An oil palm plan for India

(GS Paper 3, Economy)

Context:

- The recent World Trade Organisation's (WTO) 12th Ministerial Conference in Geneva, struggled to find satisfactory answers to some of the complex questions pertaining to global trade.
- These questions relate to **waiving the** Trade-Related Aspects of Intellectual Property Rights **(TRIPS) regime on vaccines during public health emergencies** such as the Covid pandemic, loosening the rules on public stockholding for food security purposes, reducing/eliminating subsidies on fisheries, resolving contentious issues in e-commerce and reforming the WTO.
- The ministerial conference is the top decision-making body of the agency whose basic goal is to ensure that trade flows as smoothly, predictably and freely as possible, based on some agreed-upon rules.

Inward-looking approach:

- As far as agriculture, trade and food security are concerned, the challenge is to figure out the most appropriate trading rules in dire situations like pandemics, wars, social/political disruptions or natural disasters.
- Many countries become inward-looking in such times and impose outright export bans citing domestic food security needs.
- **Recent examples include Russia's export** ban on wheat and sunflower oil, **Ukraine's ban** on exports of food staples, **Indonesia's ban** on palm oil exports, **Argentina's ban** on beef exports, **Turkey, Kyrgyzstan and Kazakhstan's ban** on a variety of grain products, and **India's wheat export ban.**
- Sudden actions such as these exacerbate the pressure on global trade leading to a spike in the prices of these commodities, threatening the food security of net food-importing countries.

"Self-sufficiency" & "Self-reliance":

- Supply disruptions during the pandemic and the Russia-Ukraine war have led many nations to think about **"self-sufficiency" in critical food items** or at least reduce their "excessive dependence" on imports of essential food products. India is no exception.
- India's edible oil import bill in 2021-22 (FY22) crossed $19 billion (for more than 14 MMT of imports). **India imports 55 to 60 per cent of its edible oil requirements**. This is considered "very excessive" and efforts are on to reduce this dependence.
- It would be interesting to keep in mind that "self-sufficiency" and "self-reliance" are two different concepts with very different policy implications.
- While "self-sufficiency" would imply replacing all imports of a commodity (say edible oils in India's case) at any cost (thus raising import duties exorbitantly), "self-reliance" would continue to embed the principle of "comparative advantage" in the endeavour to reduce dependence on imports.

India's agri-exports & imports in FY22:

- The country's agri-exports in FY22 touched $ 50.3 billion against its agri-imports of $ 32.4 billion. This means that Indian agriculture is largely globally competitive.
- But its biggest agri-import item, edible oil, accounts for 59 per cent of India's agri-import basket. This is despite the quite high import duties that have generally been imposed on edible oil imports.
- **Palm oil comprises more than 50 per cent of India's edible oil imports**, followed by soybean and sunflower.

- Edible oil imports are followed by fresh fruits and vegetables (F&V), pulses, spices and cashew among others.

National Edible Oil Mission-Oil Palm (NEOM-OP):

- The "excessive dependence" on imports has raised the pitch for "atmanirbharta" in edible oil. The Prime Minister launched the National Edible Oil Mission-Oil Palm (NEOM-OP) in 2021.
- Indian policymakers are aware that achieving **atmanirbharta in edible oils through traditional oilseeds** such as mustard, groundnuts and soya **would require an additional area of about 39 million hectares under oilseeds.**
- Such a large tract of land will not be available without cutting down the area under key staples (cereals) – this could endanger the country's food security even more.

Need for enhancing palm oil cultivation:

- A **rational policy option to reduce import dependence in edible oils** is to develop oil palm at home and ensure that it gives productivity comparable to that in Indonesia and Malaysia, about four tonnes of oil per hectare, which is more than 10 times mustard can give at existing yields.
- India has identified 2.8 million hectares of area where oil palm can be grown suitably. So far **the objective of NEOM-OP is to bring in at least 1 million hectare under oil palm by 2025-26.**
- Given the way international prices of edible oils have surged in the last year or so (by more than 70 per cent), it may be time for India to ramp up its efforts in developing oil palm.

Challenges & Roadmap:

- The problem with oil palm is that it is a **long gestation period crop**. It takes four to six years to come to maturity; during this period, smallholders need to be fully supported.
- The support (subsidy) could be the opportunity cost of their lands, say profits from paddy cultivation, which is largely the crop oil palm will replace in coastal and upland areas of Andhra, Telangana and Northeast India.
- Further, the **pricing formula of fresh fruit bunches (FFB) for farmers** has to be dovetailed with a likely long-run average landed price of crude palm oil with due flexibility in the import duty structure.
- One needs to identify trigger points when import duties need to be raised as global prices come down, and when to reduce these duties in case of rising global prices.
- Besides this, the processing industry needs to ensure an oil recovery of at least 18 to 20 per cent – that must be built into the pricing formula.
- The other option is to **declare oil palm as a plantation crop** and allow the corporate players to own/lease land on a long-term basis to develop their own plantations and processing units. This does not seem plausible in the current socio-political context.

