

Cotton price likely to remain firm

The cotton acreage was increased all-time high in India to 133 lakh ha in 2019-20 owing to timely and higher precipitation as well as prevailing slight higher prices in previous year. The production was 355 lakh bales due to damage by unseasonal rains. In this current year of 2020-21 the cotton area in India is estimated 129.57 lakh ha and production about 371 lakh bales (First Advanced Estimate, dt. 22-09-2020). But the torrential rain received in third week of October, 2020 in Southern states including Gujarat has damaged the crop to large extent, cause to same or slight lower production than the last year.

Current year in Gujarat, the area under cotton is estimated about 22.81 lakh ha, as against 26.65 lakh ha in last year (2019-20) and production is estimated 82.39 lakh bales, which is about 5.62 lakh bales less than last year (88.01 lakh bales). Due to continuous rains in August and late rain in third week of October, 2020 damaged the crop slightly and delayed first picking; barring this the overall crop condition is normal and may result in normal yield.

At world level, this year the cotton acreage (329 lakh ha) is estimated 6 per cent less than the last year and production (1447 lakh bales) about 5 per cent less than the last year (1530 lakh bales), as reported by some agencies. The world cotton consumption is expected 150 lakh bales more than the last year, expected to pull up the price at world market in current year.

The last year's ending stock in India is expected about 70 lakh bales and current domestic consumption is expected about 331 lakh bales. Due to COVID-19 pandemic, in 2019-20 India's cotton export was declined to 38.75 lakh bales as against 67.24 lakh bales in 2018-19. Hence, the cotton price which was ruling around Rs. 1000 per 20 kg in December, 2019 dropped to Rs. 850 in April, 2020. Currently, the export is gaining momentum from July onwards and market is revived to around Rs. 1060 in October, 2020 in various market of Gujarat is likely to remain firm, owing to expected less production at world level. The Government has fixed MSP of *Kapas* at Rs. 1165 per 20 kg (Rs. 5825 per quintal) for the current year 2020-21. Last year the Cotton Corporation of India (CCI) had purchased 102 lakh bales of cotton at MSP, of which 11 lakh bales from Gujarat. This year too, the same purchase is expected.

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, 2020 to January, 2021 may remain in the range of Rs. 1060 to 1175 per 20 kg (5300 - 5875 Rs/qlt).** Hence, farmers are suggested to take note of the above situation and take their own decision to store *kapas* and sell after January, 2021. Those farmers who are not afforded to store *kapas*, may sell at MSP, in CCI centers for the same.

If export opportunities continue to remain better, there is some chance that, cotton price may go up slightly above MSP in future, by improving our export in neighboring countries *viz.*, Bangladesh, Indonesia, Vietnam *etc.*