

6 A CASE STUDY ON PRIVATE SECTOR ENGAGEMENT AND OIL PALM PLANTATION IN NORTHEAST INDIA

Youth's Forum for Protection of Human Rights
(CPDE Youth Constituency)

Introduction

Northeast India (officially North Eastern Region, NER) is the easternmost region of India, representing a geographic, political and administrative division of that part of the country. It comprises eight states – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. The Government of India, with the technical assistance of private companies, have planned to cultivate large scale commercial plantation of oil palm in the entire region.

In August 2021, the Union Cabinet of India, under the leadership of Prime Minister Narendra Modi, approved the implementation of the National Mission on Edible Oils – Oil Palm (NMEO-OP).¹ The mission aimed to decrease the import of palm oil and increase the domestic production under AatmaNirbharBharat Abhiyan, which is Prime Minister Modi's vision of making India a self-reliant nation. It also seeks to make India as the largest importer of palm oil in the world. The country currently imports its palm oil from Indonesia and Malaysia, who produce the majority of the supply. The government also claims that the NMEO-OP will produce more jobs and increase incomes for the agriculture sector.

The NMEO-OP, costing INR 110 billion (approximately USD 1.4 billion), seeks to renew and expand oil palm plantations in the Northeast, as well as in the Andaman and Nicobar Islands. In the next five years, the plan aims to set-up a total of 328,000 hectares of oil palm plantation in the Northeast and 322,000 hectares in the rest of the country. As the plan is updated, the new scheme seeks to bring additional 0.65 million hectares for oil palm production by 2025 to 2026, to reach its target of a million hectares. By 2026, the goal is to reach an output of 2.8 million tonnes and by 2030, a total of 2.8 million tonnes.

The NMEO-OP is not the first initiative of the government to foster production of palm oil in the country. The program had its beginnings in the 1980s, with the Technology Missions on the production of oils. It was revived in the 2010s as the government pursued the National Mission on Oilseeds and Oil Palm, before it became the NMEO-OP and was awarded the funds it has now. In all of those programs, the government has partnered with the private sector to facilitate cultivation and processing of oil plantations.



Photo from Reuters

¹J PIB India. (2021, August 18). Cabinet approves implementation of National Mission on Edible Oils – Oil Palm. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1746942>



Private sector role, involvement and lack of accountability

Between 2005 and 2006, three companies, Godrej Agrovet Private Limited, 3F Oil Palm Agrotech Private Limited and Ruchi Soya Industries Limited, signed memoranda of understanding with the government of Mizoram. According to the MoU, the three companies were assigned certain districts where they would have virtual monopsonies over FFB purchasing and were expected to set up oil mills to process these. With their virtual monopsony over FFB, these companies are able to control the market of the raw material needed to produce palm oil. Godrej was given the districts of Mamit and Kolasib, 3F was allocated Aizawl, Serchhip and Siahla, while Ruchi Soya was given Lunglei and Lawngtlai.² In terms of the selection of the government's private sector partners, there is a lack of transparency regarding how they were chosen.³

As they are awarded benefits by the government, Godrej, 3F and Ruchi Soya control 80% of oil palm cultivation in India. As new policies and programs are pursued, these same companies are looking to invest and expand their activities in certain areas in the Northeast.⁴ In fact, even prior to the announcement of the NMEO-OP, the owner of Ruchi Soya, Ram Kisan Yadav, had mentioned their intention in expanding as they conducted a survey for palm oil plantations in NER.

In the Northeast Region, the National Food Security Mission-Oil Palm (NFSM-OP) is being implemented to transform wastelands into plantations of fresh fruit bunches. The government partnered with Quality Planting Materials, a company that provides technical support by buying back FFB from farmers at a predetermined price for processing within 24 hours.⁵

As the government pursues the large-scale production of palm oil with private sector partners, there is a need to closely monitor the impacts on the marginalised sectors and communities affected, especially the Indigenous People, farmers and the youth. Thousands of hectares of land owned by indigenous communities are being transformed to oil palm plantations, without their consent, and disrupting their traditional way of life. Farmers are forced to grow raw materials for palm oil production, subjected to low wages and poor working conditions. All of these impacts risk the future of the youth, as they are likely to suffer from loss of traditional practices, environmental degradation and poor working conditions.

