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Gene tech can bolster global food supply

IANAS



A view of Dupont's genetically modified paddy field in Bangalore. File Photo: K. Bhagya Prakash

Genetically-modified plants could bolster global food supply which is being challenged by rapid climatic changes and rising population levels.

Over 90 per cent of the total food supply consists of either plants or meat from production animals raised on plant-based feeds.

By 2050, 70 per cent more food will need to be produced worldwide on roughly the same area of farmland to keep up with global population growth. At the same time, major changes in climate are expected to occur.

Although a quarter million plant types exist, global food production today is based on only about 100 of them. Wheat, corn and rice account for over 60 per cent of all production.

“We depend completely on the success of these few crops. But I am convinced that the fitness of current plant varieties will not last forever,” warned Atle Bones, biology professor at the Norwegian University of Science and Technology (NTNU).

“All it will take to trigger a famine is one year of badly reduced yields for just one of the three main crops,” added Bones, according to a NTNU statement.

He believes that to ensure a secure global food supply, every existing means — including genetically modified organisms — would have to be used.

Genetically-modified plants are created by adding, removing or modifying one or more genes to breed plants with desired traits.

According to Bones, there are thousands of plants that could be cultivated for food once they are bred to remove toxic compounds or undesirable traits.

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Banks told to give more farm loans

Staff Reporter

Review meet seeks focus on uplift of weaker sections

: District panchayat president T.N. Khandamuthan on Tuesday urged banks in the district to provide more loans in the primary agriculture sector and education.

Inaugurating the District-level Review Committee meeting of banks here, he said the figures presented at the meeting showed a decline in loans given to the agriculture sector and also for schemes for the uplift of the weaker sections of society.

He said there had been several complaints pertaining to banks not extending loans to eligible students. Students from Palakkad now depend on professional colleges in other districts and States for higher education.

He said the district stood first in the State in the development of dairy sector. There was hence potential to make the district self-sufficient in milk and other dairy products. Banks should disburse loans to start more dairy units in the district, he said.

Mr. Khandamuthan said banks should now provide industrial loans as the proposed Railway Coach Factory in Kanjikode would herald the industrialisation of the district by bringing in ancillary units.

In his presidential address, Additional District Magistrate K.V. Vasudevan said the district administration has received complaints about some banks not extending educational loans to eligible applicants. This should be examined by the bank authorities, he said.

The report presented at the meeting said an amount of Rs.848.18 crore had been disbursed in the district during the first quarter of the financial year 2011-12. This constituted 17 per cent of the target of Rs.4,872.75 crore. "It can hence be presumed that the lending process was poised to reach the targeted level by the end of the financial year. The disbursement under Non Priority Sector was Rs.476.22 crore against the projected figure of Rs.1,488.19 crore, registering 32 per cent of achievement of the targets," the report said.

It said disbursement to the primary agriculture sector was Rs.586.53 crore against the annual target of Rs.2,455.90 crore, registering 24 per cent of target achievement.

In the secondary sector, the disbursement to the non-farm sector was Rs.38.09 crore against the annual target of Rs.338.89 crore — that is 11 per cent of the achievement of the target.

The report said the CD ratio for the district was 79 per cent, which was above the State average of 75 per cent.

Deposit, which stood at Rs.11,014.80 crore as on June 30, 2010, had increased to Rs.12377.60 crore in June 2011, registering an increase of Rs.9,703.32 crore in absolute terms — the percentage of increase being 12.

Outstanding advances, which was Rs.8108.09 crore as on June 2010, increased to Rs.9,703.22 crore in June 2011, registering a growth of Rs.9,703.22 crore in absolute terms and the percentage of increase being 20 per cent, the report said.

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- *Be liberal in giving education loans, banks told*
 - *17 per cent of lending target achieved in quarter*
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Spices exports go up in value terms

Special Correspondent

During April-August 2011, a total of 1,95,500 tonnes of spices and spice products valued Rs.3365.20 crore (\$751.52 million) has been exported from the country as against 2,55,100 tonnes valued Rs. 2,676.18crore (\$581.15 million) in April-August 2010 registering an increase of 26 per cent in rupee terms of value. In dollar terms the increase is 29 per cent. In the case of volume of export there is a decline of 23 per cent.

