CHAPTER – IV
GOVERNMENT POLICIES TOWARDS OIL INDUSTRY

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CHAPTER – IV

GOVERNMENT POLICIES
TOWARDS OIL INDUSTRY

4.1 INTRODUCTION:

INDIAN AGRICULTURE, during the last 3 decades, has made considerable progress, particularly in respect of food crops such as wheat and rice in irrigated areas, through the much-touted green revolution of the 1960s. However, performance has not been so good in respect of other crops like oilseeds, pulses, and coarse cereals. Therefore, after achieving self-sufficiency in food grains, the government is of late focusing attention on these agricultural commodities. The oilseed sector has been an important area of concern and interventions for Indian policy makers since the early 1970s when India first became deficit in edible oil. Interventions have been significant, including measures such as price support, technological and market interventions, trade barriers (tariff and non-tariff), and licensing provisions.

India occupies a prominent position on the oilseeds map of the world in terms of both acreage and production. The Indian vegetable oil economy is the world’s fourth largest after the United States, China, and Brazil. The following table 4.1 shows the share of percentage in Acreage/Production of India in the world.
### Table 4.1
Share of Percentage in Acreage/Production of India in the World

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Percentage Share in Acreage/Production of India in the World</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>Oilseeds Output</td>
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<td>2.</td>
<td>Edible Oil Production</td>
<td>6.6</td>
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<td>3.</td>
<td>Export of Pool Edible Oil</td>
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<td>4.</td>
<td>Vegetable Oil Production</td>
<td>8.9</td>
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<td>5.</td>
<td>Vegetable Oil Import</td>
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<td>6.</td>
<td>Edible Oil Consumption</td>
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</table>


Currently, India accounts for about 8.4 percent of world oilseeds output, 6.6 percent of global production of oil meal, 6.4 percent of world oil meal exports, 8.9 percent of world vegetable oil production, 5.7 percent of vegetable oil import and 9.9 percent of the world edible oil consumption (Oil World Annual, 2005). This sector has also an important position in Indian agriculture covering an area of about 23.4 million hectares (12.5% of gross cropped area for 2000-01) and total production of about 25.14 million tonnes in 2003-04. Oilseeds accounted for about 10.8 percent of the value of output.
from agriculture and about 1.8 percent of the gross domestic product (at current prices) during 2003-04 (CSO). In the last 5 years, oilseed production in the country has increased from 24.7 million tonnes (1998-99) to about 25.14 million tonnes (2003-04).

A wide range of oilseed crops is grown in different agro-climatic regions of the country. Three oilseeds—groundnut, soybean and rapeseed/mustard—together account for over 80 percent of oilseeds output. Groundnut is the most important crop with an estimated production of 8.2 million tonnes in 2003-04 grown mainly in Gujrat, Andhra Pradesh, Tamil Nadu, Karnataka, and Maharashtra. The second most important oilseed crop is soybean (7.9 million tonnes), which is grown in Madhya Pradesh, Maharashtra, and Rajasthan account for more than 90 percent of production. Rapeseed and mustard is the third important crop in terms of acreage and production and is mainly grown in Rajasthan, Uttar Pradesh, Gujrat, Madhya Pradesh, West Bengal, Punjab and Haryana. Other important oilseeds are sunflower, safflower, sesame, nigerseed, linseed, and castorseed. Apart from West Bengal and Rajasthan, Gujrat has also become a major sesame producing state. Coconut is the most important plantation crop.

Between 1985-86 and 2003-04, production of oilseeds increased from 10.83 million tonnes to 25.14 million tonnes, largely through improvement in yields (GOI, 2005). Average yield increased from 570 kg./hectare in 1985-86 to 1072 kg./hectare in 2003-04. However, the productivity levels of oilseeds in the country are very low compared to world average and other countries (GOI, 2005). Increase in area also contributed to higher production of oilseeds in the country. Area planted with all oilseeds increased from 19.02 million hectares in 1985-86 to 23.44 million hectares in 2003-04.
The area under irrigation increased from about 17 percent to 23 percent in 2000-01. However, production witnessed a declining trend in the subsequent years and was as low as 15 million tonnes in 2002-03. Industry experts believe that the actual crop output may be even lower because of decline in area and yield levels mainly from drought conditions prevailing in the major production regions and fall in the domestic prices of edible oil and oilseeds because of large-scale imports in the recent years. Imports of edible oil have gone up from nearly 1 lakh tonnes in the early 90s to 17.50 lakh tonnes in 1996-97 to 51.1 lakh tonnes in 2002-03 and 40 lakh tonnes in 2003-04 (SEA, 2005).

India, which was once self-sufficient in edible oilseeds and oil and a substantial exporter of oilseeds, meals, extractions and edible oil till the mid 60s, has become the largest importer of edible oil importing nearly half of its domestic supplies. With stagnation in production as well as rise in population, oilseed production fell far short of its demand in the early 70s. Even more disappointing was the fact that the oilseeds sector remained virtually insulated from the green revolution, which occurred in irrigated areas during the late 1960s and early 1970s. By the mid-80s, India became a major importer of edible oil, constituting about 1-third of total supply (Gulati, 1996)\textsuperscript{11}, next only to petroleum products despite the fact that India had the world’s second largest area of about 18 million hectares under oilseeds (Gulati and Kelley, 1999). This was a matter of serious concern for the policy makers and a decision was taken to achieve self-sufficiency in edible oilseeds in the 1990s.
4.2 Government Policies: POLICIES

