

'India may ban trading in food futures'

India is considering shutting down on trading in food futures, the Financial Times Tuesday quoted Finance Minister P. Chidambaram as saying.

Chidambaram made the proposal on the sidelines of Asian Development Bank's annual meeting in Madrid, the newspaper said.

It said the proposal highlights growing concerns in Asia over the role of hedge funds and financial market traders in the recent surge in commodities prices.

Chidambaram also lambasted the conversion of crops into biofuel as 'the single biggest reason why we are facing this (food) crisis'.

'To put it mildly, (converting food crops to biofuels) is foolish; to put it strongly, it is a crime against humanity,' Chidambaram said.

The US is a leading promoter of corn-based ethanol, but Chidambaram also singled out biofuel from palm oil, an Asia-centred industry led by Malaysia and Indonesia.

The newspaper said two senior, Indian-born ADB officials criticised the proposal, initially made by the Left in India.

Rajat Nag, the ADB's managing director-general, told the Financial Times that trading restrictions 'send the wrong signal and are just not productive'.

Ifzal Ali, the ADB's chief economist, described banning futures trading as 'a political gimmick' intended to pander to voters.

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