

Coconut Oil Prices Slip on Tepid Demand

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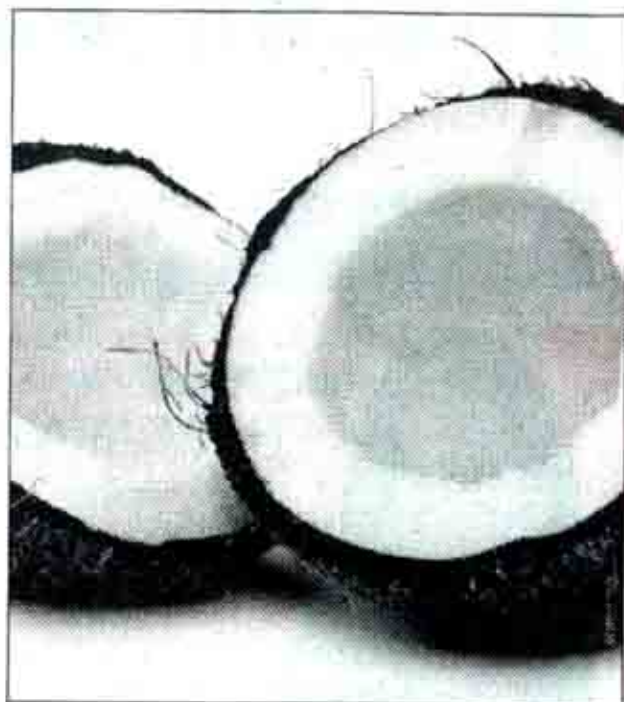
Coconut oil brands have cut prices to shore up flagging demand. Coconut oil saw the steepest rise in prices last year and the industry is now keen to hold the price line on the back of a good harvest.

Earlier, soaring prices had forced coconut oil companies to pass it on to the consumers. The open market price of coconut oil rose to an all-time high of Rs 106 per kg in May 2011. It has now dropped to Rs 70 per kg.

Some of the companies have already slashed the retail prices. This is most visible in the edible coconut oil category. Major producers of coconut oil for toiletry purposes like Marico haven't taken any decision yet. KLF Nirmal Industries has brought down the price of its one litre pack to Rs 90 recently. The price of KLF Nirmal oil had shot up to Rs 125-130 last year. "Any further reduction will depend on the market conditions," said managing director Sunny Francis.

An indication of good production and lack of demand are pulling down the prices. "There is hardly any upcountry demand. The new season will start in Tamil Nadu in February. A bumper production is also expected from the northern districts of Kerala. All these have contributed to the price fall," said Talath Mehmood, president of the Cochin Oil Merchants Association.

When the arrivals from Kerala,



Good coconut production is pulling down oil prices

Tamil Nadu and Karnataka -- the major producers of coconut -- increase, the price of coconut oil may fall further. However, an increase in demand could stabilize it at a reasonable level. N Ananthan, former secretary of the association, suggested upgradation of technology for multiple use of coconut oil in value-added products like glycerine, lauric acid, industrial alcohol etc.

Till the end of Sabarimala pilgrimage in the middle of January, there was a good demand for coconut oil, according to Denny John, managing director of KPL Oil Mills. "High prices of some oils, which were used to mix with coconut oil, led to the disappearance of several unbranded coconut oils from the market. This sustained the demand for our products when the prices soared last year," he said.