AIMS TO IMPROVE YIELDS AND INCREASE THE AREA UNDER CULTIVATION

Govt plans to boost oilseeds output, cut imports

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IN AN ATTEMPT to reduce India's high dependence on edible oil imports, the government is looking to boost the domestic production of oilseeds. The plan is to increase yields, expand the area under cultivation and introduce a dynamic import duty structure so that domestic prices are not impacted by cheaper imports.

The government is also making arrangements for the assured procurement of oilseeds such as mustard, soybean and groundnut at the minimum support price (MSP) from farmers as promised by agriculture minister Shivraj Singh Chouhan.

Sources told *FE* that the agriculture ministry has identified 600 clusters across 347 districts in 20 states to boost the production of oilseeds, especially mustard, groundnut, soybean, sesame, and niger seeds. "Through the introduction of high-yielding seed varieties and creation of seed hubs and storage facilities, we expect to boost oilseeds yield from 13.5 quintal/hectare currently to 21.1 quintal/hectare by 2030," an official said.

In addition, the expansion of oilseed cultivation in traditional areas and non-traditional areas such as rice-fallow or potato-fallow and through intercropping is being worked out. India is the world's second-largest consumer and biggest importer of vegetable oil. It meets about 58% of its consumption needs of around 24 million tonne (MT) annually through imports. Trade sources estimate that domestic consumption is likely to increase to around 30 MT in the next three-to-four years.

According to an official note, a lower import duty structure on cooking oil ensures that farmers find it less profitable to grow oilseeds due to lower selling prices compared to imported prices.

Currently, crude palm, soybean, and sunflower oil imports attract only a 5% agri infra cess and a 10% education cess, resulting in a total tax incidence of 5.5%. Because of record imports, domestic prices of edible oil varieties such as mustard and soybean have been impacted.

Sources said that despite having a record mustard production of 13.16 MT in 2023-24 crop year (July-June), the mandi prices were ruling below the MSP and the government agencies have purchased 1.2 MT of mustard from the farmers in key producing states of Haryana, Madhya Pradesh, Rajasthan and Uttar Pradesh this season.

Earlier, the Commission for Agricultural Costs and Prices (CACP), which recommends the minimum support price for the 23 crops to the government, had suggested extending the national mission on edible oils to major oilseeds such as mustard, soybean, sunflower and groundnut, and ensure higher participation of the private sector in procurement operations of oilseeds.

The country is aiming to increase domestic palm oil production from the current level of 0.4 MT to 2.5 MT by 2032 under the national oil palm mission by adding at least 0.1 million hectare of new plantation annually in the five-to-six years.

To boost domestic supplies, the government has extended the lower import duty structure for palm, soybean and sunflower oils by a year till March 31, 2025, which the industry had stated would adversely impact processing and prices of domestic oilseeds.

India's import of edible oils — palm, soybean and sunflower — rose 17% on year to a record 16.47 MT in the 2022-23 oil year (November-October), helped by lower import tariffs of only 5.5% on crude oil imports. The import of edible oil last oil year was valued at ₹1.38 lakh crore.

Currently, India produces about 44% of its domestic edible oil consumption requirement.

In the domestic production of edible oils, mustard has a share of 40%, soybean 24% and groundnut 7%. India's annual imports are around 13-14 MT. Around 9 MT of palm oil is imported from Indonesia and Malaysia, while others such as soya and sunflower come from Argentina, Brazil, Ukraine and Russia.