If govt wants Aatmanirbharta in agriculture, oil palm is a crop to work on

Context:

- For a large country like India with a 1.37-billion population, much of the food has to be produced at home i.e. self-reliant in agricultural sector.

What is the difference in situation between 1960s & now?

- During the 1950s & 60s, India was in a situation of 'ship to mouth', where in it was dependent on food aid from other countries.
- However, today India has been a net exporter of agri-produce.
- In 1960s, if India had spent all its foreign currency reserves (about $400 million) just on wheat imports, it could import about 7 million tonnes (mt) of wheat.
- Today, India has foreign exchange reserves of more than $500 billion. Therefore, for importing 20 mt of wheat at a landed cost of $250/tonne, it would cost just $5 billion, which is simply 1% of India's foreign exchange reserves.
- Therefore, the biggest reform of the last three decades that has given aatmanirbharta in food is the correction of the exchange rate, coupled with the gradual integration of India with the world economy.

What is the Agri-trade scenario in India?

- Over the last 10 years (2010-11 to 2019-20) India has been a net exporter of agri-produce. In fact, it has been so ever since reforms began in 1991.
- The golden year of agri-trade has been 2013-14: exports at $43.6 billion and imports were at $18.9 billion, giving a net trade surplus of $24.7 billion
- For the past five years, agri-exports have been sluggish and sliding
- Agri-exports in 2019-20 were just $36 billion, and net agri-trade surplus at $11.2 billion.

How to increase the agri-trade surplus in coming years?

Agri-trade policy to be based on principle of "comparative advantage:

- That means exporting more where we have a competitive edge, and importing where we lack competitiveness.
- The current agri-export basket of 2019-20 gives a sense of "revealed comparative advantage".
- Marine products with $6.7 billion exports top the list followed by rice at $6.4 billion, spices at $3.6 billion, buffalo meat at $3.2 billion, sugar at $2.0 billion.

Diversification of subsidies:

- Rice and sugar are heavily subsidised through free power and highly subsidised fertilisers, especially urea.
- Together, the power and fertiliser subsidies account for about 10-15% of the value of rice and sugar being produced on per hectare basis.
- This is leading to virtual export of water as one kilogram of rice requires 3,500-5,000 litres of water for irrigation, and one kilogram of sugar consumes about 2,000 litres of water.
- However, we don't give similar incentives for exports of high-value agri-produce like fruits and vegetables, spices, tea and coffee, or cotton. Thus, there is a need to provide subsidies to these crops as well.

Giving boost to Oil Palm:

- On the agri-imports front, the biggest item, edible oil, is worth about $10 billion (in quantity terms, about 15 mt plus).
- Thus, there is a need for augmenting productivity and recovery ratio of oil from oilseeds, and in case of palm oil, from fresh fruit bunches.
- While mustard, sunflower, groundnuts, cottonseed have potential to increase oil production to some extent, the real potential lies in tapping oil palm.
- Oil Palm is the only plant that can give about four tonnes of oil on per hectare basis.
- India has about two million hectares area suitable for oil palm cultivation, which can give 8 mt of palm oil.

Conclusion:

- If the government wants Aatmanirbharta in agriculture, oil palm is a crop to work on.