

OPERATIONAL GUIDELINES FOR IMPLEMENTATION OIL PALM CULTIVATION IN THE STATE UNDER THE SCHEME OF ISOPOM (OIL PALM) & RKVY (OIL PALM) DURING 2011-12

Palm Oil has good acceptance as a cooking media because of its good quality and nutritive value. Report based on nutrition studies has indicated that Palm Oil is a wholesome source of energy. Earlier Oil Palm Plantations were raised in the State in the year 1993 – 94 onward at little moderate scale. However, during 1999 these plantations were damaged due to Super Cyclone and farmers also uprooted the plantations as no processing unit was established and at the same time no Company came forward to purchase their fruits. Subsequently, the State Government signed MoUs with five Oil Palm Plantation Companies and they were allotted areas in different districts.

In the MoU there was a stipulation that the Oil Palm Companies will establish an Oil Extraction Unit in the allotted districts within three years. M/s- Laxmi Balaji Oil Mills Pvt. Ltd., have established an Extraction Unit and other companies shall establish such extraction units shortly.

During 2010-11, four additional districts viz, Cuttack, Nawarangpur, Bargarh and Bhadrak have been included to take up new plantation.

2. Ongoing Programme for Oil Palm Development:

Oil Palm Development Programme (OPDP) was launched during 1991-92 under the “Technology Mission on Oilseeds and Pulses” (TMOP) with a focus on area expansion in Odisha. From 2004-05 onwards, the scheme is being implemented as part of the “Integrated Scheme of Oilseeds, Pulses, Oil Palm & Maize” (ISOPOM) and provides support for quality Oil Palm cultivation in the State. Under this scheme, support is provided for planting material, cultivation cost, installation of drip irrigation system, diesel pump sets, training, development of waste land and technology transfer through demonstration and publicity.

Fresh Fruit Bunches (FFBs) of oil palm are highly perishable and need to be processed within 24 hrs of harvest. Realising the special circumstances regarding the cultivation, gestation, sustainability, production, harvesting and processing of Oil Palm, the State Directorate of Horticulture has tried to establish a linkage of oil palm farmers with oil palm processors and oil palm industry. Area expansion programme under ISOPOM in association with the oil palm industry is being taken up in the State. Identified areas are allocated to private entrepreneurs as detailed below, for overall development of the sector i.e. from plantation to procurement of Fresh Fruit Bunches (FFBs) at a reasonable price.

List of MoU signed Oil Palm companies operating in Odisha:

Name of the Company	Name of the District
Lakshmi Balaji Oils Pvt. Ltd., Rayagada	Nawarangapur, Koraput, Rayagada
Godrej Oil Plantation Ltd. , Berhampur	Bargada, Ganjam, Gajapati
3F Oil Palm Agro-Tech Pvt Ltd., Dhenkanal	Dhenkanal, Cuttack, Jajpur
Ruchi Soya Industries Ltd., Balasore	Mayurbhanja, Bhadrak, Balasore
Vaidehi Palms Pvt. Ltd., Nayagarh	Nayagarh, Boudh

A special initiative is being undertaken under RKVY during 2011-12 for implementation of a Special Programme on Oil Palm Area Expansion (OPAE) in order to augment the production of palm

oil. The guidelines for 2007-08 should be followed for the components like Maintenance of Plantation up to 2010-11, Demonstration, Exposure visit of Farmers & Officials and Wasteland development. Similarly, the guidelines for OPAE programme under RKVY should be followed for all other components from 2011-12 as given below. The components in either of the schemes may be dovetailed as per requirements.

