

**INDIAN ECONOMY****INDONESIA'S PALM OIL CRISIS**

- The world's largest producer and exporter of palm oil is facing domestic shortages, leading to price controls and export curbs.

**Reasons for oil crisis in Indonesia**

- The Indonesian government imposed a ceiling on retail prices.
  - ❖ The price caps, however, led to the product disappearing from the market, amid reports of hoarding.
- The government also made it compulsory for exporters to sell 20% of their planned shipments in the domestic market.
- Supply disruptions: manmade and natural in other cooking oils, especially sunflower and soyabean.
  - ❖ Ukraine and Russia together account for nearly 80% of the global trade in sunflower oil, quite comparable to the 90% share of Indonesia and Malaysia in palm.
  - ❖ Soyabean oil, too, is facing supply issues due to dry weather in South America.
  - ❖ Supply tightness in sunflower and soyabean from war and drought, respectively has, in turn, transmitted to palm oil.
- Use of palm oil as a biofuel: The Indonesian government has, since 2020, made 30% blending of diesel with palm oil mandatory as part of a plan to slash fossil fuel imports.

**Impact on India**

- India is the world's biggest vegetable oils importer. Out of its annual imports of 14-15 mt, the highest share is of palm oil, followed by soyabean and sunflower.
  - ❖ Indonesia has been India's top supplier of palm oil, though it was overtaken by Malaysia in 2021-22.
- The Indonesian government lifted its retail price caps on palm oil along with the 30% domestic market sale obligation on exporters. At the same time, it levied a progressive tax on exports, linked to a reference price for CPO.
- The restrictions on exports, even in the form of levy, take into cognizance Indonesia's higher population as well as its ambitious biofuel programme.

**About Palm Oil**

- It's an edible vegetable oil that comes from the fruit of oil palm trees, having the scientific name *Elaeis guineensis*.
- Palm oil is an incredibly efficient crop, producing more oil per land area than any other equivalent vegetable oil crop fulfilling 35% of the world's vegetable oil demand on just 10% of the land.
- Two types of oil can be produced, crude palm oil comes and palm kernel oil, of which crude has more demand.
- Palm oil is an extremely versatile oil that has many different properties and is present in nearly 50 per cent packaged.
- Palm oil is a major driver of deforestation of some of the world's most biodiverse forests, destroying the habitat of already endangered species like the Orangutan, pygmy elephant and Sumatran rhino.

**Oilseeds**

- India is one of the major oilseeds growers and importers of edible oils.
- India's vegetable oil economy is the world's fourth-largest after the USA, China & Brazil.
- The oilseed accounts for 13% of the Gross Cropped Area, 3% of the Gross National Product and 10% value of all agricultural commodities.
- Oilseeds cultivation is undertaken across the country in about 27 million hectares mainly on marginal lands, of which 72% is confined to rainfed farming.
- A substantial portion of our requirement of edible oil is met through the import of palm oil from Indonesia and Malaysia.

**Challenges associated with Palm Oil**

- **Faulty trade policy:**
  - ❖ It undercut the gains in oilseed productivity which were driven by the technology mission of the late 1980s and early 90s.
  - ❖ When the government cut duties on edible oil imports, the Indian domestic market collapsed.

- ❖ Palm oil imports from Southeast Asia became cheaper than domestic oilseeds because of the subsidies provided in those countries
- **Small landholding and water shortage:**
  - ❖ small land-holdings of farmers with limited resources, erratic monsoon leading to the shortage of water, and overall shortage in water flow impacts growth of palm oil which is a water guzzling crop.
- **Monoculture crop:**
  - ❖ This attribute restricts the farmer from growing anything else and thereby reducing income flow as well.
- **Competition:**
  - ❖ competition from other economically viable crops such as rubber, areca nut, sugarcane, banana, coconut etc.
- **Community land ownership:**
  - ❖ The impact on community ownership of tribal lands as land being used by the Tribal community is being taken over by big farmers.
- **Long gestation period:**
  - ❖ It has a long gestation period and so is unsuitable for small farmers: Restricts income flow to farmers for at least 4-5 years before giving real fruits.
- **Invasive species:**
  - ❖ Oil palm is an invasive species and its plantations would denude forest cover and destroy the habitat of endangered wildlife.

