

Cotton output to dip as farmers eye other crops

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After three years of record production, cotton output is set to decline this year due to farmers' renewed interest in new cash crops such as guar, which is fetching higher profits.

M. Prabhakar Rao, the chairman of Nuziveedu Seeds Ltd, India's largest seed company, said: "Last year, the (cotton) plantation was good. But if we look at the ground situation, farmers are shifting to guar and soya from cotton. However, rainfall in June will be critical for the cotton crop."

Guar is fetching around ₹90,000 per quintal. Hence the guar market is eating into cotton market in Punjab and Haryana, Mr Rao said. This shift has led to a drop in the sale of cotton seeds.

Despite the ban on cotton exports lifted, experts say prices have remained low due to ample supplies

situation, P. Sateesh Kumar, director (research) of NSL, said, "The overall demand and supply situation for cotton seeds will be fairly equitable this year. Because of the shift, we are expecting 3.8 crore seeds packets to be sold as against four crore packets last year."

Higher production of cotton with stable consumption is also impacting cotton prices negatively. According to Atrobinda

Prasad, head of research desk, commodities, Karvy said, despite the government lifting ban on cotton exports, prices have remained low due to ample supplies.

After the ban, the Chinese demand for cotton has also taken a beating as they have started buying cotton at a higher price from Brazil. This apart, attractive returns from guar also are wooing farmers to shift from cotton.

Citing the higher demand (for guar), Mr Prasad said that many exporters and foreign companies are distributing free seeds to farmers for guar cultivation and are, in turn, asking farmers to sell them the produce.

Even after banning futures trading in guar for two months, the prices are still at ₹30,000 and ₹95,000 per quintal of guar seeds and gum, respectively.

Describing the market,