During April-August 2011, the export of pepper, cardamom (small), cardamom (large), ginger, turmeric, nutmeg, mace and other spices such as tamarind, asafoetida, etc. have shown an increase both in volume and value as compared to April-August 2010. During April-August 2011, the export of value added product, curry powder/paste has increased both in volume and value but in the case of spice oils and oleoresins and mint products, the increase is in terms of value only.

Decline in value

The export of other spice items has shown decline both in volume and value as compared to last year.

During April-August 2011, 8,750 tonnes of pepper valued Rs.234.35 crore was exported as against 7,800 tonnes valued Rs.134.82 crore of April-August 2010. The unit value of pepper has increased from Rs.172.85 per kg in Apr-August 2010 to Rs.267.83 per kg during April-August 2011. During April-August 2011, 1,450 tonnes of cardamom (small) valued Rs.129.95 crore was exported as against 235 tonnes valued at Rs.27.99 crore of last year registering an increase of 517 per cent in quantity and 364 per cent in value. During the period, 240 tonnes of cardamom(large) valued Rs.19.07 crore was exported as against 95 tonnes valued Rs.5.20 crore of last year, registering an increase of 153 per cent in quantity and 267 per cent in value.

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Call for separate farm budget

'Focussed spending, planning needed'

Kerala Congress (anti-merger group) chairman P.C. Thomas has called for introducing an agriculture budget for focused spending and planning in the primary sector.

Railways a model

Speaking to reporters here, Mr. Thomas pointed out that the success of the Indian Railways could be attributed to the benefit enjoyed by the sector in the form of a separate budget, while all other sectors came under the general budget.

Planned approach

“If we can have a separate budget for the agriculture sector, that will result in focused spending in the sector and also help to have a more planned approach to farming. In spite of the great strides the nation was making economically, agriculture still remained the largest employment provider,” he said.

A focused spending in this sector would result in enhanced growth rate in the sector.

Conference

The party is planning a two-day conference on December 16 and 17 to give shape to an action plan for generating support for the demand.

Mr. Thomas urged the Central government to restore government control on price of fertilizers.

Deregulation of fertilizer prices has led to steep rise in prices and scarcity of fertilizers in the open market, he said.

Kerala Congress (AMG) has demanded a judicial inquiry into the police action against students at Kozhikode.

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- *'Focussed spending will result in enhanced growth'*
 - *'Deregulation of fertilizer prices led to price rise'*
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Hailstorm damages paddy crop

A hailstorm hit Reddypally village in Alladurg mandal late Monday night resulting in heavy crop loss. According to sources, the rain lashed for more than 15 minutes and crop lost in about 150 acres of the village. The paddy crop in about 80 acres was reportedly lost while in another 70 acres it was partially damaged. Some of the houses were also damaged. The locals are claiming that the loss would be around few lakhs as the crop was ready for harvesting.

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Milk price hiked

The hike of Rs. 2 per litre of milk effected from Tuesday has failed to trigger cheer among members of Odisha Milk and Paddy Farmers' Association.

Association president Rabi Behera said when the price of essential commodities was sky-rocketing it was very difficult for the milk farmers to maintain their livelihood with such marginal hike in milk prices.”



Tue, 11 Oct 2011

Weather

Delhi - INDIA

Today's Weather



Clear

Tuesday, Oct 11

Max Min

34° | 22°

Rain: 00 mm in 24hrs

Sunrise: 6:19

Humidity: 45%

Sunset: 17:56

Wind: Normal

Barometer: 1012

Tomorrow's Forecast



Sunny

Wednesday, Oct 12

Max Min

35° | 21°

Extended Forecast for a week






Thursday

Friday

Saturday

Sunday

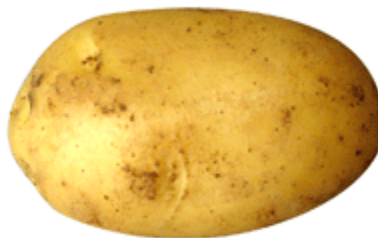
Monday

Oct 13	Oct 14	Oct 15	Oct 16	Oct 17
				
34° 23°	34° 22°	34° 21°	33° 21°	33° 21°
Partly Cloudy	Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy



