

VANAKALAM (KHARIF) 2021-22 PRE-HARVEST PRICE FORECAST OF COTTON

Cotton Price per Quintal will be around Rs. 6500 - 7000 at the Time of Harvesting (November 2021 to February 2022)

Global 2021-22 cotton area and production are projected as 32.90 million hectares (81.29 million acres) and 119.60 million bales of 217.72 Kg each. Cotton productions in most of the major producing countries are expected to increase except China in 2021-22. India is projected to produce 28.50 million bales followed by China (26.80 million bales), United States (18.50 million bales), Brazil (12.50 million bales) and Pakistan (5 million bales).

For 2021-22, USDA projection for global cotton mill use may increase by 3.76 percent to 124.10 million bales of 217.72 Kg each. Expected to be led by China, India, Pakistan, Turkey, Bangladesh and Vietnam. As the world economy continues to rebound from the COVID-19 pandemic, cotton mill use is also expected to rise.

According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) October report, the 2021-22 U.S. cotton supply and demand estimates show lower production, lower ending stocks, and a higher price compared with last month. Production is lowered 3 percent, to 18.0 million bales as projected yields in Texas are reduced. With domestic mill use and exports remain unchanged; ending stocks are 500,000 bales lower. At 3.2 million bales, U.S. ending stocks in 2021-22 are projected at 18 percent, compared with 17 percent in 2020-21.

According to the Ministry of Agriculture and farmer's welfare, India's cotton production for 2021-22 is estimated at 362.19 lakh bales of 170 kg each higher by 2.30 percent from last year 353.84 lakh bales of 170 kg each. CCI may be required to procure minimal amount of cotton in the 2021-22 season (30 lakh bales of 170 kg), as kapas prices are ruling above the minimum support price (MSP) for a better part of the season.

Cotton procurement may be required during the peak season if the prices drop below the MSP. MSP for cotton has been increased by Rs. 200 to Rs. 6025 per quintal for marketing season 2021-22 from Rs.5825 per quintal in 2020-21. New cotton arrivals started all over India. Currently, cotton prices ruling above MSP i.e., Rs. 6025 per quintal. Modal prices of raw cotton are ranging between Rs. 6,500- Rs. 7,300 per quintal across the various markets depending upon the quality and moisture content.

India's cotton export may go down to 50 lakh bales in the new season since local demand has been rising. India has exported around 75 lakh bales in 2020-21 season. However, good quality cotton is not available right now for exports. From November onwards, supply of good quality cotton would improve, and prices may come down because of supply pressure. Leading cotton producing states including Gujarat, Maharashtra, Telangana and Andhra Pradesh received heavy rainfall in September. The production in the new season is expected to fall as rainfall has badly affected early-sown crop in all key producing states. Both crop yield and quality of crop are going to be affected by rainfall. Cotton harvested in the first picking is likely to be of poor quality.

In India during 2021-22 area under cotton was 119.66 lakh ha as against 126.97 lakh ha in 2020-21 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 39.41 lakh ha followed by Gujarat (22.51 lakh ha), Telangana (18.78 lakh ha), Rajasthan (7.08 lakh ha) and Haryana (6.88 lakh ha).

In Telangana state during 2021-22 area under cotton was 46,42,695 acres as against 60,17,992 acres during 2020-21. Among the districts, Nalgonda stood first with 6,54,667 acres followed by Adilabad (3,87,311 acres), Sangareddy (3,61,213 acres), Nagarkurnool (3,52,619 acres) and Asifabad (2,97,280 acres).

Telangana government has targeted procurement of 33.2 lakh metric tonnes of cotton during the current year, which is almost double of the previous year (2020-21) yield of 17.89 lakh metric tonnes, which was procured from 5.49 lakh farmers with an estimated value of Rs. 10,167 crore.

The Agricultural Market Intelligence Centre established under a research project for development of price forecasting mechanism in the Department of Agricultural Economics, College of Agriculture, Professor Jayashankar Telangana State Agricultural University, Rajendranagar, Hyderabad with the financial support of Agricultural Marketing Department, Telangana State has assessed pre-harvest price forecast of cotton for the year 2021-22. Under prevailing crop and weather conditions, it is predicted that the cotton price per quintal will be around **Rs. 6500 - 7000** at the time of harvesting (November 2021 to February 2022). This price forecast is based on the monthly modal price of cotton obtained for 19 years from Warangal regulated market using econometric models like ARIMA, SARIMA, ARIMAX, ARCH and GARCH and also the market survey. Adilabad, Warangal, Bainsa, Khammam, Jammikunta and Peddapalli are the major cotton markets in Telangana.

Note: There may be any possible deviation of the actual prices from the predicted prices in light of tentative developments in the commodity markets such as change in international prices, export or import restrictions, etc. And these price forecasts are based on past market price data & different econometric models and that actual market price may not turn out to be the same as forecasted.