

# ANNEXURE - A

## ToR for Rapid Assessment of Oil Palm Development Program in Karnataka

1. Title: 'Rapid Assessment of Oil Palm Development Program in Karnataka State'

2. **Background and the context:** In India, the annual demand for edible oil varies from 140 - 160 lakh tons. The domestic production of edible oil is 75 to 80 lakh tons only, the remaining 65 - 80 lakh tons of edible oil is being imported from other countries to bridge the gap between demand and supply. The Government is spending huge amount of money to a tune of Rs.40000 crores annually to meet the demand for edible oils. In this direction, in order to attain self sufficiency in edible oil production, oil palm has gained importance. The Govt of India is encouraging oil palm cultivation, as the productivity of edible oil per unit area is very high (4 - 4.50 M.Ts per ha.) compared to any other edible oil seed crop (0.6 to 1.20 M.Ts per ha.). Oil Palm is native to South America and it is being cultivated extensively in Malaysia, Thailand, Indonesia and other South African countries. It has been introduced to India during 1960 and its commercial cultivation began during 1990 after several field trails in different agro-climatic condition. Oil Palm is performing well and the yield levels are comparable to the yield levels of Malaysia. Hence, the Govt. of India intends to increase the area under oil palm and increase the edible oil / palm oil production through this scheme.

Karnataka State is estimated to have a potential of 2.60 lakh ha for Oil Palm cultivation. About 14500 farmers have already cultivated Oil Palm in 16000 ha of area. About 5284 ha of this is at the bearing/yield stage. The State is producing about 11000 tons of Fresh Fruit Bunches (FFBs) annually which yields about 1925 tons of Crude Palm Oil (CPO) worth approximately Rs.9.63 crores. State government intends to further expand the area under Oil Palm cultivation.

Under Oil Palm Program, farmers are provided input subsidy for purchase of fertilizers, planting material, Diesel Pump-set, Harvesting tools, Drip irrigation, Bore well water harvesting structures, Intercrop and for INM & IPM. The farmers are also taken on study tour for training regarding oil palm cultivation. The responsibility of Area expansion, nursery raising, procurement of fruits and its processing has been entrusted to private entrepreneurs on regional basis. Currently there are five private entrepreneurs operating in the State. The unique feature of this program is the buy bank arrangement. Purchase price of the farmer's produce known as Fresh Fruit Bunches (FFBs) are fixed at Government Level based on a scientific formula recommended by Directorate of Oil Palm Research (DOPR), Pedavegi, Andhra Pradesh after taking into consideration of farmers interest and the interest of the processors. The Govt. of Karnataka has also constituted a Price fixation committee, in which the oil palm farmers, oil palm processors are the members. The Price Fixation Committee meetings are conducted regularly once in 4 months to look into the problems being faced by the oil palm industry. However certain problems cropped up in the international market for

Palm Oil which resulted in unstable prices. Consequently, the buy-back arrangements became uneconomical and were rendered non-functional. Because of the uncertainty created, farmers incurred losses and some of them took the extreme step of uprooting the plantations and putting the land to alternate use. Indeed the international Palm Oil Price market has a serious adverse impact on the program.

**3. Evaluation scope, purpose and objectives:** Oil Palm Development Program is being implemented under the Govt. of India program titled 'Integrated Scheme for Oil Seeds, Pulses, Oil Palm and Maize (ISOPOM)' since 1990. Oil Palm cultivation and related activities are now planned to be taken up under Rastriya Krishi Vikas Yojane (RKVY) which was introduced during 2011-12. The Govt. of India is in the process of starting a new program titled Oil Seeds and Oil Palm Mission by subsuming ISOPOM – OPDP and RKVY – Promotion of Oil palm. The programs pertaining to Oil seeds are implemented by Agriculture Dept. and programs pertaining to oil palm are being implemented by Dept. of Horticulture.

Since, Govt. of India and Govt. of Karnataka intends to expand Oil Palm Development activity through increased investment, time and effort, it is considered necessary to make a rapid assessment of the experience gained in Karnataka state in the last couple of years under RKVY – Promotion of Oil Palm. It is proposed to hire an independent external agency to conduct the assessment and to provide independent feedback.