Way Forward:

- Overall, unless India thinks holistically and adopts a long-term vision, the chances of reducing India's imports of edible oils from 14MMT in FY22 to 7MMT by FY27 look bleak.

West Seti power project & India-Nepal ties

(GS Paper 2, International Relation)

Why in news?

- India will be taking over an ambitious hydropower project in Nepal, West Seti nearly four years after China withdrew from it, ending a six-year engagement between 2012 and 2018.

Background:

- India's **National Hydro Power Corporation (NHPC)** has already begun preliminary engagement of the site in far-western Nepal following Indian Prime Minister's visit to Lumbini in May.
- The current government in Nepal declared that since India was Nepal's power market and it had a policy of not buying power from China-executed projects, West Seti would be given to India.

Refusal by China & Australia:

- The CWE Investment Corporation, a subsidiary of China Three Gorges Corporation, had informed the Nepal Government in August 2018 that it would not be able to execute the 750-MW West Seti Hydropower Project it had undertaken on the ground that it was "**financially unfeasible and its resettlement and rehabilitation costs were too high".**
- Prior to that, the Snowy Mountain Engineering Corporation (SMEC) had been refused renewal of its licence following its failure to begin the work "convincingly" during an entire decade from the mid-1990s.
- The Australian company had been given a generation licence for 30 years under a Build, Own, Operate and Transfer (BOOT) scheme.

India a feasible market for Nepal:

- Nepal is rich in power sources with around 6,000 rivers and an estimated potential for 83,000 MW.

- India has formally approached Nepal on many occasions, seeking preferential rights over Nepali waters should it match offers coming from elsewhere.
- India is viewed as a feasible market for Nepal, but there has been some uncertainty in Nepal over **India's inability to deliver projects on time**. India has undertaken to harness or expressed intent to harness major rivers in the north.

Failures:

- An ambitious **Mahakali treaty was signed back in 1996, to produce 6,480 MW**, but India has still not been able to come out with the Detailed project Report.
- The **Upper Karnali project,** for which the multinational GMR signed the contract, has not made any headway for years. Also, one reason SMEC had to wind up was its failure to enter into a power purchase agreement with India.

Achievements:

- What has helped build faith recently is India's success in executing the **900-MW Arun Three project** in eastern Nepal's Sankhuwa Sabha.
- It is being **executed by India's Sutlej Vidhyut Nigam under a BOOT scheme**, and whose foundation was laid in 2018 and which is set for completion by 2023.
- During his first visit as PM to Nepal in 2014, Modi had said India must start executing its projects timely.

West Seti Project:

- Sutlej Vidhyut Nigam is being awarded the **695-MW Arun Four project**, followed by the decision to award West Seti to NHPC.
- Estimated to cost Nepali Rs 104 billion (Indian Rs 6,500 crore), the project is envisaged to provide Nepal 31.9% electricity free. Besides, locals affected by the project are being given a share of Nepali Rs 10 million plus 30 units of electricity per month free.
- Nepal's Constitution has a provision under which any treaty or agreement with another country on natural resources will require Parliament's ratification by at least a two-thirds majority. That will also mean homework will be required before any hydro project is signed and given for execution.

Power shortfall in Nepal:

- Nepal has a massive power shortfall as it generates only around 900 MW against an installed capacity of nearly 2,000 MW.
- Although it is currently selling 364 MW power to India, it has over the years importing from India.

How West Seti can be a defining model for Nepal India's power relations?

- It is still not clear what changes or expansion the NHPC will propose to the project initially planned at 750 MW, but the project will be a storage scheme generating power round the year to be supplied to India, either for domestic consumption or for the trade through its national grid.
- And its success is expected to restore India's image in Nepal and give it weightage in future considerations for hydropower projects, when competition is bound to be tough.
- West Seti, therefore, has the potential to be a defining model for Nepal India's power relations in future.

