

Price Forecast for Cotton

Global Scenario

Cotton is one of the most important cash crops and accounts for around 25 per cent of the total global fibre production. India, China and the United States are the largest producers, responsible for more than half of the World's cotton production. As per USDA reports, global harvested area of cotton in 2018-19 was 32.9 million hectares, which is marginally lesser than in 2017-18. The world cotton yield is 797 kg/hectare in 2018-19, slightly below the previous year but 4 per cent above the 5-years average. In 2018-19, the total global production of cotton amounted to 5.77 million metric tons. Major exporters of cotton are US, Brazil, India and these countries together accounted for 62 percent in global export. The major importers are Vietnam, Malaysia, South Korea, Pakistan and India.

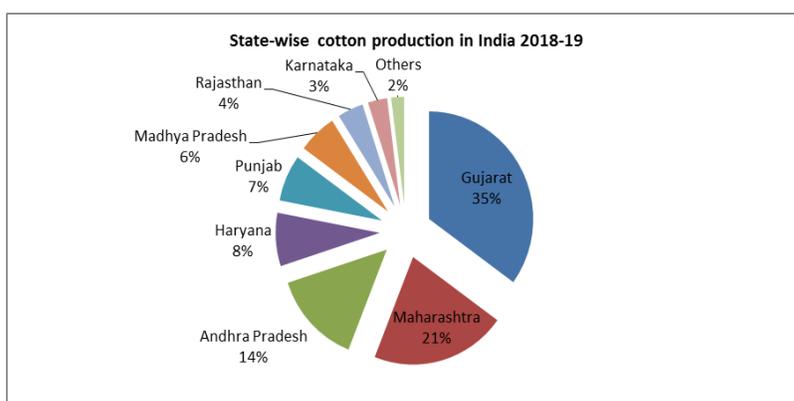
As per USDA report, currently cotton production is increased whereas in Pakistan, Brazil and Tanzania while the consumption is lowered slightly due to weaker demand in China and Vietnam. Global trade is down with lower imports by Vietnam, Pakistan and South Korea coupled with lower exports from India and Malaysia. This was mainly due to the presence of uncertain market conditions prevailing in major cotton producing and consuming countries, including the outbreak of n.Corona virus in China and initial trade disputes.

Indian Scenario

According to the Cotton Association of India, during 2019-20, India's cotton production is estimated to be 322.67 Lakh bales (each of 170 Kg) from 126.58 lakh ha. The consumption is expected to be 331 lakh bales which is 6 per cent higher than in 2018-19 besides India exported 65 lakh bales during 2018-19. As per the

CAI, India has exported 10 lakh bales of cotton during the first quarter of the cotton year that began on October 1 2019, which expects the total exports till September 2020 to hit 42 lakh bales. India exports cotton to Bangladesh, China, Vietnam, Pakistan and Indonesia.

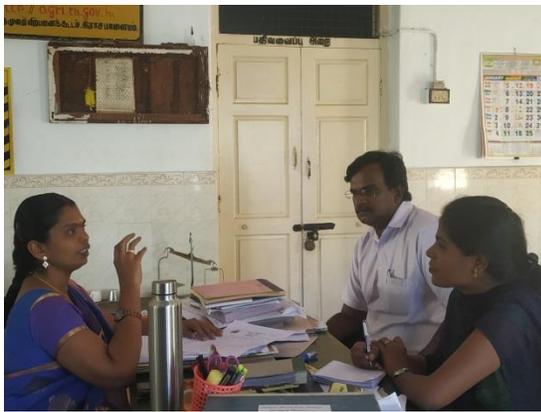
Gujarat, Maharashtra, Andhra Pradesh (AP), Telangana, Haryana, Punjab, Madhya Pradesh (MP), Rajasthan, Karnataka and Tamil Nadu (TN) are the major cotton producing States in India. These states together contributed 97 per cent of total cotton production in India.



The major sowing season for cotton in Tamil Nadu is January-February and August. In the year 2018-19, Tamil Nadu produced 5 lakh bales from 1.28 lakh hectares which is 9.6 per cent lesser than in 2017-18. In Tamil Nadu, above 90 per cent of the cotton area is occupied by Bt cotton. Among the non-Bt cotton farmers are majorly cultivating MCU5 variety. The current cotton price is ruling around Rs.4700-5000 per quintal for long staple cotton. Millers procure cotton from Gujarat, Maharashtra, Andhra Pradesh and Karnataka for their demand. Trade sources reported that arrivals from Tamil Nadu will continue till February end. They also state that even though the demand is stable in the forthcoming months, scarce arrivals would make the price to rule on higher side.

In this situation, to advise the farmers on cotton price during harvest, The TN-IAM Project funded Price Forecasting Scheme of the Centre for Agricultural and Rural Development Studies, Tamil Nadu Agricultural University analyzed the past 10 years prices of Konganapuram cotton market and conducted traders survey. The results of the econometric analysis revealed that the cotton price in the forthcoming months i.e., during March - June, 2020 would be around Rs.5000-5200 per quintal if the current trend continues in the market. Hence, farmers are advised to take their marketing decisions based on the above price.

Visit to regulated market and cotton trader survey at Virudhunagar and Rajapalayam



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