

Cotton plantation set to drop first time in 4 years

Ban on exports may spur farmers to switch to other crops

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MUMBAI: Cotton planting in India, the second-biggest producer, will decline for the first time in four years as a ban on exports may spur farmers to switch to other crops, according to the Cotton Association of India. The acreage may fall about 15 per cent in the season starting this month, president Dhiren Sheth said in a phone interview from Mumbai on Tuesday.

Farmers sowed cotton to a record 12.2 million hectares (30.12 million acres) in 2011-2012, harvesting 34.5 million bales, according to cotton advisory board.

Sheth's forecast is more than the 10 per cent decline estimated by the US department of agriculture. A smaller Indian harvest may potentially reduce exports next year, and stem the 53 per cent plunge in futures in New York in the past year. The South Asian country won't allow fresh exports this season as it builds reserves for the domestic textile industry, trade minister Anand Sharma said on Monday.

Due to the flip-flop in export policy, we believe that the next season area might fall, and overall production may get affected, said Ajitesh Mullick, associate vice president for agriculture research at Religare commodities.



WORRIES AHEAD: India's cotton crop in 2012-2013 may fall to 32.3 million bales of 170 kilograms each from 34.3 million bales this year, according to a USDA report

The government may put in some limits for exports next year and the total exportable quantity might be lower. India's cotton crop in 2012-2013 may fall to 32.3 million bales of 170 kilograms each from 34.3 million bales this year, according to a USDA report on March 30.

Sheth didn't give a production estimate. Chinese protests India barred all exports on March 5 to secure domestic supplies after shipments surged before the ban to about 9.5 million bales, more than the 8.4 million bale surplus the government estimated.

The curbs were partially

ended a week later after protests from growers, traders and China, the biggest buyer. The government is scrutinising about 2.5 million bales registered with the trade ministry prior to the ban, Sharma said on Monday. We are very disappointed and we are going to urge the government to open up fresh exports very soon, Sheth said. Mills can buy cotton and stock it if they want. Why should the government stop exports? Cotton Corp of India, a government-owned company, will buy 2.5 million bales from farmers at market prices to help domestic mills

meet fibre demand, the textile ministry said on April 4.

Lower domestic prices may prompt farmers in Andhra Pradesh and Karnataka to switch from cotton to spices such as chilli because of higher prices, Religare's Mullick said. Farmers are likely to switch to competitively-priced alternative crops while seeking to diversify their crop mix and risk in response to India's topsy-turvy cotton export policies, the USDA said. High prices for peanuts, soybeans and corn may encourage farmers to shift away from cotton in central, western and northern India, it said.