The initial strategy to overcome stagnant oilseed production was to promote technological change in oilseed production and processing through centrally sponsored schemes. The National oilseeds Development Project (NODP) was initiated in 1984-85 and launched in 1985-86 by reorienting the existing centrally sponsored schemes for oilseeds development. In 1986, the government set up the Technology Mission on Oilseeds (TMO). The main goal of the mission was to achieve self-sufficiency in edible oil through rapid technological change in oilseed production as well as post-harvest technologies, strengthening the input services and support services, delivery, price support, and improving institutional infrastructure associated with oilseed industry and marketing. Within this mission, the Government of India sponsored a programme called oilseeds Production Thrust Project (OPTP) in 1987-88 to supplement the efforts of the state governments to accelerate production of 4 major oilseeds, namely, groundnut, rapeseed - mustard, soybean and sunflower covering 246 districts in 17 states (World Bank, 1999). In January 1989, the government of India announced its integrated policy for oilseeds to reduce volatility in domestic prices by prescribing a price band and maintaining prices within the prescribed band, reviewing PDS prices, supporting farmers with technologies and inputs to increase production, and constituting an empowered committee to supervise the implementation. In 1990-91, the National oilseeds Development Project (NODP) and OPTP were merged into a single programme called the oilseeds Production Programme (OPP). In 2001-02, OPP covered 408 oilseed-growing district spread over 28 states and included 9 major oilseeds cultivated in the country.
As a result of these developments, there has been a significant increase in acreage as well as production of oilseeds since the 1980s in rain-fed regions, particularly in areas having low and erratic rainfall. India achieved nearly self-sufficiency in edible oil by 1992-93, when imports of edible oil came down to about 3 per cent of total consumption. During this period, additional area was brought under oilseeds through crop intensification and crop substitution and partly from kharif fallows. Area shift primarily took place in coarse cereals and in some regions in pulses and wheat. A crash programme for quality seed production of groundnut and soybean was introduced during the ninth plan. The outlay for 2002-03 was about Rs. 1163.30 crore, out of which the central government's share was Rs. 93 crore. In view of the significance of oil palm cultivation, the Oil Palm Development Programme (OPDP) was launched during the eighth plan with an outlay of Rs. 126.20 crore. The scheme was continued during the ninth plan and has been restructured as the Integrated Scheme of oilseeds, Pulses, Oil Palm and Maize (ISOPOM) for implementation during the tenth plan.

Government interventions in the Indian oilseed sector reflected not only a drive for achieving self-sufficiency in vegetable oil but also in ensuring equitable distribution. Edible oil were included in the Public Distribution System (PDS) in 1974 and accounted for a quarter of domestic supplies. The PDS edible oil prices were 40-80 per cent lower than market prices (World Bank, 1999). However, there are conflicting views about the efficacy of PDS. Until the early 1990s, the edible oil sector was highly protected domestically through industrial policy/licensing, small-scale industrial reservation, and restrictions on inter-state movement, and from external markets through various non-tariff barriers such as quantitative restrictions on
imports and exports and canalization of imports. However, India embarked upon a liberal policy framework in the early 90s and initiated domestic market reforms, which were reinforced by singing the Uruguay Round Agreement on Agriculture (URAA) and becoming a member of the World Trade Organization (WTO) in the mid 90s.⁶

Production of oilseeds and oil has been able to keep pace with the demand for edible oil, which has risen at about 5 per cent growth rate per annum. The demand-supply gap has necessitated import of edible oil. The government, with a view to avoiding scarcity of edible oil and consequential rise in prices, and keeping its commitment to the WTO and domestic market reforms, opened up the edible oil sector and allowed import of edible oil.⁷ In April 1994, import of palmolein was shifted from the negative list of imports to Open General License (OGL) at 65 per cent import duty. This was followed by enlarging the basket of oil under OGL import in 1995, when all edible oil except coconut oil, palm kernel oil, RBD palm oil and RBD palm stearin were brought under OGL imported at 30 per cent duty. However, opening-up of the edible oil sector with low import duties flooded the Indian market with cheap imported edible oil, which had significant adverse effects on the Indian edible oil processing industry as well as oilseed producers. Import duties on edible oil were revised upwards, 85 per cent on refined oil except in the case of soybean oil and refined mustard oil where the duties were 45 and 75 per cent, respectively. The import duty on crude palm oil was raised from 65 to 80% and for refined palm oil and RBD palmolein from 75% to 90% in February 2005 (Table 4.2). The government has also allowed import of oilseeds; however, there has
## Table 4.2

### Import Policy for Edible Oil and Oilseeds

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>April, 1994</td>
<td>Import of RBD palmolein placed on OGL with 65% import duty.</td>
</tr>
<tr>
<td>March, 1995</td>
<td>Import of all edible oil (except coconut oil, palm kernel oil, RBD palm oil, RBD palm stearin) placed on OGL with 30% import duty.</td>
</tr>
<tr>
<td>1996-97</td>
<td>Further reduction in import duty to 20% + 2% (special duty of customs) bringing total import duty to 22%. Another special duty of custom @3% was later imposed bringing the total import duty to 25%.</td>
</tr>
<tr>
<td>July, 1998</td>
<td>Import duty further reduced to 15%.</td>
</tr>
<tr>
<td>1999-2000</td>
<td>Import duty raised to 15% (basic) + 10% (surcharge) = 16.5%.</td>
</tr>
<tr>
<td>December, 1999</td>
<td>Import duty on refined oil raised to 25% (basic) + 10% (surcharge) = 27.5%. In addition, 4% SAD levied on refined oil.</td>
</tr>
<tr>
<td>June, 2000</td>
<td>Import duty on crude oil raised to 25% (basic) + 10% (surcharge) = 27.5% and on refined oil raised to 35% (basic) + 10% (surcharge) + 4% (SAD) 44.04%. Import duty on Crude palm Oil (CPO) for manufacture of vanaspati retained at 15% (basic) + 10% (surcharge) = 16.5%.</td>
</tr>
<tr>
<td>November, 2000</td>
<td>Import duty on CPO for manufacture of vanaspati rose to 25% and on crude vegetable oil raised to 35%. Import duty on CPO for other than vanaspati manufacture rose to 55%. Import duty on refined vegetable oil raised to 45% (basic) + 4% (SAD) = 50.8%. Import duty on refined palm oil and RBD palmolein raised to 65% (basic) + 4% (SAD) = 71.6%.</td>
</tr>
</tbody>
</table>
### Table 4.2 Contd......

Import Policy for Edible Oil and Oilseeds...Contd..

