

Cotton output set to miss revised official estimates

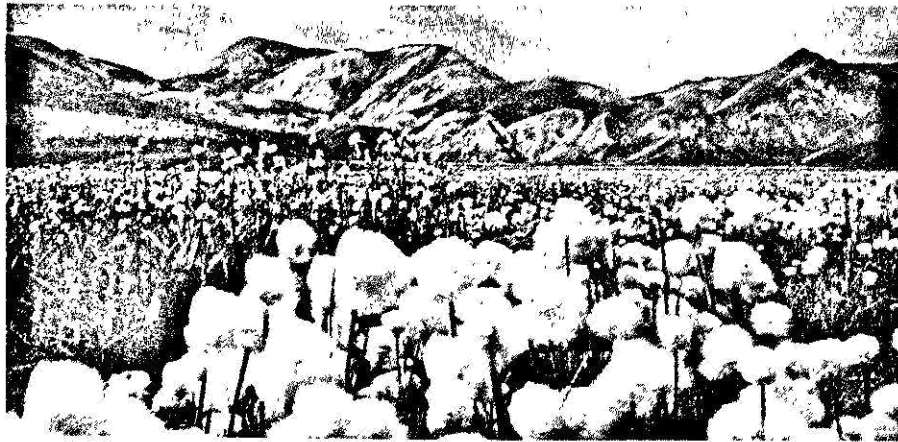
■ This is because arrivals have dried up despite higher planting, say govt officials

Banikinkar Pattanayak
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COTTON output in India, the world's second-largest grower, is set to fall short of revised official estimates for the marketing year through September, as arrivals dry up despite higher planting, sources said on Wednesday.

India will likely produce around 34 million bales of cotton in 2011-12, lower than the Cotton Advisory Board's latest estimate of 34.7 million bales, on poor yield, government officials and traders said. The agriculture ministry has projected even higher output, at 35.2 million bales for 2011-12. The country had produced 33.9 million bales of cotton last year, according to the CAB, while the farm ministry had estimated the output at 33 million bales. One bale equals 170 kg.

Cotton arrivals in the domestic market remained almost flat as of Monday at 32.85 million bales, com-



pared with 32.80 million bales a year before, according to the official data. Arrivals have crossed the last year's level only recently after trailing for most part of the current marketing year. Daily arrivals are now estimated at 30,000 bales against 29,000 bales a year earlier.

With harvesting nearing its end, production is all set to miss the estimate despite a 10% increase in areas under the fibre crop to 12.19 million hectares.

Interestingly, both the

CAB and the agriculture ministry revised up their cotton production estimates in April — when exports of the commodity were restricted — despite lower-than-expected arrivals.

While the CAB raised the forecast marginally by 200,000 bales from 34.5 million bales, the farm ministry revised up the projection more substantially by a whopping 1.2 million bales, or 3.5%, to 34 million bales estimated earlier.

Cotton production esti-

mates were key to the determination of the exportable surplus of the fibre. The government decided to lift curbs on cotton exports on April 30 after stiff resistance from agriculture minister Sharad Pawar, who had argued farmers' incomes would dwindle on such restrictions.

Rough weather has hit yield in second-biggest producer Maharashtra and planting in non-traditional areas has also affected the yield. In November, low yield

and soaring costs had forced farmers in Maharashtra to demand a sharp hike in the support price of the fibre.

Large plantation in many non-traditional areas and rough weather have hit cotton yield this year. Record cotton prices in 2010-11 due to last year's worldwide shortage encouraged many farmers even in non-traditional regions with little experience in the fibre farming to plant more of the crop for better returns this year. "Lack of good farm practices, little exposure in cotton farming and different soil have affected yield in non-traditional areas," a senior trade executive had said earlier.

To boost cotton production in 2012-13, the government last week raised the benchmark state-fixed prices of the fibre by up to 22%. Cotton prices (medium staple) have been hiked to 22% to ₹3,300 per quintal, and for the long-staple varieties, the rates have been increased by 18% to ₹3,900.