**4. Evaluation questions:** Following are the issues to be addressed by the rapid assessment:

- i. Assess the area under Oil Palm cultivation at present in Karnataka and assess the scope for further expansion.
- ii. Furnish the economics of Oil Palm cultivation in Karnataka based on real life situation and compare it with other tree based oil seed crops.
- iii. Assess the efficiency of Promotion of Oil Palm scheme implemented under RKVY by Horticulture Dept in the last two years.
- iv. Identify the risks in promoting Oil Palm, identify the promotional needs of farmers and entrepreneurs and recommend better ways and means to popularize Oil Palm Cultivation in the State of Karnataka.

**5. Evaluation methodology:** Required data and information is to be collected from the secondary data available with Horticulture Department, interaction with private entrepreneurs engaged in Oil Palm production and marketing, holding focus group discussion with the participating farmers and some aspirants, personal interviews with key officials, and other key stake holders. It is necessary to cover all the agro-ecological regions of the state during the study. Oil Palm is presently cultivated in 5 command areas in 22 districts and 4 other district (in non command areas). Taluk should be taken as a unit for analysis. About 10 taluks in all, and a random sample of 100 farmers covering Palm Oil crops in different age groups from

each taluk gathered in 2-3 focus groups is suggested as the ideal sample for the farmers. Actual sample size could be slightly modified by the consultant if it is justified. The number of other stakeholders to be interviewed should be kept to the minimum required.

**6. Qualifications of the consultants:** Consultants who intend to participate in the tender should be an organization with a strong background in conducting high quality evaluation studies in the area of Agriculture/Horticulture and Natural Resources Management. They also should have a qualified economist and statistician to support the study.

**7. Method of selecting the consultant:** Consultant for the Rapid Assessment Study will be chosen by open competition. A request for Proposal (RFP) will be issued to the prospective external consultants. Each one of them will be given an opportunity to conceive the study according to their expertise and understanding and make a power point presentation in about 20 minutes to a team of senior officers in July, 2013. The proposal which is the best in methodology to adequately cover the objectives of the study and modest in terms of cost will be accepted and the contract will be awarded to the agency which makes such a proposal. Horticulture Department will provide the data of participating farmers taluk-wise and list of other entrepreneurs in the state. The prospective consultant should examine the details and participate in the tenders.

**8. Deliverables and time schedule:** Successful consultant should adhere to the following timelines and deliverables:

- a. Submission of Work Plan – within 30 days after signing MoU.
- b. Field data collection – within one month after the work plan is approved
- c. Draft report preparation – within one month of completing field data collection.
- d. Final report submission – within one fortnight after the draft report is approved.

Thus excluding the time taken for approvals in KEA, the successful consultant should complete the evaluation study in 3-4 months time.

**9. Expectations from the study:** Promotion of Oil Palm under RKVY is an important and futuristic scheme of Govt. of India and Govt. of Karnataka. The proposed study is expected to provide a depth analysis of the shortcomings of the scheme. More importantly, it should provide the necessary inputs in terms of policy changes that are required, modalities of implementing the scheme, adequacy and the scale of financing to be done and convergence possibilities etc., with a view to benefit the rural community to the maximum extent possible. The study should bring out the status and prospects of Oil Palm cultivation in the state. The economic benefit in promoting Oil Palm to the farmers as well as to the state should be brought out clearly.

**10. Cost and schedule of budget releases:** Cost of the study will be finalized based on the competitive bids received. Agreed cost will be paid in four installments as below:

- 40% will be released as advance on signing of the contract.
- 30% will be released after completing 50% of field survey work.
- 20% will be released after the draft report is approved.
- 10% will be released after submitting the final report along with data etc.

**11. Appointment of Nodal officer:** Additional Director of Horticulture, Oil Palm Project will act as the nodal officer for this study. He will provide additional information if needed and clarify doubts if any. He will make arrangements for coordinating the field survey work.

**12. Ensuring quality:** The evaluation report and its findings must demonstrate highest professional standards on par with national and international studies. Evaluation Authority will provide the complete oversight for the study. All technical aspects of the study are subject to their approval.

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*Approved*

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**Chief Evaluation Officer**  
**Karnataka Evaluation Authority**  
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*24/6/2013*