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>March, 2001</td>
<td>Import duty on crude oil for manufacture of vanaspati / refined oil by the importers registered with Directorate of VVO&amp;F rose to 75% (for others import duty levied at 85%) except soybean oil, rapeseed oil and CPO at 45%, 75% and 75% respectively. The duty on refined oil including RBD palmolein raised to 85% (basic) except in the cases of soybean oil and mustard oil where the duty is placed at 45% (basic) and 75% (basic) respectively due to WTO binding. In addition, 4% SAD levied on refined oil.</td>
</tr>
<tr>
<td>October, 2001</td>
<td>Import duty on crude palm oil and its fractions, of edible grade, in loose or bulk form reduced from 75% to 65%.</td>
</tr>
<tr>
<td>November, 2001</td>
<td>Import duty on crude sunflower oil or safflower oil reduced to 50% up to an aggregate of 1,50,000 MTs (Tariff Rate Quota) of total imports of such goods in a financial year subject to certain condition.</td>
</tr>
<tr>
<td>November, 2001</td>
<td>Import duty on refined rape, colza or mustard oil reduced to 45% up to an aggregate of 1,50,000 MTs (Tariff Rate Quota) of total imports of such goods in a financial year subject to certain condition.</td>
</tr>
<tr>
<td>March, 2002</td>
<td>Status quo on import duty structure of vegetable oil / edible oil maintained. Import of vanaspati from Nepal be levied SAD @ 4%.</td>
</tr>
<tr>
<td>August, 2002</td>
<td>SAD is not applicable on vanaspati imported from Nepal under TRO.</td>
</tr>
<tr>
<td>March, 2003</td>
<td>Status quo on import duty structure of vegetable oil / edible oil maintained.</td>
</tr>
<tr>
<td>April, 2003</td>
<td>Import duty on refined palm oil and RBD palmolein reduced from 85% to 70% and not applicable on edible oil.</td>
</tr>
<tr>
<td>July, 2004</td>
<td>Import duty on refined palm oil and RBD palmolein raised from 70% to 75%.</td>
</tr>
<tr>
<td>February 2005</td>
<td>Import duty on crude palm oil raised from 65 to 80% and for refined palm oil and RBD palmolein from 75% to 90%</td>
</tr>
</tbody>
</table>

An actual user condition on CPO as well as crude palmolein imports has been imposed, where the actual users of CPO will pay concessional duty of 80%, while traders will have to pay the maximum duty of 90% for CPO imports.

been no import of oilseeds largely because of safety requirements imposed by the government. In August 2001, the government imposed the base import price of crude soybean oil and palm oil to avoid loss of revenue from under-invoicing by some importers. The bound rate of duty on edible oil varies from 45 per cent in case of soybean to 300 per cent in palm oil, groundnut oil, sunflower oil, safflower oil and coconut oil (Table 4.3). ²

Table 4.3
Present Custom Duty Structure (%) of Crude and Refined Edible Oil

<table>
<thead>
<tr>
<th>Item Description</th>
<th>WTO Binding</th>
<th>Current Rates of Duty on Crude Edible Oil</th>
<th>Current Rates of Duty on Refined Edible Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybean Oil</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Palm Oil</td>
<td>300</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>Groundnut Oil</td>
<td>300</td>
<td>75</td>
<td>85</td>
</tr>
<tr>
<td>Sunflower/Safflower Oil</td>
<td>300</td>
<td>75</td>
<td>85</td>
</tr>
<tr>
<td>Coconut Oil</td>
<td>300</td>
<td>75</td>
<td>85</td>
</tr>
<tr>
<td>Rapeseed/Mustard Oil</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Palmolein</td>
<td>300</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>Other Oil</td>
<td>120/300</td>
<td>75</td>
<td>85</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>40</td>
<td>30</td>
<td>-</td>
</tr>
</tbody>
</table>

4.3 Tariff Value:

In order to prevent under-invoicing of edible oil imports, the government fixed a tariff value on import of some edible oil with effect from 3rd August, 2001 after which tariff value on these oil has been revised from time to time. In a recent notification, the department of revenue dated 15.02.2005 has reduced tariff value of crude palm oil and its fractions by US$54 per tonne for crude palm oil and US$74 for refined palm (RBD palm oil) to bring them closer to international prices. Prices were revised on the basis of world prices and import price of crude soybean oil was reduced to $497 a tonne from $510, crude palm oil to $417 a tonne from $433, and price of RBD palm oil to $432 a tonne from $435 (Table 4.4). The base import price of RBD palmolein was reduced to US$421 a tonne from US$445 while that of crude palmolein was fixed at US$418 a tonne, down from US$440 a tonne (Financial Express, January 3, 2006, Changes in Prices from November 16, 2005 to January 3, 2006).³

Another major policy change in palm oil imports announced by the government is revised minimum carotenoid content in crude palm oil to 250 ppm from the earlier 500 ppm and acid value to 4 from 2, which means the free fatty acid content should be higher at 2 per cent instead of 1 per cent earlier for being eligible to be categorized as crude palm oil.

The implementation of the World Trade Organization (WTO) Agreement on Agriculture (AoA) was expected to lead to tariff reductions around the world, although some trade barriers still remain. Importing countries such as Japan maintain high rates of effective protection for domestic industry.¹⁶
Table 4.4
Tariff Value (in US$ per tonne) for Edible Oil in India

<table>
<thead>
<tr>
<th>Date</th>
<th>Crude Palm Oil</th>
<th>RBD Palm Oil</th>
<th>Crude Palmolein</th>
<th>RBD Palmolein</th>
<th>Crude Soybean Oil</th>
<th>Other Palm Oil</th>
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<tr>
<td>03.08.01</td>
<td>337</td>
<td>351</td>
<td>-</td>
<td>372</td>
<td>-</td>
<td>-</td>
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</table>

Ongoing changes in agricultural policies, notably in developed countries, will affect world supply conditions for major oilseeds, which have implications for Indian oil sectors. Liberalization of imports of edible oil would have significant effects on domestic prices and as a consequence oilseeds prices may fall below the support prices. This will result in production of oilseeds less profitable, which have an adverse effect on acreage under oilseeds. Many are convinced that policy reforms in the oilseeds sector may alter oilseeds producers’ livelihood since oilseed production has been an economic backbone in many disadvantageous (rained and dry land) areas of the country for many decades.  

4.4 Strategies and Policies:

a) Oilseeds Development Through Plan Era:

In view of several constraints noticed in 4th plan period, 2 different approaches namely; area approach; and; problem oriented approach were thought of. The first approach aimed at rapid growth in favourable years and the latter was to ensure predictable performance even in unfavorable periods. Three pronged drive implemented for this consisted of:

i) Adoption of package of practices in selected districts of important oilseeds producing states,

ii) Bringing more area under irrigation in command areas of Southern states and Rajasthan; and

iii) Adoption of agronomic measures for soybean and sunflower to boost their yields and reach the target of 12 million tonnes in 5th plan.

Supplemental efforts included:
a) Launching of IODP (Integrated oilseeds Development Programme),

b) Extension of oilseeds to new irrigated areas and

c) Development of non-traditional oilseeds like soybean and sunflower.

Several deficiencies were observed during the 5\textsuperscript{th} plan period. Production and distribution of improved seeds suffered due to inadequate resources and efforts. Epidemic of pests in groundnut led to serious loss of production. No subsidy was available for control measures which were expensive. Adequate quantity of good seeds for mini kit scheme was not available. Due to halting of progress in enlarging the area under irrigation full benefits of superior technology could not be realised under adverse conditions. There was lack of adequate market support to non-traditional soybean and sunflower and shortage of quality seeds of yellow variety.

