

# Cotton may yield space to guar, oilseeds

## Price volatility to affect acreage

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The acreage under cotton may take a dip this year after having touched a record high last year. Hit by the volatility in prices induced by the flip-flop in export policy, cotton growers are likely to switch over to other lucrative crops such as oilseeds - soyabean and groundnut - and guar among others.

Trade and industry sources expect cotton area to come down by 10 per cent to 20 per cent in 2012-13. Cotton area had touched a record high of 121.91 lakh hectares in 2011-12 season that ends June 30, a growth of 40 per cent in the past seven years.

"We expect area to come down by 10 per cent and it is considered normal as area under cotton had seen an abnormal rise in past few years. An additional 10 per cent decline is possible if other crops such as guar prove to be lucrative," said Mr M.B. Lal, Managing Director of Mumbai-based Shail Exports Pvt Ltd. He estimates the overall area reduction to be around 15-20 per cent over last year.

### BETTER RETURNS

Farmers have already begun the switchover in parts of Punjab and Haryana to guarseed, prices of which range around Rs 28,000 a quintal. "Assuming the price of guar drops even further by a huge margin

| COTTON STATS |                       |                          |             |
|--------------|-----------------------|--------------------------|-------------|
| Year         | Area in lakh hectares | Production in lakh bales | Yield kg/ha |
| 2005-06      | 86.77                 | 241                      | 472         |
| 2006-07      | 91.44                 | 280                      | 521         |
| 2007-08      | 94.14                 | 307                      | 554         |
| 2008-09      | 94.06                 | 290                      | 524         |
| 2009-10      | 103.10                | 305                      | 503         |
| 2010-11      | 111.42                | 325                      | 496         |
| 2011-12*     | 121.91                | 356                      | 496         |

\* - Projected

Source: Cotton Advisory Board

and the prices of cotton doubles, it still makes sense to cultivate guar, because the cost of cultivation of guar is much less" said Mr Ajay Vir Jakhar, Chairman of Bharat Krishak Samaj. Mr Jakhar, himself, is switching over to guarseed from cotton this year.

"The switchover is all driven by sentiments ahead of planting season and farmers typically look at crops that have given better returns last year," said Dr Gyanendra Shukla, Director, Mahyco Monsanto Biotech Ltd. He estimates the cotton area to come down by 5 to 10 per cent.

In States such as Gujarat and Maharashtra, cotton growers may prefer to opt for either groundnut or soyabean as realisations were high last year.

"We expect a five to seven per cent increase in area under soyabean on a conservative basis and most of this will be in cotton growing areas of Mah-

arashtra and Andhra Pradesh," said Mr Rajesh Agarwal, spokesperson for the Soyabean Processors Association of India. The switchover will also happen in Karnataka, Rajasthan and Tamil Nadu that are consuming centres, he said. Soyabean acreage last year stood at around 100 lakh hectares.

Cotton prices had crashed to levels of Rs 3,000 a quintal in the aftermath of the ban imposed on exports. Since then, they have recovered marginally to be in the range of Rs 3,100-3,200.

Mr B.V. Mehta, Executive Director of Solvent Extractors Association of India, said that farmers in Gujarat will look at groundnut, jeera or guar. "It all depends on area to area and local climatic condition at the time of planting," Mr Mehta said estimating overall oilseed area to up by three to five per cent this year.

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