Potatoes not dietary devils: Study

TUESDAY, 11 OCTOBER 2011 13:57



Potatoes may not be the fat-gain ogres that many dieticians claim, according to a study by New Zealand-based researchers.

The study done by researchers at University of Otago found that when a person eats potatoes as part of a meal of meat and vegetables, the effects are barely felt, a media report said.

Bernard Venn and his team enlisted 30 healthy young people and monitored the glycemic index (GI) levels of three different meals, including one with potatoes as a side dish.

Venn said this meal was low on the glycemic index which meant the food would burn off slowly, even though it contained an ingredient many fear for its potential weight-gain properties.

"I don't think people should be too afraid of putting high-GI foods into their meals," Venn said.

"Our work suggests that having a small amount of potato with a meal isn't going to drive your blood sugar crazy."

Although potato is a high-GI food, a meal containing potato is not necessarily so, Venn added.

The findings were published in the October issue of the reputed American Journal of Clinical Nutrition.

Business Standard

Wednesday, Oct 12, 2011

Global rice production may hit record in 2011: FAO

Press Trust Of India / New Delhi October 12, 2011, 0:15 IST

World rice production is expected to touch a record 480.5 million tonnes (mt) this year on the back of higher output in Asia, Egypt, Argentina, Mozambique, the US and Russian Federation, according to the Food and Agriculture Organisation (FAO) of the United Nations.

"The outlook for global rice production in 2011 has improved over the past two months and the latest FAO forecast has been raised by 1.6 mt to 480.5 mt (milled rice basis), three per cent up from 2010 and a new record," FAO said.

In its last 'Crop Prospects and Food Situation' report in June, 2011, the FAO had estimated global rice production in 2011 at 476 mt.

The improved output reflects better crop prospects in China, Egypt, Argentina, Cambodia, Mozambique, the Russian Federation and the United States, the FAO said in its latest crop prospects report for October.

The global body expects production in Asia, including India, to rise.

FAO has forecast that production in Asia will increase on the back of favourable growing conditions and attractive prices in all major rice producing countries, particularly Bangladesh, China, India and Indonesia. India has projected a record 87.1 mt of rice production in this kharif season (June-October), as monsoon was widespread and the acreage under paddy sowing has gone up.

Black pepper prices at an all-time high

George Joseph / Kochi October 12, 2011, 0:14 IST

Black pepper prices touched an all-time high of Rs 354 a kg in the domestic markets here on Tuesday. The best quality pepper from Idukki district fetched the maximum price, while pepper from Wynad region was sold for Rs 350 a kg.



Pepper prices have been rising globally due to low supply from major producing countries like Vietnam and Indonesia. Currently, India is the strongest destination for importers across the world to get pepper at a reasonable price, said a leading Kochi-based exporter.

Vietnam, the largest producer and exporter of the spice is not even quoting the price for Asta grade as the availability is so thin there. Vietnam quotes tags only for 500 gm/litre grade at \$7,600-7,650 a tonne. Brazil, India and Indonesia offer Asta grade, of which only India can supply it in large volumes. This is India's advantage in the current global trade scenario. The Indian offer for Asta is \$8,100-8,200 a tonne while Indonesia offers \$8,500. Indonesia is not at all aggressive in selling because of low stocks.

The market is clearly poised for a huge increase in the coming months as local demand will be stronger after Diwali. Market analysts expect a price tag of Rs 400a kg after Diwali, when winter season demand will be at its peak.

Though price is high, exporters are aggressive in enhancing the inventory since there is very high global demand. The dollar appreciation also make them comfortable and for the time being India is the most attractive destination for the importers. The current shortage and price rise are expected to be till December, once fresh stock from India hits the market by mid-December.