Special Secretaries Committee set up in 1977-78 to study problems associated with oilseeds development and suggest measures, offered some short term and long term recommendations. Short term measures recommended by the committee were to pay greater attention to programmes on production and distribution of seeds, expansion of non-traditional crops like soybean, sunflower and toria, use of phosphatic fertilisers to groundnut in rain-fed areas, ground and aerial spraying of insecticides on massive scale for groundnut, rape and mustard and to fix support prices for groundnut, soybean, mustard, sunflower and make arrangements for carrying out support operations. Long term recommendations were expansion of irrigated groundnut crop, intensive sesame
development work and to evolve high yielding, high oil bearing oilseeds through research efforts.

Sixth plan strategy aimed at rectifying the deficiencies noticed during previous plan efforts. Key points identified were to introduce resource mobility schemes like production and distribution of improved seeds and plant protection materials through centrally sponsored schemes, to transfer the responsibility for schemes relating to soybean and sunflower, maximum expansion in area under irrigated groundnut and rape and mustard in key states and to bear full expenses by the govt. of India for command area projects, demonstration schemes on rape and mustard in important states like Rajasthan and Orissa and to replace more wheat area under irrigation in West Bengal, Gujrat and Assam.

Seventh plan, in order to carry forward the increasing trend in area especially in the case of sunflower, soybean, and summer groundnut in certain states, proposed the continuation of National oilseeds Development Project. Project was set up as a Centrally Sponsored Programme by providing operational flexibility to state Governments to draw up programmes suited to local conditions. As raising profit margins for farmers as well as reducing variability in yields and prices are of prime importance in the case of oilseeds, seventh plan envisaged encouraging vertical integration of production, marketing and processing through the Growers Co-Operatives. In order to achieve these objectives, it was proposed to strengthen the state-level oilseed production. Growers Federation was organised under the National Dairy Development Board's Oilseeds Project. Besides, a major Technology Mission for Oilseeds was also set up during seventh plan period.
The responsibilities of the Technology Mission included

i) ensuring input supplies and technology packages in 180 districts to increase oilseed production and productivity,

ii) ensuring maximum production by developing location specific technologies for each of the crops,

iii) producing sufficient quantities of breeder seeds, foundation seeds and certified seeds of different crops,

iv) adopting mass multiplication of oil palms and coconut through tissue culture technology,

v) developing facilities for importing high oil yielding plants from other countries,

vi) modernising cryo preservation of the germ plasm of oilseed crop,

vii) organising seed-gardens for superior quality varieties and hybrid oil palms/coconut

viii) creating awareness about improved and emerging technologies in select areas by demonstrations,

ix) organising training for workers on safest technologies and

x) processing technologies to increase output of oil and quality.

b) The Oilseeds Mission:

The Standing Committee of oilseeds Mission met in February, 1986 and took some important decisions for efficient implementation of the plan of the mission. It was decided to divide the operational responsibility among 4 sub-missions dealing with technology, production, inputs and marketing cum processing support. Each of the submission was proposed to chalk out plan of operation in
pursuance of the common objectives and to contribute for further development of the programme through monthly reviews.

If it is essential to continuously upgrade the technology of oilseeds cultivation through breeding of more productive and location-specific varieties of oilseeds crops as well as to develop cultural practices for stepping up yield.

Steps being taken for the increase in yield of oilseeds included research carried out through the production of better quality and healthy seeds and production of breeder’s seeds to promote the seed multiplication activities. Also training were given to the extension staff in different states particularly the subject matter specialist (SMS) and providing continuous research support to the state Extension Agencies to solve the location specific problems.

c) Centrally Sponsored Schemes—Oilseeds Production Programme:

The measures taken by Government have served the purpose to a very large extent. In order to achieve self sufficiency in the oilseeds requirement of the country, 2 Centrally Sponsored Schemes named National oilseeds Development Project and oilseed Production Thrust Project have been merged during 1990-91 and made into a single scheme- Oilseed Production Programme. Objectives of this scheme is to provide financial assistance to various states for production and distribution of quality seeds, plant protection measures including supply of chemicals and equipments and organising demonstrations of advanced technologies.

Technology Mission on Oilseeds Production has become successful. Its efforts on enhancing self reliance in various fields of
production, processing and management technologies of oilseeds are commendable. An integrated oilseeds Policy was also announced by government in January 1989. Objectives of the policy are to assist farmers with technology inputs and attractive prices and to safeguard the interest of the consumer with reasonable prices. National Dairy Development Board is nominated as the market intervention agent for procurement of oilseeds and oil for building a buffer stock so as to ensure an incentive price to the farmer, in a sequel to the announced policy. NDDB is also directed to release the buffer stocks during the lean season at moderate prices to the consumers.

d) **Intensive Oilseed Development Programme (IODP):**

With a view to boost oilseeds production in the country govt. of India in 1969-70 initiated a central Sponsored Scheme named as “Intensive Oilseed Development Programme” (IODP). The Programme Evaluation Cell took up the evaluation of the IODP in 1976-77 to study the performance of some of the oilseed crops, i.e. groundnut, rape & mustard, sesame, castor, linseed, soybean and sunflower. The study was expected to assess impact and adequacy of IODP and suggest measures for improvement, assess the extent of adoption of recommended package of practices and analyse reasons for variation, examine adequacy of research and development support, study role of extension agencies and study availability of needed inputs.

Planning Commission, as the policy making body at the national level, undertook the evaluation of IODP towards the end of 70s. The evaluation study identified the strengths and weakness of the programme and the problems in respect of the major oilseeds
grown in this country under IODP. The policy frame work for oilseeds development was also critically examined in the light of the experiences gained while implementing the IODP and made suggestions for future planning.

For improving management of oilseeds reorientation, oilseed Development Programme is important in respect of research, extension, infrastructural and institutional facilities, strategy may be developed on long term basis towards rain-fed oilseed crop/development. More command areas may be set apart for oilseed development to provide the needed protective irrigation for groundnut, sesame and castor. Policy guidelines for IODP for all oilseeds both in central and state sectors shall be laid down, avoiding adhocism.

Arrangement to assess, develop and provide infrastructural facilities to cover

i) Resource potential,
ii) Availability of need inputs,
iii) Institutional credits,
iv) Marketing and
v) Processing is another aspect for better management.