Furthermore, palm oil companies in the top producing countries of Indonesia and Malaysia have been utilising child and forced labour. It has been found that children as young as 8 years old are forced to work in these plantations, subjected to strenuous physical work. Children are also exposed to toxic pesticides and heavy machinery without the sufficient protective gear. In addition to their poor working conditions, they are given less than minimum wage and are often abused.⁶

²Colney, K. (2021, September 28). Mizoram shows why centre's palm-oil plans will be disastrous for farmers, environment. The Caravan. <https://caravanmagazine.in/agriculture/mizoram-shows-why-centres-palm-oil-plans-will-be-disastrous-for-farmers-environment>

³Colney, 2021.

⁴Bhosale, J. (2021, September 1). Big names in India's palm oil industry are chalking out plans for expansion of palm oil plantation. The Economic Times. https://economictimes.indiatimes.com/news/economy/agriculture/big-names-in-indias-palm-oil-industry-are-chalking-out-plans-for-expansion-of-palm-oil-plantation/articleshow/85824626.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

⁵Report of the Sub-Committee on Oil Palm Manipur.

⁶Amnesty International. (2016, November 30). Palm Oil: Global brands profiting from child and forced labour. <https://www.amnesty.org/en/latest/news/2016/11/palm-oil-global-brands-profiting-from-child-and-forced-labour/>.



Photo from Bilaterals.org

Palm oil production for sustainability and development

While the government of India has declared that the policy for accelerating oil palm production will benefit the economy, boost employment, increase incomes and reduce dependency, it has also awarded a larger role to the private sector for the production of necessities. As the stages in the production process are handled by private companies, these entities have authority over the cultivation and production of palm oil. With this, there is an urgency to monitor their adherence to development effectiveness principles, specifically the Kampala Principles, in their operations.

Kampala Principle 1: Inclusive country ownership

The NMEO-OP is aligned with the various strategies and plans of the government, as it claims to contribute to self-sufficiency, economic growth and employment. However, in the planning and design of the program, there was no consultation conducted with the people of India, especially the farmers and communities who would be greatly affected. When PM Modi announced the setting up of the National Mission on Edible Oils - Oil Palm in August 2021 not a single farmer or citizen in the region gave consent to the project. The government of Manipur also passed the Manipur Oil Palm (Regulation of Production and Processing) Act, 2021⁷ in early 2021 without public consultations.

Kampala Principle 2: Results and targeted impact

The government intends to bring an additional 650,000 hectares under oil palm cultivation, which means an additional stretch of land will have to be acquired. The target is to grow palm oil on 3 million hectares over the next decade and acquire 328,000 hectares in northeastern states. The land acquisition will affect indigenous communities, and cause displacement of communities all over the country. Mizoram already lost nearly 20,000 hectares of communal agriculture land to oil palm plantation. Government estimates that the total land identified for potential cultivation in the states of Manipur, Meghalaya, Nagaland and Tripura is around 180,000 acres. In Manipur alone, the land identified is three percent of the state's total area.⁸

The pursuit of palm oil will also undermine the traditional food crops and the pattern and culture of food systems, both production and consumption in the North East. Most people there grow and consume rice as the staple food, both in the wetlands areas and in the hilly areas, and practice a traditional food production system. The proposed plan to promote palm oil will gradually replace the traditional subsistence food production system with a cash crop-oriented plantation economy. This will also affect the traditional way of life and food consumption patterns. The palm oil will affect the cultivation of the varied seasonal food production system, which will also cause food shortages, aside from affecting and undermining the diversity of food species in the region.

The Department of Agriculture of the government of Manipur, being a nodal department of the mission, has started its trial basis of cultivation of oil palm in various parts of Manipur. In the Thoubal District, it has started at Krishi Vigyan Kendra at the foothills areas of Sangaithel and Jiribam area. The government of Manipur and this mission have proposed to provide the subsidy to the cultivators for the amount of INR 20,000 per 1 hectare of land annually during this trial growing period. When we compare this to the planting of other crops like paddy and other sunflowers, crops seem to be more profitable and could be more sustainable than oil palm. Replacing the paddy cultivable areas and jhum (or slash and burn) cultivation area which the Indigenous Peoples have been practicing will undermine the food sovereignty of the communities inhabiting the region as the staple food for almost the entire population of the region is rice.