Potato extends fall on subdued demand

Press Trust of India / New Delhi October 11, 2011, 14:14 IST



Potato prices extended losses by falling Rs 3.20 to Rs 380.30 per quintal in futures trade today, as speculators offloaded their positions due to subdued demand in the spot market.

Adequate stocks position in the physical market, following increased arrivals from producing regions also put pressure on the potato futures prices.

At the Multi Commodity Exchange, October potato fell by Rs 3.20, or 0.83%, to Rs 380.30 per quintal, with a trading volume of 111 lots.

The March contract also shed Rs 2.50, or 0.39%, to Rs 636.80 per quintal, with a trade volume of 21 lots.

Traders said fall in potato futures prices was due to offloading of positions by speculators, amid increased arrivals from producing regions.

Gujarat ginners bullish on cotton production

Vimukt Dave / Mumbai/ Rajkot October 12, 2011, 0:41 IST

All Gujarat Cotton Ginners Association (AGCGA) has predicted about 12 million bales of cotton production in Gujarat for the year 2011-12 at its annual general meeting. According to the association, cotton production in Gujarat is expected to increase by 1-1.2 million bales compared to last year's production.

"We are expecting a good cotton crop in Gujarat this year as all the factors are favourable. This year cotton production will be around 12 million bales in the state as against 10.8-11 million bales last year," said Dilip Patel, president, AGCGA.

As per AGCGA, the cotton production in India will be about 36 million bales which was about 32.5 million bales previous year. Patel said, "The area of cotton has increased in Gujarat as well as across India. As farmers are getting a good price for the commodity, they are increasingly shifting to the cotton crop."

As per the data provided by the agriculture department of Gujarat, cotton covered 2.96 million hectares area in this Kharif season, last year it was 2.63 million hectares in Gujarat. Cotton sowing has increased from last year's 17.48 million hectares to 17.95 million hectares this year as per India's data provided by the department of agriculture. "The cotton prices will be between Rs 30,000 to 40,000 per candy during the season. Last year the cotton prices went up to Rs 62,500 a candy as local and international demand was huge. Against it this year the cotton crop size has increased," Patel further added. Patel is expecting around 7 million bales of cotton exports from India this season.

At present the cotton prices that are ruling between Rs 38,000 and Rs 39,500 per candy of 356 kg. About 13,000-15,000 cotton bales arrive every day in Gujarat but so far the new cotton arrivals are very low this year as the season is delayed by one month owing to late sowing.

"The prices will move down after Diwali. For a short term the cotton prices will remain on Rs 37,000-Rs 39,000 as arrivals are not so high and demand of export and mills are also to be taken care of," said Arvind Raichura of Balkrishna Ginning from Rajkot about the pricing.

Basmati prices may fall 18% on bumper output

Vijay C Roy & Vikas Sharma / Chandigarh October 12, 2011, 0:16 IST

Traders and exporters expect a bumper basmati rice output in the major producing belt (Punjab, Haryana and Western Uttar Pradesh).



According to them, prices of basmati rice would be in the range of Rs 17,000-18,000 a tonne, compared to Rs 21,000-22,000 a tonne last year. Traders, exporters and agricultural officials maintain that this year the production would be 10-15 per cent higher. Last year, the total basmati (paddy) production in the country was 6.5 million tonnes (mt), while this year it is expected to be 7.5 mt.

Haryana and Punjab are the major producers and contributes 70-75 per cent of the total basmati production in the country.

Speaking to *Business Standard*, Kohinoor Foods' Joint Managing Director Gurnam Arora said: "This year, prices would be lower than last year on the expectation of bumper production. We expect prices would hover around Rs 17,000-Rs 18,000 a tonne."

Currently, the crop has started arriving and prices of Pusa-1 variety are at Rs 17,000 a tonne while last year it was Rs 19,000 a tonne.