Planning should be realistic and should start from grass root level instead of other way about. Organisational pattern between states/districts should be rationalised and rendered uniformly. Planning process, as in major oilseed crops, should be decentralised to involve local bodies to formulate realistic targets in respect of these crops. Also IODP may be reoriented towards growing of minor oilseeds.
e) **Other Governmental Measures:**

Government of India had taken several steps to provide remunerative prices to the growers and to stabilise the oilseeds and edible oil prices. For nearly a decade, Government of India fixes minimum support prices for oilseeds also like other agri-commodities. Minimum support prices (per quintal) fixed for different oilseeds by Government for crop years 1988-89, 1989-90 and 1990-91 are given in Table 4.5.

Support price for Toria and safflower was fixed for the first time in 1985-86 at Rs. 360 and Rs. 400 per quintal respectively. In case of Copra, support price was fixed for the first time in 1989-90 only. The government has for the first time announced a minimum support price for “Ball” Copra on edible variety in March, 1991 at Rs. 1850 per quintal for fair average quality. Market intervention by NAFED was ordered by Government of India when the ruling market prices approached or fell below minimum support price level.\(^8\)

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**Table 4.5**

**Minimum Support Prices of Oilseeds**

*(Rs. per Quintal)*

<table>
<thead>
<tr>
<th>Sl. Number</th>
<th>oilseeds</th>
<th>1988-89</th>
<th>1989-90</th>
<th>1990-91</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Groundnut in Shell</td>
<td>430</td>
<td>500</td>
<td>580</td>
</tr>
<tr>
<td>2.</td>
<td>Soybean (Black)</td>
<td>275</td>
<td>325</td>
<td>350</td>
</tr>
<tr>
<td>3.</td>
<td>Soybean (Yellow)</td>
<td>320</td>
<td>370</td>
<td>400</td>
</tr>
<tr>
<td>4.</td>
<td>Sunflower Seed</td>
<td>450</td>
<td>530</td>
<td>600</td>
</tr>
<tr>
<td>5.</td>
<td>Rapeseed &amp; Mustard</td>
<td>460</td>
<td>575</td>
<td>600</td>
</tr>
<tr>
<td>6.</td>
<td>Toria</td>
<td>430</td>
<td>545</td>
<td>570</td>
</tr>
<tr>
<td>7.</td>
<td>Safflower Seed</td>
<td>440</td>
<td>550</td>
<td>575</td>
</tr>
<tr>
<td>8.</td>
<td>Copra</td>
<td>--</td>
<td>1500</td>
<td>1700</td>
</tr>
</tbody>
</table>

f) **Measures of Augment Edible Oil Production:**

Department of Civil supplies at the Government level had initiated several measures to augment edible oil production. Some of the measures included:

i) Enhancement of excise rebate for using rice bran oil in vanaspati and

ii) Tie up of research and development work to develop efficient rice bran stabilisers, between industry and research based institutions.

Government of India has already formulated a pricing policy for protecting the farmers of oilseeds from very sharp fall/decline in their prices. Consumer’s interest is taken care of by regulating the price of edible oil and vanaspati. Other measures under consideration are excise relief on hexane used for solvent extraction of vegetable oil, solvent extracted oil used for direct consumption and hardened rice bran oil used for soap manufacture.

Attempts to produce corn oil should be initiated since it is likely to be a very potential source of edible oil supply. Measures necessary for increase in consumption of non-conventional oil for direct human consumption include:

i) Modification of oil policy to make obligatory certain percentage use of edible grade non-conventional oil (including rice bran oil) in vanaspati manufacture;

ii) Formulation of productivity linked export policy;

iii) Demonstration of food, preparations using properly refined non-conventional edible oil;
iv) Adoption of mass media campaigns for the usage of non-conventional edible oil and de-oiled meals as cattle feed;

v) Provision of subsidised sale of refined oil from non-conventional sources initially to make them available till production picks up substantially.

g) **Blending of Edible Oil:**

Vanaspati industry has been using a blend of edible oil for a long time but refined oil was not allowed to be blended till December, 1985. It is common knowledge that edible oil users in different regions exhibit their strong preferences for certain edible oil, for example coconut oil in Kerala, mustard oil in West Bengal and Eastern region, groundnut oil in Western India and so on. Fortunately imported and non-traditional oil like palmolein and soybean oil have found favor with the consuming public in this country. Some oil specially soybean oil develop deteriorative changes like intense colour and off-flavor, during storage and cooking. Partial hydrogenation and winterisation has been accepted in some of the advanced countries only. Based on those experiences outside India, a suggestion was mooted to blend different edible oil in acceptable proportions to upgrade their quality and improve them nutritionally.

The need for blending edible oil and its possibilities received top priority attention since the early 80's. Special Committee constituted by the Union Civil Supplies Department in Dec. 1984 considered various aspects of providing the consumers more edible oil at cheaper price, better nutritive value, good stability and storage characteristics by making use of the technology of blending
traditional and non-traditional oil in proportions acceptable to the consumers.

Principles for blending vegetable oil are:

i) Blends should conform to PFA regulations;

ii) Blends should yield better oil with better functional properties, nutritive value and cost, keeping quality etc. and

iii) They should meet statutory declarations in terms of proportion of ingredients or any other obligations.

In December, 1986 govt. of India amended PFA rules to allow blending not less than 20 percent by weight of groundnut oil with refined soybean oil with suitable declaration on the labels. As a major policy initiative, Government of India allowed the manufacture and distribution of blend of soybean oil with groundnut oil to promote marketability of non-conventional oil for direct consumption, later, the Government extended this approach to other oil to improve consumer acceptance.

4.5 National Dairy Development Board (NDDB):

NDDB was appointed by Government of India as Market Intervention Agency in April 1989 for an initial period of 5 years with an objective to regularise prices through buffer stocking operations. The backward linkages of MIO with the oilseeds and Vegetable Oil Project of NDDB, has given a unique position to the buffer stocking operations in the form of vertical integration of production, procurement, processing, storing and marketing. The significant achievement of MIO has been the intervention in consumer market by the introduction of Dhara consumer packs. In addition, Lokdhara a blend of groundnut oil and palmolein oil has also been launched
recently. On the lines of National Milk Grid a National Oil Grid has been established in order to resolve the regional and seasonal imbalances. The net effect of the concerted efforts by TMO and NDDB has been clearly seen in the unprecedented and steady growth in the production of oilseeds during the operational period of MIO. An important factor that led to the MIO was the drastic reduction in imports. However, MIO faces challenges from private trade as the latter always uses the options of adulteration and tax evasion in arriving at parties. Due to this, as well as the non-availability of the required imported oil, keeping the prices within a band could not be achieved for a short while. Since then Dhara sales have registered stable levels becoming the price/quality leader in the market place.