Recognising the 'compulsory' woman worker

(GS Paper 2, Social Justice)

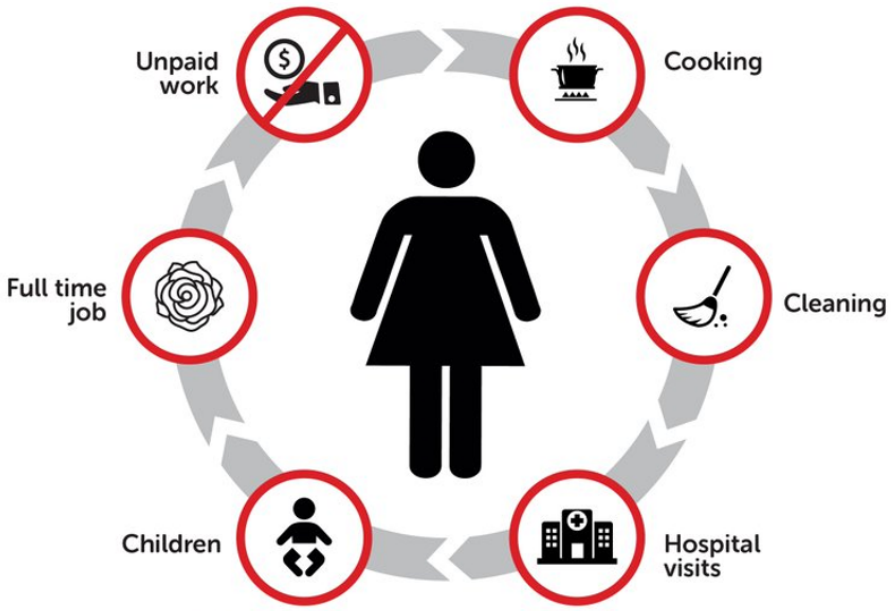
Context:

- The Centre for Monitoring Indian Economy (CMIE) reported that the **labour participation rate of rural women was 9.92%** in March 2022 compared to 67.24% for men. This is a cause for concern.
- According to CMIE, millions who left the labour market stopped looking for employment "possibly too disappointed with their failure to get a job and under the belief that there were no jobs available".

Phenomenon of discouraged workers:

- In countries like the U.S., Canada and Australia, such workers who are willing to work but give up searching for work for various reasons are called **'discouraged workers'** and they are included in the unemployed category.
- This phenomenon, not captured in India by any official labour force surveys, is wrongly described as women "dropping out" or "leaving the labour market" giving the impression that this was a choice made by them, whereas, **actually, women are pushed out of employment**. The CMIE provides valuable inputs for urgently required government intervention in rural India.
- Ground-level realities are worse than what the CMIE suggests and what the government denies. Women who belong to landless households or with meagre landholdings cannot afford the luxury of being "discouraged." These are the "**compulsory" workers**.

Women do a lot of **unpaid care work** at home: they cook and clean and take care of the sick and in case they have children, they are often the parent doing the bulk of raising them. This is on top of working full time jobs in the public sphere. **Unpaid care work needs to be recognized as billable labour.**



The depths of distress:

- The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) sites are probably the best places to understand the compulsions of millions of women to work.

Case study of compulsory workers in India:

- One particular project in Kalaburagi district focuses on **creating more than 200 percolation ponds**, which are designed to address the declining levels of ground water and to help recharge wells. This project provides a few workdays to an estimated 300 workers from four villages.
- The soil is hard and dry and the project stretches over several kilometres. The women, who outnumber the men, work in women-only pairs. They dig and lift the mud.
- In the searing heat, they have to dig a 10X10X1 tank in a day. An assistant to the officer-in-charge estimated that because the soil is hard and stony, this would mean digging and lifting about 3,000 kg of mud a day. Since most of these women are unable to complete this task, they do not get the piece rate of Rs. 309; they get only Rs. 280 to Rs. 285.
- There was no crèche at the site. There was no water, so women took turns to walk a kilometre to a water source to fill their two-litre bottles.
- But despite the difficult conditions, **every worker on the site complained about getting only about 40 days of work in a year**. They wanted more as they regard MGNREGA work as their savior. The fact that they want to do more of this punishing work reveals the depths of the distress of poor rural households.

Other odd jobs:

- During the agricultural season, all the women worked on the lands of others, earning around the same as on the MGNREGA site. But the mechanisation of agricultural operations has drastically decreased workdays to less than three months a year.
- Many women therefore become part-time construction workers. They are hired by a network of "mistries" working for contractors. They migrate to construction sites for a few months, with their families or with other women from the village.
- So, **going by the anecdotal evidence of women at a MGNREGA site**, an individual woman in the course of a year is a MGNREGA worker, an agricultural worker, a construction worker, a migrant worker, a self-employed street vendor, a tailor, an odd job domestic worker, and a home-maker doing multiple domestic chores.