⁷Government of Manipur. (2021, March 10). The Manipur Oil Palm (Regulation of Production and Processing) Act, 2021. https://prsindia.org/files/bills_acts/acts_states/manipur/2021/Manipur%20Act%2014%20of%202021.pdf

⁸Kaushik, M. (2021, September 2). Palm oil policy needs wider consultation. The Statesman. <https://www.thestatesman.com/opinion/palm-oil-policy-needs-wider-consultation-1503001799.html>.

It is very important to determine how the local food supply will be affected by the conversion of a total 50,380 hectares of land from paddy and other vegetables for local consumption to a palm oil plantation. Local communities stand to lose 14,516 hectares in Imphal West, 18,475 hectares in Thoubal District, 10,389 hectares in Bishnupur, 7,000 hectares in Jiribam.⁹ Meanwhile, the Department of Agriculture will mainly focus on the abandoned jhum cultivation sites, meadow areas and foothills to avoid deforestation.

While the government claims that the initiative will award opportunities for farmers to gain profit from the plantations, compensation remains low and insufficient. In Mizoram, a kilogram of palm oil only goes for INR 5.50 or less than a dollar. Due to the low prices, families of farmers help out in the plantation, with children contributing to the work. It has been noted that they earn even less from palm oil plantations from what they traditionally cultivate.¹⁰

Kampala Principle 3: Inclusive partnerships

The plan to pursue oil palm in the NER lacks the detailed consultation with the Indigenous Peoples of the region. The basic requirements on providing necessary information, including the details of areas targeted for oil palm and necessary social and impact assessments, among others, were not provided. The right to free, prior and informed consent (FPIC) of Indigenous Peoples was not upheld and even undermined. The definition of the priority to pursue palm oil has been defined exclusively by the government to benefit corporate interests. Such definition of priority excludes the communities affected, especially Indigenous Peoples of the north east. This goes against the principle of self-determined development of Indigenous Peoples.

Kampala Principle 4: Transparency and accountability

The pursuance of oil palm in the North East has continued amid the absence of a detailed environmental and social impact assessment. It is extremely crucial to conduct these assessments as Manipur and other states in India's North East fall under two biodiversity hotspots: the Indo-Burma Biodiversity Hotspot and Eastern Himalaya Biodiversity Hotspot. This explains the richness of the biodiversity, flora and fauna in the region. With the lack of environmental and social assessments, there are no plans from the government or private sector to mitigate these risks and threats.¹¹

Corporate bodies will not only consolidate their profits through subsidies and business, but unleash unaccountable practices. Farmers and landowners in the palm oil plantations in Mizoram and Tripura have already complained that they have not been receiving the appropriate payment from the oil extraction plant, established by the Godrej Agrovet Company at the Bukvannei village, Kolasib district.¹² There are hardly any mechanisms to hold corporations accountable for abuse and violations.

Kampala Principle 5: Recognising, sharing and mitigating risks

Without environmental and social impact assessments, the government and private sector has not been able to reduce any imminent risks to the environment and communities in pursuing the initiative. Despite existing literature that shows



⁹Report of the Sub-Committee on Oil Palm Manipur.

¹⁰Sinha, C. & Gerretsen, I. (2021, October 22). Modi's 'gamechanger' palm oil push raises concerns for Indian forests and women. Climate Change News. <https://www.climatechangenews.com/2021/10/22/indias-palm-oil-push-threatens-forests-womens-status/>.

¹¹Kojiam, P., Lukram, M. & Yumnam, J. (n.d.). Assessment of ODA Projects and their Implications on Indigenous Peoples in Manipur. https://www.ituc-csi.org/IMG/pdf/private_sector_study_-_manipur.pdf.