The Oilseed Growers’ Co-Operative Project (OGCP) was initiated in 1979 in the state of Gujrat with the registration of the Gujrat Oilseeds Growers Federation (GROFED). Initially, the project followed a 2 tier structure, with the oilseed Growers Co-Operative Societies (OGCS) being directly affiliated to the state level Federation. Since 1987, project implementation has been under the 3 tier structure, in order to ensure better management and better focus for implementation. Under the 3-tier structure, the OGCS are affiliated to a Regional Union covering 1 or more districts.

The NDDB has been able to create a network of farmer Co-Operatives and farmer owned processing facilities across the country. As of now a total of about 5 thousand Village Level Co-Operative Societies covering about 28 thousand villages have been registered under this project. Membership has risen to about 800 thousand covering about 1 lakh and 8 thousand hectares of land. The following orders of capacities have been generated.
Table 4.6  
Orders of Capacities

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Oil Milling Capacity</td>
<td>3255 MT/day</td>
</tr>
<tr>
<td>2.</td>
<td>Solvent Extraction Capacity</td>
<td>2010 MT/day</td>
</tr>
<tr>
<td>3.</td>
<td>Refining Capacity</td>
<td>738 MT/day</td>
</tr>
<tr>
<td>4.</td>
<td>Oilseeds Storage</td>
<td>170000 MT</td>
</tr>
<tr>
<td>5.</td>
<td>Oil Storage</td>
<td>81250 MT</td>
</tr>
</tbody>
</table>


Initially, the project covered only groundnut in Gujrat and soybean in Madhya Pradesh. Gradually, its coverage widened in terms of geographical as well as oilseeds coverage as shown below.

Table 4.7  
Geographical and Oilseeds Coverage

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
<th>Major Oilseeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>Gujrat</td>
<td>Groundnut, Mustard, Cottonseed</td>
</tr>
<tr>
<td>1979</td>
<td>Madhya Pradesh</td>
<td>Soybean</td>
</tr>
<tr>
<td>1980</td>
<td>Andhra Pradesh</td>
<td>Groundnut, Sunflower</td>
</tr>
<tr>
<td>1981</td>
<td>Tamil Nadu</td>
<td>Groundnut, Sunflower</td>
</tr>
<tr>
<td>1982</td>
<td>Orissa</td>
<td>Mustard, Nigerseed, Groundnut</td>
</tr>
<tr>
<td>1983</td>
<td>Maharashtra</td>
<td>Groundnut, Sesame, Sunflower, Safflower</td>
</tr>
<tr>
<td>1984</td>
<td>Karnataka</td>
<td>Groundnut, Sunflower, Safflower</td>
</tr>
<tr>
<td>1991</td>
<td>Rajasthan</td>
<td>Mustard</td>
</tr>
<tr>
<td>1992</td>
<td>Uttar Pradesh</td>
<td>Mustard</td>
</tr>
</tbody>
</table>

**Planned Coverage:**

| Karnataka | Oil Palm |
| Kerala    | Oil Palm |

Together the Co-Operatives procured around 6 lakh metric tonnes of oilseeds during 1990-91. Of the total oilseeds procured soybean, groundnut, and mustard are of the order 52, 22 and 20 percent respectively. A small part of this was traded in bulk, while the rest was crushed in processing plants owned and operated by the Co-Operatives, as well as in custom hired units. The Co-Operatives also brought oil in bulk from the market to meet their operational requirements. Imported rapeseed oil and palmolein oil are also being routed to consumers through the Co-Operatives.

Oilseeds and Vegetable Oil Project of the NDDB has been the second major intervention in the sector. Based on a network of oilseed Growers’ Co-Operatives, with the help of donated oil from the Co-Operative Leagues of the USA and Canadian Co-Operative Association the project which was started in 1979 now covers Gujrat, MP, AP, Tamil Nadu, Orissa, Maharashtra, Karnataka, Rajasthan and U.P. The oilseed coverage has also been extended from groundnut, mustard, cotton seed, soybean, sunflower, nigerseed, sesame and safflower. Besides procurement, processing and marketing, the project has undertaken major production enhancement activities. Along with the increases in membership and the area under coverage, large scale oil milling, solvent extraction, refining and storage capacities have been created. As a result, the producer prices have gone up in the areas of coverage over the all India levels. However, the production of overall oilseeds remained stagnant till 1987-88 due to the use of imported oil at lower prices against producer interests.

Technology Mission on Oilseeds which was started in 1986 with a goal of self-reliance by the end of the eighth 5 year plan has made concerted efforts in reducing the level of imports by increasing
domestic production. In collaboration with organisations like ICAR, CSIR, DAC, NODP, OPTP etc., TMO has made rapid strides in achieving breeder varieties of seeds, batch type processes for rice bran stabilisation and sunflower decortication, and improved expellers etc. However, the most important achievement of TMO has been the initiation of Integrated Policy on oilseeds and the consequent implementation of the Market Intervention Operation which has formed in it the most effective intervention in the sector.

4.6 Technology Mission on Oilseeds:

A Technology Mission on Oilseeds was launched in 1986 to increase production of oilseeds in the country and attain self-sufficiency. Pulses were brought under the Technology Mission in 1990. Before the Mission was launched in 1985-86 oilseed production was 10.83 million Tonnes. During 1995-96 it was estimated at 22.42 million Tonnes which is a record. Soybean, rapeseed and mustard largely contributed the increase in production.

Production of Pulses has been many ups and downs, which is expected to be checked under the Mission. The country grows mainly 9 oilseeds with groundnut, rapeseed and mustard accounting for 62% of the total production lately; soybean and sunflower have shown major growth potential.

The demand for edible oil was growing at a much faster pace in order to meet the growing demand, India had to import large quantity of edible oil. The import which was only 3.77 percent of total availability of edible oil during 1971-72 rose to 29.55 percent during 1980-81 requiring India to spend large amount of foreign exchange. In order to increase the production of oilseeds, several steps were initiated during 80's. National oilseeds Development Project (NODP)
was launched in 1985-86. Real boost in oilseeds production came only after establishment of Technology Mission on Oilseeds (TMO) during May 1986. Besides TMO, the oilseeds Production Thrust Project (OPTP) were initiated in 1987-88. NODP and OPTP were merged in 1990-91 under 1 programme, i.e. oilseeds Production Programme (OPP). The minimum support prices for oilseeds crop were fixed and National Agriculture Co-Operative Marketing Federation (NAFED) was appointed to provide price support to oilseeds growers and Market Intervention Operation (MIO) in oilseeds and edible oil were introduced to maintain price level and NDDB was appointed as the agency to carry out MIO.

