aims at self-reliance in edible oil and has been allocated an outlay of Rs. 11,040 crore over a five-year period.
  - Out of this, the centre will provide Rs 8,844 crore and the states' share is Rs 2,196 crore.
- The aim of the scheme is to raise the domestic production of palm oil by three times to 11.20 lakh tonnes by 2025-26 and to 28 lakh tonnes by 2029-30.
- The scheme has a special focus on the Andaman and Nicobar Islands and the Northeastern region of India.
- The scheme has been announced at a time when the prices of edible oils have been rising over the past few months.
  - There was a 52% hike in the prices in July 2021 compared to the same time last year.
- It is proposed to have an additional 6.5 lakh hectares for palm oil by 2025-26. The ultimate target is to reach 10 lakh hectares.
- The National Mission on Oilseeds and Oil Palm (NMOOP) had been launched by the GOI In 2014-15. From 2018-19, the NMOOP was merged with the National Food Security Mission (NFSM) as NFSM-OS&OP. The new scheme NMEO-OP will subsume the NFSM-OS&OP.

### NMEO-OP Features

Under this mission, farmers who opt for palm oil cultivation will receive price assurance from the government which will hedge the farmers from price volatility.

- This is a Minimum Support Price-type mechanism and the government will fix this at 14.3 per cent of crude palm oil (CPO) price.
- This will eventually go up to 15.3%.
- The scheme also has a sunset clause which is November 1, 2037.
- This price assurance given to the farmers is called the Viability Price (VP).
  - VP is the annual average CPO price of the last 5 years adjusted with the wholesale price index to be multiplied by 14.3 %.
- The deficiency price payment would be done through direct bank transfer to the farmers' accounts.
- To provide additional assistance to the cultivators of the northeast and the Andaman and Nicobar Islands, the government will bear a cost of 2% of the CPO price to ensure that the farmers are paid at par with the rest of the country.
- Another focus area of the scheme is to substantially increase the support of inputs/interventions.

- To replant old gardens for their rejuvenation, special assistance will be given at the rate of Rs 250 per plant.
- Assistance for planting material for oil palm has been increased from Rs 12,000 per ha to Rs.29000 per ha.
- Maintenance and intercropping interventions also see a substantial increase.
- Seed gardens will be given assistance up to Rs.80 lakhs for 15 ha. in the rest of India and Rs.100 lakhs for 15 ha in North-East and Andaman regions.
- To attract industry to the NE and Andaman regions, a provision of Rs 5 crore of 5 mt/hr unit with pro-rata increase for higher capacity will be given.

## National Mission on Edible Oil-Oil Palm Significance

India is the biggest consumer of edible oils in the world. Edible oils form India's third-biggest import, after crude oil and gold. Of the vegetable oil imports, about 55% is constituted by palm oil. India produces far less than what it consumes annually and the demand is fulfilled by importing vegetable oils. Palm oil is imported from Malaysia and Indonesia. Sunflower oil is chiefly imported from Ukraine and Russia and soybean oil from Brazil and Argentina.

More than 94% of the palm oil is used in the food industry, especially for cooking purposes. The mission is aimed at making India 'atmanirbhar' in edible oils like how it has achieved for rice, wheat and sugar. The mission assumes significance when taking into account the projected demand for edible oils, which is set to touch 20 million tonnes by 2030 on account of the changing food habits and soaring disposable income.

The mission is also crucial to increasing farmers' incomes since palm oil has the potential to provide the highest return on investment per acre compared to other commercial crops.