

RESEARCH ARTICLE :

An economic analysis of integration of oil markets in Tamil Nadu

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SUMMARY : India was an exporter of edible oilseeds and oils in 1960's, but it depends upon imports to the extent of nearly 50 per cent of its edible oils requirements as on date. In this situation, India needs to protect the consumers as well as oilseed growers. This has become all the more important as any decrease in world market prices is certain to affect the domestic prices of oilseeds and hence the income and levels of livings of these farmers. A study to analyze the integration of oilseed markets in economy of Tamil Nadu was found necessary so as to suggest suitable strategies to increase the production of oilseeds in the state and simultaneously working out measures for taking advantage of trade openness in a dynamic setting without affecting the basic objective of domestic food and nutritional security. During 1970s, area of most of the oilseeds crop increased in Tamil Nadu and this recorded the positive growth than production and productivity. During 1980s, oilseeds recorded positive growth both in area as well as production. During 1990s, only oilseeds crop has recorded the enormous growth in productivity than area as well as production. During 2000-01 to 2005-06, the oilseeds had less negative growth in production than area as well productivity. When 1970-71 to 2005-06 periods was analyzed as a whole, the oilseeds crops had shows rapid growth in production as well productivity. Tables 1 through 3 the supply response function estimated for the present study describes would reveal factors considered by farmer while deciding about area to be allotted for different crops. Lagged price and lagged yield of groundnut crop were the significant factors affecting the decision of farmers to allocate the area under crops. The Cointegration analysis describes the two groundnut market prices (Chennai, Mumbai markets) were in non-stationarity condition, hence, these two markets were two ways co integrated.

KEY WORDS :

Economic,
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