

Cotton price likely to remain firm above MSP

In India, current year monsoon's variation affected cotton planting for some key regions; declined to around 124 lakh ha as against 131 lakh ha in 2020-21. This year at country level cotton production is estimated 362 lakh bales (First Advanced Estimate, dt. 21-09-2021) slight more than the last year (354 lakh bales). But the torrential rain received in last week of September, 2021 in Maharashtra, Madhya Pradesh and Gujarat has damaged the crop to large extent, besides huge damage due to pink bollworm is also feared, may result in lower production than the last year.

Current year in Gujarat, the area under cotton is estimated about 22.56 lakh ha, same as last year (2020-21) and production is estimated 80.95 lakh bales, which is about 8 lakh bales more than last year (72.7 lakh bales). But damage caused in last week of September, 2021 delayed first picking will result in low yield same as last year.

As per USDA report, Global cotton production is projected at 1531 lakh bales in 2021-22, *i. e.* 92 lakh bales above the year before and the consumption is expected 1588 lakh bales, which is 57 lakh bales more than the last year, expected to hold up the price at world market in current year. This year cotton production will be lower in the US, China and India, and higher in Pakistan and Turkey. In 2020-21 India exported 71 lakh bales of cotton, which was quite higher than the last year (39 lakh bales). Besides, in current year from April to July, 2021 about 24.5 lakh bales of cotton was exported.

Hence, the cotton price which was ruling around Rs. 1080 per 20 kg in November, 2020 steadily increased to Rs. 1200 in March, 2021 and Rs. 1300 in May, 2021 and further to Rs. 1570 per 20 kg in August, 2021. From September, 2021 it started declining and currently, the cotton price is ruling around Rs. 1250 per 20 kg in October, 2021 in various market of Gujarat is likely to remain firm at this level during harvesting season. The Government has fixed MSP of *Kapas* at Rs. 1205 per 20 kg (Rs. 6025 per quintal) for the current year 2021-22 as against Rs. 1165 in last year. Last year the Cotton Corporation of India (CCI) had purchased 91.89 lakh bales of cotton at MSP, of which 4.15 lakh bales from Gujarat.

Considering these all, the research team of Department of Agricultural Economics, JAU, Junagadh analysed the historical monthly price data of cotton from Gondal and Rajkot APMCs. The analysis and other factors revealed that, **the price of *kapas* during November, 2021 to January, 2022 (at harvest) may remain in the range of Rs. 1260 to 1400 per 20 kg (6300 - 7000 Rs/qtl).** Hence, farmers are suggested to take note of the above situation and take their own decision to store *kapas* and sell after January, 2022. If price falls below this range, in case of very high arrivals in the markets above 1 lakh bales in day in the state, farmers who are not afforded to store, may wait for few days for corrections.

If export opportunities and world consumption continue to remain better, there is some chance that, cotton price may go up in future.