#### Steps Taken by the Government

- The central government has taken steps to cool prices, including reducing import duties on palm, soybean oil and sunflower oil, and limiting inventories to prevent hoarding.
- The immediate solution is to import refined palm oil and sell through its public distribution system (PDS) at below market value.
- Duty-rationalization: A rise in global rates caused domestic edible oils to surge last year, but the federal government managed to bring down prices through several measures, including duty rationalization.
- India is working on medium- to long-term plans to cut its dependence on imported edible oils.
  - ❖ Longer-term options for the government include building up reserves, boosting domestic production and allowing commercial cultivation of genetically modified (GMO) oilseed crops.
- National Mission on Edible Oils-Oil Palm: India is trying to boost domestic production to overcome its dependence on imports. The government launched a \$1.5 billion initiative called the National Mission on Edible Oils-Oil Palm last year to improve self-sufficiency.

#### Way Forward

- India should build an edible oil reserve to insulate from any price spikes.
  - ❖ This will allow the government to release supply in times of shortage, to soften prices and to curb speculation trading and hoarding.
- This would be similar to what China does with its massive stockpiles of crude oil, strategic metals and farm goods.
- India's food stockpile is focused on grains like wheat and rice, which the country produces in abundance. It hasn't been able to replicate that with edible oils as India relies on imports for 60% of its needs.
- More land should also be diverted to grow soybeans, sunflower and rapeseed crops.
- The government will need to spend 50 billion rupees a year to boost oilseed output.
- Farmers will need to shift away from growing wheat and rice, where they're guaranteed a minimum price for their crops.

#### National Mission on Edible Oils – Oil Palm (NMEO-OP)

- It is a new Centrally Sponsored Scheme with a special focus on the Northeast region and the Andaman and Nicobar Islands.
- A financial outlay of Rs.11,040 crore has been made for the scheme, out of which Rs.8,844 crore is the Government of India share and Rs.2,196 crore is State share and this includes the viability gap funding also.

- The Mission hopes to increase oil palm acreage by an additional 6.5 lakh hectares by 2025-26 and grow production of crude palm oil to 11.2 lakh tonnes by 2025-26 and up to 28 lakh tonnes by 2029-30.
- This is the first time the Centre will give oil palm farmers a price assurance, with industry mandated to pay the viability gap funding of 14.3% of crude palm oil prices.
- The proposed scheme will subsume the current National Food Security Mission-Oil Palm programme.

**Benefits of this mission**

- The scheme will immensely benefit the oil palm farmers, increase capital investment, create employment generation, shall reduce the import dependence and also increase the income of the farmers.
- It will reduce the risk for farmers facing price fluctuation of the fresh fruit bunches from which oil is extracted, due to volatility in the international market.
- The decisions would benefit farmers and make it viable for the industry to continue contributing towards making the country self-sufficient in edible oil requirements and consequently save foreign exchange.

**IMPORTANT FACTS FOR PRELIM**

**1. INDIAN TENT TURTLE**

Recently, the Minister of State for Environment, Forest & Climate Change provided information regarding the Indian Tent Turtle.

**Indian Tent Turtle**

- Scientific Name: Pangshura tentoria
- It is a species of turtle in the family Geoemydidae.
- The species is native to India, Nepal and Bangladesh, with three subspecies recorded from the region viz.
  - ❖ P. t. Tentoria: It occurs in peninsular India and is recorded from Orissa, Maharashtra, Andhra Pradesh, Assam and Madhya Pradesh.
  - ❖ P. t. circumdata: It occurs in the western tributaries of Ganga and the rivers of Gujarat.
- It is found in Rajasthan, Madhya Pradesh, Uttar Pradesh and Gujarat.
- P. t. flaviventer: It occurs in the northern tributaries of Ganga and is recorded from Uttar Pradesh, Bihar, West Bengal and Assam.
- **Characteristics :**
  - ❖ The size of the carapace ranges from 20 cm to 26.5 cm depending upon the subspecies.
  - ❖ The colour of the turtles also varies according to each subspecies.
- **Habitat:**
  - ❖ Its habitats include still water pools on the riverside and slow running water near the river banks. These are active swimmers and are mainly herbivorous.
  - ❖ Its preferred habitats are freshwater rivers and swamps
- **Major Threats:**
  - ❖ Due to the attractive appearance of the species, they are illegally traded in the pet market.
- **Conservation Efforts :**
  - ❖ The Indian tent turtle is listed in Schedule –I of the Wild Life (Protection) Act, 1972 and is thereby provided with the highest degree of protection.
  - ❖ The Government has taken several steps to protect wildlife and its habitats including for Indian tent turtle species. Important steps taken in this regard include:
    - Protected Areas, viz national Parks, Wildlife Sanctuaries, Conservation Reserves and Community Reserves have been created in the country covering important habitats to provide better protection to wildlife, including threatened species and their habitat.
- IUCN Status: Least Concern

**2. WORLD HEALTH DAY**

- World Health Day was observed on 7 April.

