

This year too, cotton price likely to remain firm above MSP

In the current year of 2022-23, the monsoon arrived timely throughout India and received good precipitation, with almost normal distribution, barring some incidence of flood damage. Following high price of cotton in last year, the cotton planting in current year in India increased to 127.50 as against 118.59 lakh ha in 2021-22. This year at country level cotton production is estimated 342 lakh bales (First Advanced Estimate, dt. 21-09-2022) *i.e.* about 9.62 per cent more than the last year (312 lakh bales). Except, some damage due to torrential rain received in September-October, 2022 in Maharashtra, Madhya Pradesh, Telangana and Andhra Pradesh; the crop condition is normal likely to result in normal yields.

In Gujarat, also in current year the area under cotton is estimated higher about 25.49 lakh ha as against 22.56 lakh ha in last year (2021-22) and production is estimated 91.85 lakh bales, which is about 18.21 lakh bales more than last year (73.64 lakh bales). The crop condition is normal in most of the fields, will result in normal to good yields.

However, as per USDA report at Global level, including USA and China, the cotton acreage has been reported less, except India. The Global cotton planting is reported 325 lakh ha in 2022-23 over 323 lakh ha in last year. The increase in area is only from India. The Global cotton production is projected at 1512 lakh bales in 2022-23, *i.e.* almost same as the last year and the consumption is expected same as last year around 1500 lakh bales, expected to hold up the price at world market in current year. In 2021-22, India exported 74 lakh bales of cotton, over 71.4 lakh bales in previous year. However, in current year from April to August, 2022 only 9 lakh bales of cotton was exported.

Following low cotton production in India in last year, the cotton price, which was ruling around Rs. 1400 per 20 kg in October, 2021 steadily increased to Rs. 1820 in March, 2022 and further to Rs. 2250 in May-June, 2022 and then started declining with reports of larger area coverage under cotton in current year in India. Currently, the cotton price is ruling around Rs. 1650 per 20 kg in October, 2022 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. 1276 per 20 kg (Rs. 6380 per quintal) for the current year 2022-23 as against Rs. 1205 in last year.

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, 2022 to January, 2023 (at harvest) may remain in the range of Rs. 1640 to 1800 per 20 kg (8200 - 9000 Rs/qttl).** Hence, farmers are suggested to take note of the above situation and take their own decision to store *kapas* and sell after January, 2023. 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 sell at current price and others 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.