Echoing similar sentiments, Vijay Setia, president, All India Rice Exporter Association said conducive weather conditions supporting yield and quality for the paddy are likely to push up basmati production this year by 10 per cent. On being asked about the prices, he said, "Besides bumper output, exporters also have a carry-forward stock. All these factor would lead to slightly pushing the prices southwards."

"Last financial year, the total export of basmati rice from the country was 2.2 mt. In this financial year, the total export during the first six months (April-September) was 1.45 mt which is more or less same as compared to the last year. Also, the average export price was us \$1,115 a tonne. At the current stage it is too premature to say about the export price, as new market is also emerging. Even the payment realisation with Iran improves, there would be potential for exports," he added.

Of the total production, 60 per cent would be of Pusa-1121 variety. It is high yielding variety and the traditional basmati has been replaced by this variety, says exporters.

Senior agriculture officials in Haryana maintained basmati production in Haryana would be identical to last year with 65 per cent of the paddy area transplanted under basmati this year. Tarwari basmati and 1121 are the main varieties of basmati sown in Haryana. The major export destinations are Saudi Arabia, UAE, Iran, Kuwait.

Mentha oil rises 0.9% on firm demand

Press Trust of India / New Delhi October 11, 2011, 14:19 IST



Mentha oil futures prices rose by Rs 12.70 to Rs 1,394.80 per kg today, as traders created fresh positions driven by a pick-up in spot demand amid low arrivals.

Rising demand from exporters and pharma industries also supported the uptrend.

At the Multi Commodity Exchange, December mentha oil rose by Rs 12.70, or 0.91%, to Rs 1,394.80 per kg, with a business volume of 23 lots, while November contract was up by Rs 12.50, or 0.90%, to Rs 1,393.70 per kg, with a trading volume of 195 lots.

The October contract surged Rs 12.20, or 0.88%, to Rs 1,387.90 per kg, with an open interest of 429 lots.

Market analysts said fresh positions created by speculators, supported by a pick-up in domestic and export demand, pushed up mentha oil prices in futures trade.

They said pick-up in buying activity by pharma companies due to beginning of winter season also supported the uptrend.

THE HINDU Business Line

Groundnut oil stable despite supply squeeze

Our Correspondent



Rajkot, Oct. 11:

Groundnut oil remained unchanged despite poor supplies. Cotton oil, too, ruled stable.

A 15-kg new tin of groundnut oil traded at Rs 1,550-1,555, a 15-litre new tin at Rs 1,420-1,425 and loose (10 kg) at Rs 895-900.

Fifty to sixty tonnes of groundnut oil were traded.

cotton oil

Cotton oil (wash) sold at Rs 605-608 for 10 kg and a new 15-kg tin of cotton oil at Rs 1,055-1,060.

Five to six hundred tonnes of cotton oil were traded. Festival buying will lift demand after eight to ten days, said a Rajkot-based retailer.

Supplies have been hit as most mills will remain closed until Diwali, said market sources.

nuts output

A trade body survey expects groundnut output to be close to that of last year — 4.1 million tonnes — despite lower acreage because of good rain and early sowing, especially in Gujarat.

(This article was published in the Business Line print edition dated October 12, 2011)

Free-sale sugar quota in Nov seen lower

Our Correspondent



Mumbai, Oct. 11:

Spot sugar prices rose further on Tuesday on festival demand. Fair-quality sugar was up Rs 15-20 a quintal, while fine-quality M-grade shot up by Rs 20-40 a quintal. Most of the volumes traded were for fine quality. Buying by other States continued at the mill level.

Like last year, the Government may reduce free-sale quota for November as sugar has remained range-bound for two to three months now, said market players. Prices had shot up by Rs 240 a quintal in November 2010 after the quota was reduced to 16.15 lakh tonnes from 19.98 lakh tonnes in October 2010.

This month's quota is 19.97 lakh tonnes. Besides, demand will drop after Diwali.

Buying by State-level stockists and new covering from eastern buyers has supported the market. The latter have bought 11-12 rakes till now this month. A rake consists of 27,000 bags of a quintal each. Demand from local State-level stockists has lowered the selling pressure on mills. Sugar prices may rise from next week till month-end as Diwali buying rises.

