

Cotton price likely to remain firm, above MSP in current year too

The monsoon was arrived timely during third week of June, 2023 in Gujarat and received good precipitation, but the distribution of rainfall remained highly uneven. The month of July, 2023 received continuous and high rain, followed by complete dry spell from August to first fortnight of September, 2023, which badly affected the crop condition. The cotton sowing was completed in third week of July, 2023, occupied about 26.81 lakh ha acreage *i.e.* 1.32 lakh ha more over 25.49 lakh ha in 2022-23. In current year the cotton production in Gujarat is estimated 101 lakh bales, same as last year (First Advanced Estimate, dt. 21-08-2023), but the crop condition is slight poor, will result in low yields than estimated.

At country level, the cotton acreage is estimated less about 123.87 lakh ha as against 127.73 lakh ha in last year and the production is also estimated low about 316.57 lakh bales (First Advanced Estimate, dt. 27-10-2023) as against 343 lakh bales in last year, due to uneven rainfall in major cotton producing states. This indicates that, the current year's cotton production will be slight less than our domestic consumption requirement of around 325 lakh bales.

As per USDA report at Global level, the cotton acreage has been reported about 318 lakh ha same as last year. The increase in area is only from USA. The Global cotton production is projected at 1439 lakh bales in 2023-24, *i.e.* about 81 lakh bales less the last year (1520 lakh bales) and the consumption is expected slight more *i. e.* 1484 lakh bales than last year, expected to hold up the price at world market in current year. In 2022-23, India's cotton (lint) export was drastically declined to 18.73 lakh bales only, as against 74 lakh bales in previous year. Whereas, cotton import in India was increased to 26.56 lakh bales in 2022-23 as against 13.18 lakh bales in 2021-22. Besides, in current year from April to August, 2023 only 10 lakh bales of cotton was exported and 9 lakh bales was imported.

In last year, cotton export from India was largely declined and import increased, hence the cotton price, which was ruling around Rs. 1700 per 20 kg in October, 2022 steadily decreased to Rs. 1600 in April, 2023 and further to Rs. 1400 in July, 2023 and then remained above this level. Currently, the cotton price is ruling around Rs. 1420 per 20 kg in October, 2023 in various market of Gujarat is likely to remain firm at this level with slight ups and down during harvesting season. The Government of Bharat has fixed MSP of *Kapas* at Rs. 1404 per 20 kg (Rs. 7020 per quintal) for the current year 2023-24 as against Rs. 1276 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, 2023 to January, 2024 (at harvest) may remain in the range of Rs. 1400 to 1540 per 20 kg (7000 - 7700 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, 2024. If price goes above Rs. 1600 per 20 kg during harvesting season, farmers may sell *kapas* immediately.

As the sluggish down of China and some other cotton importer countries' economy, the export opportunities of cotton from Bharat are meagre, besides duty free import may increase; hence, only low production estimates in Bharat indicates some chance for cotton price to go up in future.