Technology Mission for Oilseeds has triggered the mechanism to increase the production and productivity of all oilseeds crops. Due to its efforts, oilseeds production had almost doubled from around 10 million tonnes during 1982-83 to 21 million tonnes during 1992-93. India had almost achieved self-sufficiency and imports were at negligible level. Regarding trade policy till the end of 80s, except for traditional agriculture products like tea, coffee and tobacco, both import and export were kept restricted.

However, during early 90s that is Phase III, the trade policy regime has undergone a considerable change. With the onset of economic reforms in India since July 1991 and signing of the GATT in 1994, India has decided to open up economy to global force. As a part of this policy, the erstwhile restrictions imposed on import of edible oil were to a great extent removed by placing most edible oil on OGL and import duty was substantially reduced from 65 percent to 20 percent. Since then import increased significantly. It is obvious that import of edible oil has affected the domestic prices and they have remained low. These imports during first 6 months
(Nov 1999 – April 2000) are estimated to have touched 18.68 lakh tonnes, recording a 32 per cent increase over 14.18 lakh tonnes during the same period of last season. Total import during the last season had touched a staggering 43.93 lakh tonnes as against 20.89 lakh tonnes during 1997-98 season. This flooding of marketing with cheap edible oil has hit hard the oilseeds growers in the country, forcing them to make distress sales of their produce. It has also adversely affected domestic oil industry. Hence the Union Government has recently (June 2000) decided to raise import duty with a view to provide much needed relief to the oilseeds sector in the country, including the farmers and vegetable oil industry from excessive imports. This is in line with the government policy to protect farmers as well as domestic industries from cheaper import.

Still it is felt that this increase in import duty is not enough to protect them. It may affect the production of oilseeds in the country. This consequence may change the cropping pattern, affect employment and lower down farmers’ income.

Consumers may be deprived of some oil varieties which have specific uses. The poor farmers totally dependent upon oilseed economy may be the worst sufferers as most of the oilseeds are grown in arid and semi-arid areas where income level of farmers is generally low. Also parts of oilseeds plants are major source of nutrition for a large section of poor and marginal farmers as well as rural population living below poverty line.

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Since WTO negotiations to consider the liberalisation experience gained so far, are to start in March, 2001 the Directorate of Economics and Statistics, Ministry of Agriculture, Government of India asked the Agro-Economic Research Centre, Vallabhbhai Vidyanagar to carry out a quick survey on “Likely Impact of Liberalized Imports and Low Tariff on Edible Oil Sector in Rajasthan” with the following objectives:

1. To assess changes in cropping pattern.
2. To find out impact on farmers income due to decrease in production and prices of oilseeds.
3. To find out likely impact on farmers’ consumption pattern of edible oil and leafy vegetables particularly in the case of rapeseed and mustard.

4.7 Oil Industry and Government Control and Programmes:

There are many Government controls on the production of oil from the oil industries. If these controls are not there, it would have been an increasing tendency leading to the adulteration in the mind of the oil producers and dealers. If there is any adulteration either in the oil or in the oilseeds, it is a crime or a fine or the both shall be imposed. This mode of control is must because the oil is an essential consuming commodity. So it should be of pure quality.⁹

There are many provisions and directions given by the state Government, which are most useful and are essentials for the stability and establishing proper control on the oil industry. They are as follows:
1. The raw materials and oilseeds are to be examined properly and they are to be stored in a very suitable clean place and warehouse before their use.

2. Before crushing the oilseeds for the production of oil, it is essential to satisfy that, the oilseeds are not mixed with any foreign elements and articles.

3. The oil barrels, tins and tanks are to be cleaned daily.

4. The oil machineries such as ghanis, expellers and filters are always to be cleaned by waste-cotton.

5. The expellers and ghanis are to be cleaned before going to the production of different kinds of oil, to avoid the mixing of 2 different types of oil. In fact, there is a prevention and restriction for the sale of edible oil mixing with the other kind of oil.

6. To avoid non-edible oil to be mixed with edible oil, the oil mill owners should not crush the oilseeds of non-edible oil by the expellers which were used for the production of edible oil. If it is not done, then there is likely of mixing non-edible oil with edible oil. In that case, the first part of extracted edible oil should be taken into the non-edible oil.

7. Before filling the barrel and tins of edible oil, they should be cleaned. The barrels and tins which were used for non edible oil, should not be used for filling edible oil.

8. The barrels and tins in which the edible oil is filled in should bear the name, address of the producer, the name of the oil and also the production batch number. A Label should be affixed on the barrel.
9. The oil mill owners should sell their oil under the sale bill with guarantee of quality of oil. The oil mill owners should also keep the proper record and nothing with clear entries in the books and registers for their production and sales. This will help the oil mill owners at the time of any enquiry by any person.

10. The raw materials should be cleaned before they are used they should be stored in a proper place free from deterioration of quality of goods.

11. The oil produced by the oil mill owners should get examined for its quality and after getting the satisfied report about their quality of oil, the oil mill owners should sell their oil.

12. The place of production should be hygienic and full of ventilation. No any insects or white-ants must be there. As far as possible, the place of production should be kept cleaned daily.

The Late Prime Minister Mrs. Indira Gandhi had declared 20 points programme for the economic and social development of nation at large on 14th January, 1982, and it was mainly emphasised to grow more agricultural products.

New Twenty Point Programme contains the objectives, to remove the rural poverty, bigger harvest, better land reforms, health for all, education, justice to Scheduled Castes and Scheduled Tribes, equality for women, new opportunities for youth, concern for consumers and lastly response to administration. The following are the 2 important points covered under the 20 point programme.
1. Strategy for rain-fed agriculture to ensure better management of land and water resources; develop and distribute appropriate and improved seeds. Therefore, there is a more yield. The better seeds are given to the farmers for cultivation. They are of the good qualities. This has helped to grow better quality oilseeds which contain the maximum quantity of oil.

2. Secondly, there is an object concern for the consumer. It means bring essential consumption goods within easy reach of the poor, build a consumer protection movement. However, by the implementation of New Twenty Point Programme, our country became sound and self sufficient in respect of economic activities and social relation.

From 1951 and onwards we have many Five Years Plans for agricultural and industrial development of our country. It has seen that the agricultural output continued to grow at a steady rate during the 6th Plan period. Therefore under the 7th Plan major programme thrusts on special rice production and National Water-shed Development Programme for rain-fed agriculture, it is to be noted in the 7th Plan the major progress is also to have National oilseeds Development Project.