**About World Health Day**

- It is celebrated annually and each year draws attention to a specific health topic of concern to people all over the world.
- It marks the anniversary of the founding of the World Health Organisation (WHO) in 1948.
- The first World Health Day was celebrated and observed in 1950

- Every year, World Health Day is observed to draw public attention to a specific health-related topic.
- **Theme:**
  - ❖ “Our Planet, Our Health”.
- **Significance:**
  - ❖ It is celebrated every year to raise awareness about the ongoing health issues that concern people across the world.
  - ❖ The WHO organises international, regional and local events on the Day related to a particular theme.

### **3. GANODERMA LUCIDUM**

- Attempts are being made to popularise Ganoderma lucidum mushroom for business and livelihood, by cultivating it on wood logs and sawdust.
- Earlier it was only collected from the wild but its increasing demand pushed the attempts to artificially cultivate it.

#### **Ganoderma Lucidum**

##### **About:**

- The mushroom is shiny red-brown and naturally grows on wood.
- It has been cultivated in various wood logs as well as sawdust substrates, with wheat bran, tea leaves, cotton husk and others being the additional substrates.
- It prefers broad-leaved tree species like acacia, poplar, oak, maple, Melia, eucalyptus, hevea, Tectona and Grewia.
- The mother culture of Ganoderma lucidum is commonly prepared from its fruiting body by tissue culture method; it is further used to prepare its spawn.

##### **History:**

- The history of consumption of this mushroom can be traced back to 5,000 years ago in China.
- It is also found in the historical and medical records of countries like Japan, Korea, Malaysia and India.
- The first successful artificial cultivation was done in 1969 by technicians of the Chinese Academy of Science.

##### **Geographical conditions:**

- It thrives well in warm and humid climates and grows preferably in mixed forests of subtropical to temperate regions.
- Unlike normal mushrooms, the peculiar character of this one is that it grows on wood or wood-based substrate only.

##### **Utility**

- Apart from medicines, Ganoderma lucidum is also used as a base material for manufacturing products such as tea, coffee, energy supplements, health boosters, beverages, baked goods and anti-ageing cosmetics.
- It is a medicinal mushroom in use for centuries to heal diseases like diabetes, cancer, inflammation, ulcer as well as bacterial and skin infections.
- They have earned it monikers such as “mushroom of immortality”, “celestial herb” and “auspicious herb”.
- It is globally also known as the “red reishi mushroom”.
- In India, however, the potential of the fungus is still being explored.

##### **Scope in India:**

- The reason the mushroom has not gained as much popularity as other herbal products might be the fact that its mass production is restricted to countries like China, Japan, Korea, Malaysia, Thailand and the United States of America.
- Awareness regarding Ganoderma is spreading and the demand for this mushroom has pushed many countries, including India, to produce it on a large scale and manufacture its products.
- India, a country where the majority of the population primarily relies on agriculture, has great potential to cultivate this mushroom.
- It can be grown indoors and is thus safe from the impacts of extreme weather conditions, man-wildlife conflicts, harsh topography and poor soil conditions.

### **DAILY ANSWER WRITING PRACTICE**

**Q1. The World Bank has supported India since its independence by giving large loans for its economic development. Evaluate its role as a facilitator of developmental objectives. (250 words)**

## Introduction

The World Bank is an international organization dedicated to providing financing, advice, and research to developing nations to aid their economic advancement. The bank predominantly acts as an organization that attempts to fight poverty by offering developmental assistance to middle- and low-income countries. The World Bank was created in 1944 out of the Bretton Woods Agreement, which was secured under the auspices of the United Nations in the latter days of World War II. The World Bank are headquartered in Washington, D.C

## Body

### World Bank's support to India since Independence

- The cooperation between the World Bank and India goes back to the foundation of the International Bank of Reconstruction and Development in 1944
- India received its first bank loan of US\$34 million from the International Bank of Reconstruction and Development in November 1948 for railway rehabilitation
- During the 1950s, the IBRD was India's sole source of World Bank borrowings
- During the 1960s and 1970s, the IDA accounted for nearly three-fourths of all WB lending to India and, in turn, India was by far the largest recipient of IDA funds, accounting for more than two-fifths of all its lending
- The lending portfolio changed sharply after the 1991 macroeconomic crisis
  - ❖ India became one of the last important borrowers in order to undertake structural adjustment lending
- Currently, the World Bank Group (WBG) has approved a \$25-30 billion commitment plan for India for the period 2019-22.