- 1 **Selection of Beneficiaries:** The Horticulturist/AHO shall select the beneficiaries with the help of their field functionaries and shall intimate the Company for providing Planting materials or other inputs. The Extension personnel of the MoU signed Companies assigned for that area may be involved in selection of beneficiaries, but they have to intimate the concerned Horticulturist/AHO for finalization of beneficiary list before taking up any plantation or provision of inputs. In any case the Beneficiary has to apply for Oil Palm plantation indicating details of land holding, Bank branch & Account number in the format assigned by the Directorate of Horticulture.
- 2 **Distribution of Planting Materials (Oil palm seedlings):** The concerned Company shall arrange to provide on farm delivery of disease free & healthy Oil Palm Seedlings (Exotic/Indigenous) @ 143/ ha, to the selected beneficiaries. During the year 2011-12, there is a provision for New Plantation under OPAE programme under RKVY. Subsidy admissible is 85% of the cost of planting material limited to Rs. 10000/-per ha for entire land holding of the farmer. Considering the revised cost of seedlings @ Rs.83/- each, the beneficiary has to pay Rs. 12.45/ seedling and balance Rs. 70.55/ seedling shall be the subsidy. Hence, per ha of 143 plants, Farmer's share, Rs.1780.35 (143 x 12.45) + Subsidy, Rs.10088.65 (143 x 70.55) = Rs. 118690/-. Subsidy, say Rs.10000/-. However, where there is spill over of funds for plantation under ISOPOM, the assistance shall be provided as per the previous guidelines i.e. 75% of the cost limited to Rs.7500/ha. In any case, within seven days of completion of plantation, the Extension Personnel of the Company has to intimate concerned Horticulturist/AHO under intimation to Horticulture Directorate through e-mail. Within 10 days of receiving the intimation of plantation, concerned Horticulturist/AHO shall conduct verification and basing on verification, shall release subsidy amount on planting materials to the Company through A/c payee Bank Cheque under intimation to Horticulture Directorate. Horticulturist/AHO may collect Farmers' share for seedlings and remit to the Company or the Company may directly collect from the beneficiaries.
- 3 **Assistance for cost of cultivation during gestation period:** During the year 2011-12, there is provision for Maintenance of New Plantation under OPAE programme under RKVY. Subsidy @ 50% on the cost of maintenance is extended for 4 years including planting year. The rate of subsidy for maintenance is @ Rs.6000/- per ha for 1st year/Planting year @ Rs.3500/- per ha, for 2nd year @ Rs.4500/- per ha, for 3rd year and @ Rs.6000/- per ha for 4th year. However, for older plantations done under ISOPOM, admissible is 50%, but shall be provided as per the old rate of assistance i.e. @Rs 4600/- per ha for 1st year/Planting year, @Rs 3300/- per ha for 2nd year @Rs 3500/- per ha for 3rd year and @Rs 4100/- per ha for 4th year.
- 4 **Supply of Drip Irrigation System:** During the year 2011-12, the assistance will be provided as per the subsidy admissible under National Mission on Micro-Irrigation (NMMI) up to 5 ha per farmer. As clarified in the Video Conference with GoI on 30.11.2011, there is a provision of 70% of the cost of drip irrigation system for Oil Palm plantation at 9M X 9M spacing (in Triangular

system) is indicated below. But it should be calculated by the AAE of concerned DDH Range for the actual area of plantation. However, where there is spill over fund for Drip Irrigation, under ISOPOM, the assistance shall be provided as per the NMMI norm, the target may be reduced as per availability of funds.

Indicative cost of Drip system in Oil Palm plantations:

Area	Indicative cost	Subsidy limit (70%)
0.20 ha	Rs.9588	Rs.6712
0.40 ha	Rs.16604	Rs.11623
1.00 ha	Rs.23983	Rs.16788
2.00 ha	Rs.39371	Rs.27560
3.00 ha	Rs.60780	Rs.42546
4.00 ha	Rs.76644	Rs.53651
5.00 ha	Rs.97314	Rs.68120