4.8 National Oilseeds Development Project:

Recently, the area under sunflower, soybean and summer groundnut (irrigated) has been increasing significantly in certain states. It shows that the prospects of achieving self-sufficiency in oilseeds are bright provided special efforts are made to extend the available technology, evolve new technologies and ensure price and marketing support. The National oilseeds Development Project will be continued during the Seventh Plan period as a Centrally
Sponsored Programme by providing operational flexibility to the state Governments to draw up Programmes, since raising profit margins for farmers as well as reducing variability in yield and prices are extremely important in the case of oilseeds, the efforts at vertical integration of production, marketing and processing through the Growers’ Co-operatives will be encouraged. In this context efforts will be made to strengthen the state Level oilseeds Grower’s Federation, organised under the National Dairy Development Boards', oilseeds Project. Even today, the special efforts are made for the implementation of the programmes for the production of more oilseeds. The government at present has established the Committee under Panchayat Samiti under the guide lines of Integrated Rural Development Programme. In this way, the Government has paid the keen attention to grow more oilseeds in order to promote the oil Industry.

4.9 The government Control and Programmes for Edible Oil Industry:

a) Integrated Rural Development Programme:

In recent years, there has been greater stress on alleviation of poverty through special programmes such as the IRDP, NREP etc. The IRDP initially launched in 1978-79 was extended to all parts of India in October 1980. Basically this is a programme for raising the incomes of the poorest among the poor and to provide productive assets. The beneficiaries are the farmers and artisans. This programme is designed to develop self-employment in rural areas.

On 2nd October 1980, the programme has been applied and implemented in all 296 groups in the states. The rural family which has less than 3500 Rupees income in a year and the family holding
the Jirayat land of upto 2 hectares and who are below the poverty line, are promoted to have the more employments and to earn the more income. This was the basic object of such programme.\textsuperscript{10}

b) **National Village Service Programme:**

To provide the employment to the persons of rural areas, is the main object of the programme. Upto 1981-82 this programme has been implemented with Rojgar Hami Yojana in the state and thereafter from 1982-83 the funds available from such programmes were utilised for the other programmes. To promote the plantation, digging of drinking water, wells, construction of houses, school buildings, tanks, play grounds, roads, and to provide the cattle-feed are the main objects under the implementation of the programme.

c) **To Grow More Oilseeds Programme:**

Government has decided to supply the oilseeds for cultivation on subsidy basis for Rubi season, kharif season and to promote more and more yield of oilseeds. The Gram Panchayat of village has undertaken the responsibility to implement this programme. This is how the Government programmes are implemented to grow more oilseeds in large quantity and of better quality.

d) **Improvements in Technology and Machineries:**

The production by hand ghani and also bullock ghani is not economical one. The improved machineries are used in the production of oil. The government has also promoted to use the improved machineries for production of oil. The expellers 4, 6 and 9 bolts are used for the production of oil.
e) **Crop Insurance:**

A crop insurance scheme has been introduced from 1985 kharif season. The scheme provides financial support to insured farmers in the event of a crop failure. All the farmers availing crop loans from the Co-Operative Credit Institutions, Commercial Banks and Regional Rural Banks for raising cereal crops or for raising dry land crops i.e. pulses and oilseeds are eligible for insurance to the extent of 150 per cent of the crop loan. The premium rates are 2% of the sum insured in the case of rice, wheat and millets and 1% in the case of oilseeds and pulses. Small and marginal farmers are entitled to a subsidy of 50% on the premium payable by them under the scheme.

4.10 **New Policy for Small Scale Industry:**

On 6\textsuperscript{th} August 1991 the central Government of India, has published and proclaimed the new policies and programmes for the development of small scale industry. The oil industries are mainly the Small Scale Industries. There are very few big oil mills. The problems and difficulties of oil industries are also like the problems of small scale industries. The government has decided to promote the small scale industries by providing the various facilities mainly on the following facts:

a) The limit of investment for the small scale industries was Rs. 2 lakhs and now under the said new policy it is upto Rs. 5 lakhs. According to the programme of 1990 there was an investment of 60 lakhs for small scale industries and 75 lakhs for large industries. However, it was not implemented properly in the year 1990. So presently the central Government has decided to implement the same immediately, with full force.
b) The government has also decided to release the rigid rules for the establishment of small scale industry. The government further suggested having the simple and easy rules and regulations to be framed for the establishment of such industries.

c) In case of small scale industries the bills were not paid immediately, there was an undue delay therefore the scheme has been adopted by accepting and enacting the statutory provisions namely “Prompt Payment Act” to make the payment immediately and without delay.

d) The government is also thinking for the formation of capital to the small scale industries and, therefore, it is intending to accept and enact “Limited Partnership Act”.

e) Small Industries Development Bank of India is to start its services to provide the capital to small scale industries.

f) The labour facilities are also to be made available for the welfare of workers.

g) National Seeds Capital Scheme has extended its function to the larger area to cover the small scale industries.

h) The products produced by small scale industries are to be sold either in the inland or in the foreign markets and for the same, the Government programme and National Small Scale Co-Operations are to assist the same.

i) The small scale industries are to be given the priority in the distribution of raw materials.

4.11 Conclusion:

Even though the Government has prepared the suitable conditions and circumstances for the production of oil, however, the total production of oil has not been increased. The oilseed provided
under the scheme of subsidy has effected to have the more and more yield of oilseeds. The oilseed such as groundnut is not solely and wholly use for the production of oil only, but it is used by the people in the form of food daily. The production of groundnut and sunflower is more in the district of Solapur. As the part of groundnuts are sold into the interstate markets and sent to the other states for sale, the groundnut refined oil is imported from the Gujrat state, therefore the Government Plans and Programmes have proved failure and futile for the production of oil by the oil industries.

However, the production of oil is an important industrial activity. The edible oil is essentially required therefore the Government is always alert in framing and accepting the suitable policies for the production of oil. Hence, Government has many measures to promote the oil industries.

Proper Government controls should be implemented in Public Distribution System (PDS) so that there would not be any corruption in providing good quality of edible oil to the poor people of the state and so as to the nation.

Custom duties should be increased on import of edible oil so that the local and state markets would survive and for that proper policies and controls should be implemented in increasing acreage and production in the nation.

New innovations made by our scientists should be accepted and accordingly new modern big machineries should be made available to the oil mills of the country by initiative role of central and state Governments so that our nation become self-sufficiency i.e. it would depend less on imports of oil from other nations of the world.
REFERENCES:


12) Ibid, p. 4-5.


