

Speculation over higher cotton output as more growers hold back crop

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More cotton farmers holding on to their produce has triggered speculation over the actual production of cotton this season (October 2022-September 2023). Some traders and trading houses say production this season may be higher than the estimates made by the Centre and various other stakeholders.

An industry experts team visited Maharashtra during the weekend and found that farmers are holding on to their produce, expecting better prices. This is being corroborated by trading houses, too.

The development follows a *businessline* report that cotton growers in Telangana and Karnataka are storing their produce on their terraces.

“Yes, farmers are holding the stocks not only in Maharashtra but in other ma-

nor cotton-producing States in anticipation of higher prices,” said Sanjay Gupta, MD and CEO of NCML.

MORE THAN GUJARAT

“Maharashtra farmers were least expected to hold on to their produce. If they too are not releasing their stocks, then there are chances of production being higher,” said a trader, without wishing to identify.

“This season, farmers in Maharashtra have held back more cotton than growers in Gujarat,” said Rajkot-based Anand Popat, a trader in cotton, yarn and cotton waste.

But small and marginal farmers have released their produce in the market to recover their expenses whereas, financially stable farmers are holding the majority of their stock, said Gupta.

“Everywhere, farmers are holding on to cotton. It is making the trade difficult to estimate what the crop



DIFFERING ESTIMATES. While the Agriculture Ministry pegs the fibre's output at 337.23 lakh bales, the US Department of Agriculture puts the figure at 326.58 lakh bales

could be,” said Ramanuj Das Boob, a sourcing agent for multinationals in Raichur, Karnataka.

On Tuesday, the Ministry of Agriculture lowered its cotton crop estimated to 337.23 lakh bales (of 170 kg each) from 341.91 lakh bales projected earlier.

The US Department of Agriculture, in its latest outlook on cotton, has pegged Indian production at 326.58 lakh bales.

WEATHER IMPACT?

While Popat stuck to his initial estimate of 360 lakh bales, Gupta said NCML expects production to be in

the range of 310-315 lakh bales, which is considered on the lower side. “Erratic weather conditions along with pest infestations have caused serious damage to the crop,” the NCML MD and CEO said.

On Tuesday, the Cotton Association of India (CAI), a trade body, lowered the cotton crop estimated to 321.50 lakh bales. Trading houses, too, are of the view that production may be around levels of 350 lakh bales.

“Some people tend to go by the arrivals in markets and the bales pressed by ginning mills. You need to take into account the volume farmers are holding,” said Popat.

The Rajkot-based trader said this season, however, only 340 lakh bales of cotton might be pressed and growers could be carrying over 20-30 lakh bales with them to the next season.

“Even if the crop is 330 or 340 lakh bales, some 160-175 lakh bales have to

arrive by June. This means daily arrivals of 1.4 lakh bales,” said Das Boob.

According to Popat, daily arrivals of cotton currently are between 1.25 and 1.5 lakh bales.

“Barring a handful, most ginning mills may have to shut during monsoon. With arrivals being slow, not all the harvest cropped will be ginned this season,” he said.

LONGER SEASON

“We are expecting a much longer season due to gradual arrivals and not expecting any big volatility in prices. Farmers have also started sensing the stability factor both in international and Indian markets and are gradually stepping up the deliveries,” said Prabhu Dhamodaran, Convenor, Indian Texpreneurs Federation.

Popat said farmers have “fixed their thoughts at a particular price range” and they would not part with their produce below that.