Arrivals on Tuesday at the Vashi market were 50-52 truckloads while local dispatches were 48-50 truckloads. On Monday evening, 22-23 mills sold 75,000-80,000 bags at Rs 2,650-2,760 (Rs 2,650-2,740) for S-grade and Rs 2,770-2,870 (Rs 2,765-2,850) for M-grade.

Bombay Sugar Merchants Association quoted S-grade at Rs 2,786-2,861 (Rs 2,776-2,845) and M-grade at Rs 2,851-3,026 (Rs 2,861-3,001) in the spot market.

Naka delivery rates for S-grade were Rs 2,740-2,780 (Rs 2,740-2,770) and Rs 2,850-3,000 (Rs 2,810-2,950) for M-grade.

(This article was published in the Business Line print edition dated October 12, 2011)

Imported oils ignore positive Malaysian cues

Our Correspondent



Mumbai, Oct. 11:

Indigenous sunflower and rapeseed oils remained unchanged for the second consecutive day on Tuesday. On the other hand, imported palmolein and soya refined oil declined by Rs 2 for 10 kg.

Crude palm oil (CPO) futures were up on Bursa Malaysia Derivatives (BMD), following other agri-commodities. Resellers sold 130-150 tonnes of palmolein at Rs 517-518. Liberty offered palmolein at Rs 519 and soya refined oil at Rs 611. Ruchi quoted palmolein at Rs 519 and soya refined oil at Rs 610.

Malaysia's BMD CPO's November contracts settled higher at MYR2,800 (MYR2,798), December at MYR2,801 (MYR2,793) and January at MYR2,813 (MYR2,804) a tonne. Soya oil for October delivery closed at Rs 617.20 (Rs 618) on National Board of Trade in Indore and at Rs 589.70 (Rs 589) for November delivery.

Bombay Commodity Exchange spot rates (Rs/10 kg): groundnut oil 910 (910), soya refined oil 609 (611), sunflower exp. ref. 655 (655), sunflower ref. 720 (720), rapeseed ref. oil 680 (680), rapeseed expeller ref. 650 (650), cotton ref. oil 634 (630) and palmolein 517 (519).

(This article was published in the Business Line print edition dated October 12, 2011)

Dara wheat firms up; desi rules flat

Our Correspondent



Karnal, Oct. 11:

Prices of dara wheat increased on Tuesday on some buying interest, while that of desi wheat remained almost unchanged on account of slack trading.

After witnessing a decline last weekend, the dara variety recovered a bit, increasing by Rs 15-20 a quintal to quote at Rs 1,115-1,120 a quintal against Rs 1,230 in the corresponding period last year.

Dara wheat is ruling at around Rs 110 a quintal below the levels in the corresponding period last year.

Its prices are unlikely to see any major uptrend from here on. Earlier, it was expected that the market would strengthen this month October, but now it is expected to touch levels of only Rs 1,150 a quintal, said Mr Sewa Ram, a wheat trader.

Around 70 tonnes of dara variety arrived from the Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at Rs 1,115 a quintal.

On the other hand, despite no fresh arrivals, desi wheat varieties ruled flat. Tohfa variety quoted at Rs 2,100-2,150 a quintal, Samrat at Rs1,900, Lal Quila at Rs1,870, and Rasoi at Rs 1,820.

On the National Commodity and Derivatives Exchange wheat for October delivery decreased by 80 paise to Rs 1,106 a quintal; it had touched a low earlier on Tuesday. On the MCX, wheat for December delivery rose by Rs 34.5 to 1,185.40 a quintal.

Flour Prices

Despite an uptrend in wheat, flour prices remained unchanged at Rs 1,130 for a 90-kg bag. Similarly, chokar prices witnessed a steady trend and sold at Rs 580 for a 49-kg bag.

Paddy Trading

More than 2.45 lakh tonnes of paddy varieties arrived at various grain markets in Karnal district till October 10.

