MALAYSIAN PALM OIL
Contributing Towards Improving Socio Economic Conditions of the Indian Population

Fatimah Zaharah Md Nan
Malaysian Palm Oil Council
Outline of Paper

• Country Background
• Socio Economic Issues in India
• Palm Oil Contribution towards improving socio economic conditions of the country
• India Socio Economic Challenges 2015 and Beyond
• Conclusion
India Population (Million)

Source: Oilworld Annual
India Population Density

Density: 10 Largest World Urban Areas

POPULATION DENSITY: 2011: METRIC

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Population per Sq km</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tokyo</td>
<td>26,104</td>
</tr>
<tr>
<td>2</td>
<td>Delhi</td>
<td>20,243</td>
</tr>
<tr>
<td>3</td>
<td>Seoul</td>
<td>13,010</td>
</tr>
<tr>
<td>4</td>
<td>Jakarta</td>
<td>11,830</td>
</tr>
<tr>
<td>5</td>
<td>Manila</td>
<td>10,274</td>
</tr>
<tr>
<td>6</td>
<td>Mumbai</td>
<td>8,309</td>
</tr>
<tr>
<td>7</td>
<td>New York</td>
<td>8,210</td>
</tr>
<tr>
<td>8</td>
<td>Sao Paulo</td>
<td>7,710</td>
</tr>
<tr>
<td>9</td>
<td>Mexico City</td>
<td>6,970</td>
</tr>
<tr>
<td>10</td>
<td>Shanghai</td>
<td>6,720</td>
</tr>
</tbody>
</table>

Population per Square Kilometer
## India Economy

<table>
<thead>
<tr>
<th></th>
<th>GDP Composition</th>
<th>Labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>16.9%</td>
<td>49%</td>
</tr>
<tr>
<td>Industry</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Services</td>
<td>66.1%</td>
<td>31%</td>
</tr>
</tbody>
</table>
Socio Economic Issues in India

- Huge Population
  - 2\textsuperscript{nd} largest world population after China
  - Estimated Birth Rate 1.24\% (WHO)

- Poverty (large section of the population live below poverty line)

- Unemployment

- High Inflation
Palm Oil in Addressing Socio Economic Issues in India

HUGE POPULATION

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<tr>
<th>Issues</th>
<th>Solution Through Palm Oil</th>
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<tr>
<td>Due to growing population, India needs to produce sufficient oils and fats to feed the growing needs. Since domestic oils and fats production unable to meet the requirement, India will have to import.</td>
<td>High palm oil yield and higher productivity would provide food security and narrowing oils and fats supply – demand gap</td>
</tr>
</tbody>
</table>
Increase Dependency on Oils and Fats Imports

- Consumption
- Domestic O&F Production

('000 MT)
India: Area Under Major Crop

Source: Directorate of Economics and Statistics, Ministry of Agriculture of India
India: Composition (%) of Output of Agriculture & Allied Sectors

1990 - 91

- Cereal 23%
- Livestock 20%
- Horticulture 16%
- Other Crop byproducts 9%
- Sugar 4%
- Pulses 4%
- Fibers 2%
- Oilseeds 7%

2009-10

- Cereal 18%
- Livestock 25%
- Horticulture 20%
- Other Crop byproducts 7%
- Forestry & Logging 12%
- Sugar 3%
- Pulses 6%
- Oilseeds 6%
- Fibers 4%

Source: Central Statistic Office
India as the Net Importer of Oils and Fats

Source: Oilworld
India – Per capita Consumption of Edible Oils (Kg/Annum)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>4.5</td>
<td>6.81</td>
</tr>
<tr>
<td>2004-05</td>
<td>5.84</td>
<td>8.03</td>
</tr>
<tr>
<td>2009-10</td>
<td>7.74</td>
<td>9.95</td>
</tr>
</tbody>
</table>
## Palm Oil in Addressing Socio Economic Issues in India

### POVERTY

**Issues**

Limited Access to Basic Needs (Food, Shelter and Clean Water) which has resulted in malnutrition

**Solution Through Palm Oil**

- Palm oil is competitively priced and provide the most economical choice to mass consumers who are in the lower income segments
- Provide cheaper raw material for food manufacturing units

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<td>Limited Access to Basic Needs (Food, Shelter and Clean Water) which</td>
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<td>has resulted in malnutrition</td>
<td>consumers who are in the lower income segments</td>
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<td>• Provide cheaper raw material for food manufacturing units</td>
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Palm Oil for Food Security
Bridging domestic supply – demand gap