- 5 Supply of Diesel/Electric pump set for drip system:** During 2011-12, there is a provision for supply of Pump set (diesel/electric) of capacity up to 10 HP under OPAE programme under RKVY @ 50% of the cost limited to Rs10000/pump set. Out of these, 70% area should be for 1 ha holding farmers including SM/MF; 20% area for 2 ha holding farmers; 5% area for 3 ha holding farmers; 3% area for 4 ha holding farmers and 2% area for 5 ha holding farmers. However, where there is spill over fund for supply of Diesel Pump set, under ISOPOM, the assistance shall be provided as per the new guideline, but minimum area should be 0.4 ha and the farmer may opt for Diesel / Electric Pump set. In order to keep uniformity within the Department of Agriculture, the practices adopted in Directorate of Agriculture & Food Production, should be adhered to. The approved guidelines communicated by DA & FP for selection of company/model/indicative cost etc are available with the DDA/DAO, which should be followed for the year of Procurement. The Model, Manufacturer & Capacity of Diesel / Electric Pump set should be selected by the beneficiary in consultation with Company Extension Personnel/Drip Installation Personnel & Asst. Agriculture Engineer. It may be of 0.5 HP to 10.0 HP, but the subsidy admissible should be 50% of the cost of pump set, limited to Rs.10000/- per set. In case any amount remaining balance, the Horticulturist/AHO can go for more beneficiaries/ pump sets according to allotment received. The target of pump sets is indicative only from the financial point of view.
- 6 Inputs to inter-cropping in Oil Palm fields:** During 2011-12, there is a provision for providing inputs for Inter cropping in OPAE programme under RKVY @ 50% of the cost limited to @ Rs.10,000/- per hectare for purchase of planting material of horticultural inter-crops/ seed materials of field crops. But, 75% funds should be utilized for procurement of planting materials/ seeds and 25% for production or protection of inputs for intercrop fields. Farmer shall choose suitable crop. Company shall facilitate arrangement of Planting Materials & Inputs. Subsidy shall be released after joint verification of concerned Hort./AHO and Company.
- 7 Assistance for INM, IPM, Fertigation, P P Chemicals & tree guard etc:** During 2011-12, there is provision for providing inputs for assistance for INM/ IPM, Fertigation, P.P. Chemicals, Tree guards etc. in OPAE programme under RKVY limited to Rs. 5000/- per ha. Permits shall be

issued to the farmer by the concerned Horticulturist/AHO as per requirement, as practiced in the DA & FP. The farmer shall purchase the inputs from dealers approved by DA&FP at admissible subsidized rate. The balance cost of inputs shall be paid by concerned Horticulturist/AHO to the dealer. Concerned Oil palm companies should avail license from the concerned DAO to facilitate supply of Liquid/ water soluble fertilizers required for fertigation through drip system.

- 8 **Construction of Vermi-compost Units at Oil Palm field:** In order to promote use of organic manure and vermi-compost in oil palm, during 2011-12, there is a provision for providing subsidy of 50% on the cost of construction of Vermi-Compost units limited to Rs.15000/- per unit measuring 15 Meter length, 0.9 meter width and 0.24 meter depth. However, farmer may opt for smaller size of Vermi-units similar to the norm covered under NHM/ RKVY/ CDB schemes.
- 9 **Subsidy for bore wells at oil palm farms:** In order to create water source, there is a provision of construction of Bore well / Water harvesting structure in OPAAE programme under RKVY. Subsidy is admissible @ 50% of the cost limited to Rs.50000/- per bore well or water harvesting structure. The norm shall be similar to that followed by DA&FP.
- 10 **Setting up of Oil Palm processing units:** During 2011-12, there is provision for providing assistance of 50% of the cost establishment of Oil Processing units, limited to 250.00 lakh per unit for the mill of 5 MT/hr FFBs processing capacity. For this purpose the MoU signed companies have to apply to the Director of Horticulture, Odisha
- 11 **Demonstration of Plantation:** In order to educate the farmers on Oil Palm cultivation, some Demonstration plots should be established. The oil extraction companies should take active participation in establishing the demonstration plot from planting to extraction of crude oil, along with the technical assistance from the Govt. officials from the Horticulture department. It is proposed to take up demonstration plots of one ha in private/ institution land with an expenditure of Rs19,200/- per ha.
- 12 **Development of Waste Land:** In order to increase cultivable land, waste land can be developed and can be utilized for Oil Palm cultivation. Waste land can be developed for cultivation by levelling, removal of stones and debris, land reclamation etc. for which 50% assistance can be given to beneficiary/institution @ Rs. 19400/- per ha.
- 13 **Farmers' Training:** Training of farmers shall be conducted by concerned Hort/AHO/Company with the expenditure of Rs. 300/- per farmer
- 14 **Exposure Visit of Farmers:** Exposure visit of farmers to outside State shall be organised by concerned company to Oil Palm Research/Processing area with the expenditure of Rs. 5000/- per farmer.
- 15 **Fixation of MSP:** Govt. shall fix the Minimum Support Price for the Fresh Fruit Bunches (FFB), considering the proposals from the Director of Horticulture.
- 16 **Mobility & Extension / Contingency:** The funds placed for the purpose of meeting contingency like POL, Misc. Expenditure, hired vehicles if necessary, telephone charges, purchase / repair of materials for computers and its peripherals, repair of Fax, Xerox etc.