(This article was published in the Business Line print edition dated October 12, 2011)

Demand perks up chana, its dal

Our Correspondent



Indore, Oct. 11:

Barring chana and its dal, pulses and pulse seeds in Indore mandis either ruled flat or declined marginally on subdued demand. Chana (kanta) gained at Rs 3,325 a quintal on improved demand, while chana (desi) ruled at Rs 3,250. Support to chana perked up chana dal, with chana dal (bold) being quoted at Rs 4,350-4,375 a quintal against Rs 4,300-4,325 on Monday. Chana dal (medium) rose to Rs 4,225-4,250, while chana dal (average) ruled at Rs 4,125-4,150 a quintal.

Masoor declined to Rs 2,900 a quintal, down Rs 25 on weak demand, while masoor (medium) ruled at Rs 2,650 on sluggish demand. Masoor dal also ruled sluggish with masoor dal (bold) remaining stable at Rs 3,525-3,550 and masoor dal (medium) at Rs 3,425-3,450, while masoor dal (average) ruled at Rs 3,300-3,325 a quintal. Tur remained firm, while tur dal declined on slack buying interest. Tur (Maharashtra) remained unchanged at Rs 3,300-3,325, while tur (Nimari) quoted at Rs 2,400-2,600. Tur dal declined on weak demand, with tur (marka) being

quoted Rs 50 down at Rs 6,200, tur dal (full) at Rs 5,500-5,550 and tur dal (*sawa* no.) at Rs 4,600-4,650 a quintal.

In contrast to other pulses, moong rose a little on improved demand for best-quality moong which ruled at Rs 4,400-4,500 a quintal. Moong (medium) ruled at Rs 3,800-4,000. Around 1,500 bags of moong arrived in local mandis. Moong dal, on the other hand, ruled firm, with moong (mongar) ruling at Rs 5,700-5,800, moong dal (bold) at Rs 5,650-5,700 and moong dal Rs 5,300-5,350 a quintal. Urad and its dal ruled firm despite subdued demand. Urad (bold) ruled firm at Rs 3,600-3,700 a quintal even as arrivals rose to 1,200-1,500 bags in local mandis, while urad (medium) ruled at Rs 3,000-3,200.

(This article was published in the Business Line print edition dated October 12, 2011)

Coconut oil plunges on panic selling

C.J. Punnathara



Kochi, Oct. 11:

With traders unwinding their stocks in a plummeting market, coconut oil prices have touched new lows. There is virtually panic selling in the market as traders want to dispose of their existing stocks before entering the market at lower levels, sources in the trade said.

The sharp fall in the price of palm kernel oil has further dampened coconut oil prices.

Coconut oil was quoting at Rs 74 a kg in Kerala wholesale markets against Rs 80 last week. It has fallen to Rs 68 in Tamil Nadu against Rs 74 last week. The plunge in palm kernel oil price to Rs 58 per kg was a major trigger for the fall.

Palm oil was quoting at Rs 53 per kg. Reports indicate that there has been a build up in the inventory of palm oil and palm kernel oil in the market. Meanwhile, copra prices were quoting at Rs 50 a kg in the Kerala markets against Rs 48 in Tamil Nadu.

Prices have plunged by over Rs 20 in the last one month and there could be respite from the fall in the coming weeks, sources in the trade said.

If the price of coconut oil stabilises in the coming weeks, it could eventually lead to a pull back. People who had resorted to short selling in falling futures market would be forced to resort to short cover their positions.

Once stability returns to the market, industrial buyers could step in and prices could recover. Moreover, upcountry demand is also likely to resurface with the onset of the upcoming Diwali season.

The imminent onset of the North-East monsoon over Tamil Nadu could also reduce coconut conversion to copra and further to coconut oil and reduce arrivals. This could also bolster coconut oil prices. Traders felt that if coconut oil prices stabilise in the coming weeks, the price recovery could also become a reality.

Evening reports indicate that panic selling has ceased in the market and stability seems to returning to coconut oil markets in South India.

(This article was published in the Business Line print edition dated October 12, 2011)