- Consumption
- Availability of O/F through domestic production and Imports
- Availability of O/F through domestic production and Imports (without palm oil)
The Cost Advantage of Palm Oil

- CPO, C&F Mumbai (US $/MT)
- CDSBO, C&F Mumbai (US$/MT)
## Palm Oil the Most Competitive Vegoil in the Indian Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Spent on Imports of CPO (Mn)</th>
<th>Amount Spent on Imports of CDSBO (Mn)</th>
<th>Total US$ Spent on Imports of CPO &amp; CDSBO (Mn)</th>
<th>Total US$ Spend should India just imports CDSBO (Mn)</th>
<th>Savings by CPO Importation (Mn US$ )</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>959</td>
<td>1,001</td>
<td>1,961</td>
<td>2,279</td>
<td>318</td>
</tr>
<tr>
<td>2006</td>
<td>1,153</td>
<td>909</td>
<td>2,062</td>
<td>2,337</td>
<td>276</td>
</tr>
<tr>
<td>2007</td>
<td>2,362</td>
<td>1,083</td>
<td>3,445</td>
<td>3,703</td>
<td>258</td>
</tr>
<tr>
<td>2008</td>
<td>4,049</td>
<td>979</td>
<td>5,028</td>
<td>6,187</td>
<td>1,159</td>
</tr>
<tr>
<td>2009</td>
<td>3,542</td>
<td>919</td>
<td>4,462</td>
<td>5,330</td>
<td>869</td>
</tr>
<tr>
<td>2010</td>
<td>4,635</td>
<td>1,520</td>
<td>6,155</td>
<td>6,601</td>
<td>446</td>
</tr>
<tr>
<td>2011</td>
<td>6,017</td>
<td>1,205</td>
<td>7,222</td>
<td>8,144</td>
<td>922</td>
</tr>
<tr>
<td>2012</td>
<td>5,943</td>
<td>1,355</td>
<td>7,298</td>
<td>8,880</td>
<td>1,582</td>
</tr>
<tr>
<td>2013</td>
<td>4,912</td>
<td>1,170</td>
<td>6,082</td>
<td>7,375</td>
<td>1,294</td>
</tr>
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## Palm Oil in Addressing Socio Economic Issues in India

### UNEMPLOYMENT

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<td>Unemployment (Rural)</td>
<td>• To consider oil palm plantation as alternative agriculture means. Oil palm plantations development in Malaysia and Indonesia are the classic examples how palm oil eradicate poverty in agricultural economics.</td>
</tr>
<tr>
<td></td>
<td>• Provide sustainable employment as palm oil is perennial crops which lasts for 25 years.</td>
</tr>
</tbody>
</table>
Palm Oil as Alternative Agriculture Means for Indian Farmers

Key Nations With Significant Palm Oil Employment

- Indonesia
  - More than 3 million people are involved in the industry (2009)

- Liberia
  - 220,550 smallholders (2010)

- Colombia
  - 80,000 jobs (2007)

- Ghana
  - 27,000 farmers (2004)

- Malaysia
  - 570,000 directly involved, plus 290,000 in downstream operations (2009)

Effective Land Utilization in Peninsular Malaysia

Source: RSPO
Effective Land Utilization in Sabah Malaysia

Source: RSPO
Effective Land Utilization in Sarawak, Malaysia

Source: RSPO
India Socio Economic Challenges 2015 and Beyond

- **Population Growth**
  - India population will continue to increase so as demand for food items

- **Urbanization**
  - Rapid urbanization will affect India demographic (change in lifestyle, demand, preference and etc)

- **Income Growth**
  - Income growth will play major role in consumer spending and influence choice and preference

- **Income Disparity**
  - Poverty
  - Wider gap between higher and lower income group would require product diversification in order to meet specific needs to a specific group.
MPO- Red Palm Oil Muffin Project

MPOC along with Malaysian palm oil supplier has successfully implemented a project called RED PO MUFFIN PROJECT where Vitamin E and Vitamin A deficiency can be enhanced by distribution of muffin enriched with palm oil Vitamin E to school children.
Conclusion

• Palm oil presence in India is to complement the domestic demand and supply gap.
• It provides the market with ample supply of oils and fats and is priced competitively. It is widely used in food products and cooking processes.
Conclusion (Con’t)

• Oil palm development has successfully implemented in Malaysia and Indonesia and managed to eradicate poverty and perhaps it could also be ways of eradicating poverty in India if it is properly executed.

• Palm oil provides direct employment and provides livelihood to those along the supply chain.
Thank you