

Kharif Outlook: Buoyed by better returns, growers may plant more cotton this year

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Higher groundnut cultivation costs, assured CCI procurement will also aid higher acreage

Cotton acreage could see 5-10 per cent rise this Kharif season, thanks to good prices farmers have got during the current marketing season (October 2020-September 2021).

Assured procurement through the Cotton Corporation of India, prospects of good monsoon and groundnut cultivation turning costly are other factors that are likely to aid higher coverage of cotton this year.

Cotton prices have ruled around MSP level since the beginning of this season. Prices, which were ₹40,400 per candy (356 kg) in November in Gujarat markets, are currently up 25 per cent at ₹50,800 per candy. This is one aspect that has fuelled optimism over the cotton crop, brightening the cotton sowing prospects this kharif season.

Cotton Association of India (CAI) President Atul Ganatra told BusinessLine that the area under cotton will likely increase mainly in Gujarat, Maharashtra, Madhya Pradesh, Telangana, and Karnataka among the States where the natural fibre is grown. His views are based on a meeting that CAI and CCI called earlier this month.

According to OP Gulia, CEO of SVP Group that has spinning mills in Rajasthan and Oman, the area under cotton could increase by 10 per cent to 134 lakh hectares (lh). Last year, the crop was sown on 130 lh. "A positive movement in cotton prices by 15-20 per cent during 2020-21 will encourage farmers to grow more cotton," he said.

Gulia said that "by one estimate" cotton area in North India, comprising Punjab, Haryana and the Ganganagar tracts in Rajasthan, is eight per cent higher. However, the CAI meeting was told that the area in North India is expected to be the same, though it could be five per cent lower in the Ganganagar tracts.

"Area under cotton will easily be higher by 5-10 per cent this season," said Anand Poppat, a Rajkot-based trade in raw cotton, yarn and spinning waste.

Though buying by ginning mills is subdued, raw cotton (kapas) prices are ruling above ₹7,000 in many markets. This is one encouraging factor for growers, according to Ganatra. Prices for raw cotton were much higher than the minimum support price (MSP) of ₹5,515 a quintal fixed by the Centre for the current season. For the next season, the MSP has been fixed at ₹5,726.

Besides, cottonseed prices are ruling at a high ₹4,500-5,000 a quintal, CCI has procured at least 125 lakh bales of cotton produced this season and the fact that the natural fibre is a cash crop are all set to sink well in the growers' mind, the CAI President said.

In Gujarat, groundnut was expected to provide tough competition to cotton but the CAI meeting was told that the area in the top producing state could increase by 10 per cent due to

higher prices for the natural fibre besides cultivation costs for groundnut are considered costly.

In addition, a new variety is being sown in Gujarat and it could result in better productivity.

In Maharashtra, where 42.86 lakh hectares were under cotton last year making up 20 per cent of total Kharif cultivation, the planting of the natural fibre crop could increase 10-12 per cent due to prices of around ₹7,000 a quintal for Kapas.

But the problem could be that prices in many parts of Vidarbha, the main growing region where farmer suicides are infamous, growers fetched prices lower than the MSP due to slack demand. Besides, huge cotton tracts were affected by pink bollworm and boll rot attacks. Unseasonal rains and Covid-19 ensued lockdowns were other dampeners.

These could affect the area under cotton this year, on the other hand. Another concern is that of the seed industry since more farmers are determined to cultivate the unauthorised herbicide-tolerant Bt (HTBt) cotton variety.

The Shetkari Sanghatana expects over 50 per cent of the area under the cotton to be under this unapproved variety. Last year, an estimated 25-35 per cent of the cotton area was under HTBt.

In Telangana, where cotton was cultivated on about 25 lh, more area is expected to come under the crop, mainly since the State Government has done away with the regulated cropping system after experimenting with it last year.

Telangana Government officials expect the area under cotton to rise over one lh this year, with the augmented irrigation resources encouraging it. Also last year, cotton yield was affected by heavy rains in October but this year things are expected to be better.

In neighbouring Andhra Pradesh, efforts are being made to increase the area under cotton by at least 20 per cent.

In Madhya Pradesh, 80-85 per cent of the sowing has been completed and the area under cotton is expected to increase 5-7 per cent this year. The rest of the sowing will be completed once rains lash the growing areas.

In Karnataka, the area under cotton could increase 5-10 per cent with the coverage exceeding seven .

Currently, the crop conditions are good

Tamil Nadu is one State where cotton is grown as a summer crop and production this time is likely to be seven lakh bales.

In Odisha, a State that has taken up cotton seriously of late, planting is expected to increase 15-20 per cent with many corn growers expected to shift to cotton. The CAI meeting was told that if all goes well, cotton production could top 400 lakh bales.

Gulia said that early showers in western States under the influence of cyclone Tauktae has helped advance cotton sowing in Gujarat, Rajasthan and Haryana by a month. As usual, sowing in North India took place in May thanks to availability of irrigation water.

The US Department of Agriculture has projected that India's cotton crop next season would be higher at 378 lakh bales, though the area is expected to be lower at 129 lh. This is against

this season's production of 360 lakh bales estimated by the Committee for Cotton Production and Consumption. CAI has also pegged its production estimated at 356 lakh bales.

The carryover stocks this season have been pegged at 97.95 lakh tonnes, thanks to exports of over 60 lakh bales. Last season, exports were 50 lakh bales, while the USDA pegs next season exports at 77 lakh bales.

Cotton has gained over 10 per cent this year, ruling currently at 86.09 cents a pound (₹50,000 a candy) in New York. Surprisingly, Indian cotton is ruling higher at around ₹51,500, mainly in view of the fact that only a few traders are holding stocks.

With inputs from Radheshyam, Pune; Rutam Vora, Ahmedabad; KV Kurmanath, Hyderabad; and Subramani Ra Mancombu, Chennai

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