

Challenges. Substantiate

Palm oil continues to occupy $\frac{1}{3}$ rd of total needs and nearly 40% of the commodity import bill. Production facilities in India are spread out in Andhra Pradesh, Telangana, Karnataka regions only supplement basic needs in country. Self reliability of palm oil industry face enormous challenges in India.

1) Land availability

Initially allotted 19.33 lakh hectare under Technology Mission on oil seeds is improperly allocated. To further increase production, clearing of rain forests would bring indigenous communities into conflict. Social consequences of land acquisition widens economic inequality problem.

2) Income uncertainty

Palm oil trees have long gestation period of at least 3 years. Small farmers vulnerable to income fluctuation find them unattractive option of cultivation and harvesting.

3) Income realisation is low

The farm gate price procured is far lower than refined oil sold in market. Further, the price of Fresh Fruit Bunches (FFB) keeps varying depending on market demand [average imported palm oil] and oil recovery rate.

4) Technological backwardness

- Cost cutting technology lacks the palm oil industry. This causes stagnation in production leading to lower capacity utilisation.
- Irrigation cost on farm lands cause heavy expenditure.
- The hard labour relied for climbing palm trees finds no interested workers.

5) Environmental concerns

- Palm oil cultivation involves clearing of large tracts of rainforest and peatlands.
- It adds on to carbon negative activity, at a time when environment

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Problems are becoming policy concerns of government
→ Lack of regulation at refinery industries adds to pollution cost.

6) Lack of government aid

- There is no hand holding policy by government to revitalize the supply chain infrastructure.
- Guaranteeing MSP could be done by converting crop into 'Plantation sector' which allows market factors to decide on price.
- Farmers are thus subjected to black marketism without government focus

7) External vagaries

- Tropical rainforest ecosystem with monsoon fluctuations have resulted in 40% lesser yield per hectare than in Indonesian plantations
- Global economic slowdown episodes, rise of environment consciousness have reduced demand from EU countries affecting export sector, closing the opportunities

Self reliance reduces our import bill. The step towards achieving them would include regularisation of supply chain market, agricultural incentives, creation of farmer producer organisation. These developments though should not supersede sustainable environment.