Providing minimum wage:

- Almost every woman spoke of being trapped in debt. What the women earn from multiple tasks for which there are no fixed piece rates is in no way equal to the amount of labour they do.
- The dismantling of labour laws in urban areas has weakened labour departments. Implementation of minimum wage in rural India is conceivable only with strong movements of agricultural workers' unions. While there should be **strict implementation of minimum wages with piece rates** fixed for different types of women's labour, it is unfair that landless manual labourers in rural India are denied the pitiful government annual cash transfer of Rs. 6,000 given to land-owning farmers.
- While **rural labourers should also be entitled to a similar cash transfer**, the schedule of rates for women at MGNREGA projects based on impossibly high productivity rates must be lowered and the work sites made more worker-friendly.

Way Forward:

- With the deep penetration of capitalist processes in rural India, there is a crisis of livelihood options. Poor women adopt various strategies to deal with it.
- The invisibility of women's work can be addressed through time use surveys.
- The village-level time use surveys done by the Foundation for Agrarian Studies, for instance, revealed the extent of women's work. In fact, widespread surveys of poor rural women and how they spend their time are an urgent necessity.
- The 'compulsory' woman worker must be recognised and protected by laws and policies that address her issues, while India celebrates the 75th year of Independence.

UN study points to difficulties in breeding cheetahs in captivity

Why in news?

- **Cheetahs are "notoriously difficult to breed in captivity",** a new study by CITES affiliated to the United Nations has found based on long time research on cheetah breeding in captive facilities in Africa.
- The study commissioned by the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora (CITES) will be discussed by countries in July in Geneva.

Why it matters more for India?

- The comprehensive study conducted by the CITES group of the **International Union for Conservation of Nature (IUCN)** with two other organisations comes at the time when **India has decided to import 8-10 cheetahs from South Africa and Namibia** for breeding in captivity in **Madhya Pradesh's Kuno Palpur National Park**.
- The first batch of cheetahs from the two countries are expected to reach Kuno by end of August.
- As of now, cheetah experts, two from South Africa and one from Namibia, are studying the changes made in the Kuno habitat for cheetah relocation and breeding.

Challenges before captive breeding in India:

- South Africa is the world's largest exporter of live cheetahs. Export of cheetahs from two breeding centres in South Africa are allowed for "commercial" purpose, although most of the export is reported for non-commercial zoo purpose. India is also getting cheetah from one of these centres.
- Looking at the ecology of Kuno and associated prey base, captive breeding of cheetahs may not be easy.

- In absence of certification for confident captive breeding, direction of the introduction programme for cheetah raises many pertinent questions. Translocation of cheetahs would be from one captive centre to another and there are many questions over whether they can ever be released into the wild.
- Female cheetahs are solitary and roam vast distances, whereas males defend smaller territories and mate when female pass through, creating breeding issues. The breeding rate among cheetahs is lower than other big cats, such as tigers and lions, the studies have pointed out.
- In addition, the **cheetah's genes pose a challenge to their continued survival**, with low rate of reproductive success, research has found. With fewer offspring, cheetah populations can neither grow nor adapt to changes in the environment, especially habitat change.
- Even the national action plan for cheetah translocation released in January 2022 hinted at the animal's low reproduction issues. The plan says the Kuno has current capacity to sustain 21 cheetahs in 15 years and 36 after 30-40 years.

Cheetah reintroduction in India: A timeline:

- More than 117 years after the project to rehabilitate lions from Africa failed, the government has readied an enclosure for cheetahs in the dry deciduous forest landscape of Kuno Palpur.
- In 1905, 10 lions were brought from Africa. Of them, seven reached, who were killed by local villagers. Kuno had lost all its lions by 1872 and cheetahs by early 1920s.
- In 2010, India embarked upon a new journey for reintroduction of the cheetah into the wild. The plan was to bring cheetahs from Africa and release them in wild to repopulate the cheetah population in the country. Kuno was selected as the habitat where the cheetahs could be relocated.
- However, the project got stuck as some wildlife activists moved the Supreme Court against the project, saying it was not feasible. The top court struck down the proposal, agreeing with the critics that the survival of the cheetah in a changed ecological demography was difficult.
- However, in 2018, the Madhya Pradesh government revived the project, asking the court to consider the project afresh.
- The court agreed and, in 2020, appointed an expert committee headed by retired Indian Administrative Service officer, M K Ranjit Sinh, to examine the wildlife areas suitable for the cheetah.
- The committee in January 2021 selected Kuno National Park as first destination for the cheetah translocation project. The apex court gave its go-ahead.