Edible Oils Deficiency

What is the issue?

- The Commerce Ministry has made a plea to the Agriculture Ministry.
- It pleaded to work out a plan for self-sufficiency in edible oils is based on sound economic reasoning and, therefore, merits urgent action.

Why this plea was made?

- Purchase of cooking oil from abroad account for 65-70% of the domestic requirements.
- This makes it the **third largest import item** after crude oil and gold.
- **Pricing policies and tariffs** have turned oilseeds cultivation uneconomical vis-à-vis imports.
- They have also jeopardized the viability of the domestic oilseeds-processing industry.
- A sizable part of the local vegetable **oils-crushing capacity is lying idle** or underutilised.
- Oil-meal exports, too, have been adversely hit.

Is it the first time this is happening?

- It is not for the first time that attention has been drawn to the need to shed such critical dependence on shipments from abroad for a mass-consumed essential item like a cooking medium.
- Union Finance Minister had called for attaining self-reliance in oilseeds in her Budget speech 2019.
- She had cited the example of pulses, where such a feat has recently been achieved.
- However, what is often not realised is that pulses and oilseeds are wholly different things, facing different challenges and requiring different strategies for breakthrough in production.

What is the difference?

- Both have been victims of **imprudent policy regimes** and **misguided**

market interventions.

- But, their response to these irritants has been dissimilar.
- This is chiefly because of external factors, notably availability and price trends in the international market.
- The **domestic prices** of pulses weren't affected much by the frequent changes in import duties due to limited supplies in the global market.
- But the domestic prices of the oilseeds tended to get depressed due to the abundance in availability.
- The **technology** (read high-yielding crop varieties and improved agronomic techniques) to step up oilseeds output already exists.
- The huge gap in yields recorded at the research farms and the farmers' fields is clear evidence of that.
- However, oilseeds growers are wary of investing in this technology because of **uncertainties about the returns** under the present pro-consumer but anti-producer policy regime.
- The key to self-sufficiency in cooking oils is the **remunerative prices** for the produce.
- This was appreciated when high prices had transformed India from the world's largest vegetable oil importers into a net exporter in the late 1980s and the early 1990s.

Does the Oilseed Technology Mission have significance now?

- The trigger for what was then hailed as the "**yellow revolution**" was the setting up of the Oilseed Technology Mission in 1986.
- It was set up with unbridled freedom to formulate and implement policies concerning the import, export, and domestic pricing of oilseeds.
- The Mission allowed edible oil prices to fluctuate freely within a stipulated band that **guarded the interests of both producers and consumers.**
- Market interventions were carried out only when the prices tended to breach the set limits.
- Unfortunately, this Mission was allowed to gradually degenerate by curbing its autonomy and expanding its workload in the mid-1990s.
- This squandered the gains and pushed the country back to the cooking oil-deficit era.

What is needed now?

- An avatar of the Oilseed Technology Mission, with the same kind of powers and a similar remunerative prices-based strategy is needed.
- This is needed again to resurrect the yellow revolution and achieve self-sufficiency in edible oils.

Source: Business Standard