

Cotton & Sugarcane Output to Fall in 2012-13: CMIE

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Although foodgrain production is expected to grow in 2012-13, the cotton and sugarcane output is projected to fall, economic think tank CMIE has said.

"In 2012-13, production of foodgrains is projected to grow by 0.6% to 247.6 million tonnes. Higher output of rice and wheat, along with a recovery in production of coarse cereals and pulses, is expected to boost overall production," Centre for Monitoring Indian Economy (CMIE) said in its monthly report.

The acreage of cotton and sugarcane is expected to decline. According to the tentative sowing report, acreage of sugarcane has scaled up by over two percent to 48.6 lakh hectares as of May 8. Though sugarcane cultivation has been higher, but it expects the cultivation to slow down in the subsequent period, CMIE said.

CMIE expects sugarcane production to fall by 0.9% to 342.5 million tonnes in FY13, mainly due to a fall in the acreage.

In FY12, a sharp increase in cotton acreage had re-

sulted in record production of 35 million bales. However, this excess production was not matched with similar demand during the corresponding marketing season. As a result, cotton prices plunged, causing losses.

CMIE expects these losses to motivate cotton growers to turn to alternative crops in the current season. Cotton production is projected to decline by 7.8% to 32.2 million bales in FY 13.

Major oilseeds production is projected to recover by 3% in FY 13, after being hit in the preceding year. Kharif sowings have started, but on a sluggish note for sesame and sunflower seeds.

The groundnut production is projected to recover in FY 13, following a steep decline in comparison to the preceding year. Groundnut cultivators turned to alternative crops in anticipation of higher returns in FY 12. Consequently, production fell by an estimated 17% to 6.9 million tonnes.

However, a demand-supply mismatch has led to a steep increase of over 20% in groundnut prices during January-May 2012.