

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

Cotton Price per Quintal will be around Rs. 5550 - 5850 at the Time of Harvesting (November 2021 to February 2022)

World cotton production in 2020-21 is estimated at 113 million bales of 217.72 Kg each. India ranks first position in terms of cotton area and second position after China (29.5 million bales) in terms of production in 2020-21 with 12.94 million hectares (32.04 million acres) accounting for 40.31 percent of world cotton area, and 28.5 million bales accounting for 25.22 percent of world cotton production followed by USA (14.7 million bales), Brazil (11.5 million bales) and Pakistan (4.5 million bales).

For 2021-22, USDA projection for global cotton area and production are projected as 33.1 million hectares (81.79 million acres) and 119.4 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 29 million bales followed by China (27.5 million bales), United States (17 million bales), Brazil (13.3 million bales) and Pakistan (5.3 million bales).

For 2021-22, USDA projection for global cotton mill use may increase by 3.5 percent to 121.5 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.

Cotton Association of India has estimated cotton crop for 2020-21 season at 360 lakh bales of 170 Kg each and cotton exports to increase by 20 percent to 60 lakh bales in the 2020-21 season due to higher prices of cotton in the international market compared to the Indian market. In previous season 2019-20, cotton export stood at 50 lakh bales of 170 Kg each.

In India, Maharashtra 42.25 lakh ha (104.40 lakh acres) followed by Telangana 24.37 lakh ha (60.22 lakh acres), Gujarat 22.78 lakh ha (56.29 lakh acres), Haryana 7.37 lakh ha (18.21 lakh acres) and Karnataka 6.88 lakh ha (17.00 lakh acres) are the major cotton growing states.

Telangana ranks 2nd in area and production with 60.22 lakh acres and 99.53 lakh bales (1st Advance estimates 2020-21, TS) accounting for 18.82 percent and 27.64 percent of all India cotton area and production respectively. Among the districts in Telangana, Nalgonda stood first with 2.95 lakh ha (7.29 lakh acres) followed by Nagarkurnool 1.84 lakh ha (4.56 lakh acres), Adilabad 1.71 lakh ha (4.23 lakh acres), Sangareddy 1.61 lakh ha (3.99 lakh acres) and Komaram Bheem 1.36 lakh ha (3.37 lakh acres).

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-sowing price forecast of cotton for the year 2021-22. Under expected normal rainfall and an increase in crop area, it is predicted that the cotton price per quintal will be around **Rs. 5550 - 5850** 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.