### World Bank's role as a facilitator of developmental objectives

#### Education

- Sarva Shiksha Abhiyan programme aimed to provide elementary education for around 200 million children across the country.
- **Odisha Higher Education Program for Excellence and Equity:** The development objective of the Program is to improve the quality of and students' equitable access to selected institutions and enhance governance of the higher education system in Odisha

#### Agriculture

- **National Dairy Support Project:** The development objective is to increase the productivity of milch animals and improve market access of milk producers in project areas
- Atal Bhujal Yojana (Abhy)-National Groundwater Management Improvement: This is an initiative for ensuring long term sustainability of ground water resources in the country.

#### Health

- **Program Towards Elimination of Tuberculosis:** The objective of the programme is to improve the coverage and quality of TB control interventions in the private and public sector in targeted states of India.
- **Innovate in India for Inclusiveness:** The development objective of Innovate in India for Inclusiveness is to facilitate innovation in biopharmaceutical products and medical devices that address public health priorities in India.

#### Food Security

- **National Nutrition Mission:** The development objective is to support the Government of India and participating states to
  - strengthen the Integrated Child Development Services (ICDS) policy framework, systems and capacities, and facilitate community engagement
  - to ensure greater focus on children under three years of age;
  - strengthen convergent actions for improved nutrition outcomes

#### Infrastructure

- **Dam Rehabilitation & Improvement Project:** This is to improve the safety and operational performance of selected existing dams in the territory of the participating states
- **Eastern Dedicated Freight Corridor Project:** The Government of India and the World Bank signed a \$650 million agreement for faster and more efficient movement of raw materials and finished goods between the north and eastern parts of India.

#### Pradhan Mantri Gram Sadak Yojana Project

#### Human Resource Development

- **Skill India Mission:** The project has been developed to enhance institutional mechanisms for skill development and increase access to quality and market-relevant training for the workforce.
- **Nai Manzil – Education and Skills Training for Minorities:** The project aims to improve completion of secondary education and market-driven skills training for targeted youth from minority communities.
- **North East Rural Livelihoods Project (NERLP):** The development objective of the North East Rural Livelihoods Project for India is to improve rural livelihoods, especially that of women, unemployed youths and the most disadvantaged, in the participating North Eastern States.

**Conclusion**

Thus, for India financial help from every source is very important in light of govt’s flagship schemes to develop infrastructure. Hence, India needs world bank’s support but well researched decision making while applying for loans by analysing the effect of terms and condition towards the national interests is more important. Therefore, India’s dependence on world bank varies from case to case.

**DAILY QUIZ**

**Q1.** With reference to ‘palm oil’ consider the following statements:

1. The palm oil tree is native to Southeast Asia.
2. The palm oil can be used to produce biodiesel.
3. Indonesia is currently India’s top supplier of palm oil.

Which of the given above statements is/are correct?

- a) 2 and 3 only
- b) 1 and 3 Only
- c) **2 only**
- d) All of the above

**Q2.** With reference to National Mission on Edible Oils – Oil Palm (NMEO-OP), consider the following statements

1. It is a Central Sector Scheme.
2. Special focus will be on the Northeast region and the Lakshadweep Islands.
3. The proposed scheme will subsume the current National Food Security Mission-Oil Palm programme.

Which of the following statements is/are correct?

- a) **3 only**
- b) 1 and 3 Only
- c) 1 and 2 only
- d) All of the above

**Q3.** With reference to Indian Tent Turtle, consider the following statements:

1. It is primarily a riverine turtle, inhabiting small and large rivers.
2. Its preferred habitats are freshwater rivers and swamps.
3. IUCN Red Lists classifies it as Vulnerable.
4. It is listed in Schedule –I of the Wild Life (Protection) Act, 1972 .

Which of the statements given above are correct?

- a) 2 and 3 only
- b) 1 and 4 Only
- c) 1 and 2 only
- d) **1,2 and 4**

**Q4.** Ganoderma lucidum recently seen in the news ,it is related to

- a) Algae
- b) **Fungus**
- c) Bacteria
- d) Virus

**Q5.** With reference to the Indian polity consider the following statements

1. Adjournment motion is introduced in both the houses of the parliament
2. Adjournment motion needs the support of 50 members to be admitted
3. A no-confidence motion can be moved only in Lok Sabha.

Which of the statements given above is/are correct?

- a) 3 only
- b) **2 and 3 only**
- c) 1 and 3 only
- d) 1 and 2 only