¹²Vanlalruata, H.C. (2021, August 31). Centre's oil palm cultivation plan draws flak from experts in North East. The Times of India. <https://timesofindia.indiatimes.com/city/guwahati/centres-oil-palm-cultivation-plan-draws-flak-from-experts-in-north-east/articleshow/85790541.cms>.

the destructive impacts on the environment of large-scale plantations, there are currently no efforts to address these. One of the major impacts of oil palm cultivation in Mizoram is the extensive conversion of prime forest areas for palm oil mono cultivation. More than 20,000 hectares of forest land that are also used for shifting cultivation by the Mizo and other tribes of Mizoram have already been cleared to make way for palm oil. This has been facilitated by private companies like Godrej and Ecofirst. Massive deforestation can lead to the worsening threats of climate change and loss of biodiversity.

Manipur is famous for its diversity of species both plants and animals. The place is in a biodiverse location. Two biodiversity hotspots share the territory of Manipur, on the Western and Northern parts: extension of Himalayan Biodiversity Hotspot and on the and the extension of Indo Burma Biodiversity Hotspot in the Central, Southern and Eastern areas. As such, oil palm plantations in the many foothills, plains and hill areas where large scale forest covers will severely impact on the biodiversity of the state and the region at large.

The tropical forest species index has declined by 25 per cent in the last three decades, according to the World Wildlife Fund (WWF). Globally, 300 million hectares of tropical forests were converted for non-forest use during the last 20 years of the twentieth century. Between 2015 and 2020, the rate of deforestation was estimated at 10 million hectares per year. Several research studies have revealed that most of the world's palm oil plantations are within these converted hectares.¹³

Loss of forest not just impacts traditional indigenous agriculture, but also leads to loss of traditional knowledge and practices. This subsequently affects the identity and culture of indigenous communities. Youths, children and women and future generations will be affected directly by this loss of culture caused by loss of land, forest, rivers and other survival sources of the communities.

The cultivation of palm oil causes massive contamination of soil and water. There have been numerous examples of how the cultivation of palm oil in Mizoram state in India's North East Region affects and contaminates the soil and water due to excessive use of chemical fertilizers and pesticides. The traditional subsistence agriculture form in Mizoram hardly uses chemical fertilizers and therefore are more sustainable. The massive push for oil palm by the Government with the increased involvement of private companies will intensify the contamination of soil and water in the entire North East region.

Oil palm, furthermore, is one of the most water-intensive cash crops in its cultivation process, thus affecting the water availability and even water scarcity in various areas in Mizoram. The oil palm is found to be a water thirsty plant that consumes almost 150 to 250 liters of water.¹⁴ It is important to analyse the impacts of oil palm plantations in abandoned jhum cultivation areas, meadow areas, or the foothills as compared to areas with accessible sources of water, which can be dried up. Oil palm plantation at the foothills will seriously impact paddy cultivation, which is the major livelihood of the people of Manipur and the North East Region. The aggressive push for palm oil in the North East will further worsen the water scarcity.



¹³Mohanty, A. (2021, June 4). World Environment Day: How our greed for palm oil is destroying tropical rainforests. DownToEarth. <https://www.downtoearth.org.in/blog/forests/world-environment-day-how-our-greed-for-palm-oil-is-destroying-tropical-rainforests-77286>

¹⁴Manorama, K. (n.d.). How to manage oil palm during hot weather conditions?. Krishisewa. <https://www.krishisewa.com/crop-production/870-oil-palm-water-management.html>.

CONCLUSION & RECOMMENDATIONS

As a directive from the national government, there has been an aggressive push for the widespread palm oil production across the Northeast Region of India, pursued with private sector partners. The states of Mizoram and Manipur have also enacted laws regulating the production and processing of palm oil. While the NMEO-OP is initiated to promote self-sufficiency in oil supply, palm oil production under the private sector negatively impacts marginalised sectors of society and contributes to further environmental degradation. If the companies working on palm oil remain unchecked in their operations, there is a danger that these impacts will be exacerbated for the people of India.

In this context, the case study forwards the following recommendations for the government of India, private sector actors and other development partners:

- Conduct environmental and social impact assessments before pursuing large-scale activities under the NMEO-OP;
- Consult with the affected communities and sectors, especially the Indigenous Peoples, women, farmers and youth, and ensure that free, prior and informed consent is given by these groups;
- Uphold international human rights and labour standards in all business activities;
- Ensure that development actors uphold the Kampala Principles.