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Cotton purchase prices soar

At Gajwel, the rate was a record ₹8,425 a quintal on Friday

Cotton farmers have a lot to cheer as they are fetching up to ₹ 8,000 so far against a minimum support price of ₹ 6,025 a quintal this year.

This trend was likely to continue for the entire procurement season till December-end as per the assessments of the Cotton Corporation of India (CCI) and ginning mill owners. They even expected the prices to go up to ₹ 8,500 to ₹9,000 a quintal in the coming days.

The CCI which enters procurement by setting up centres across the State only when the prices fall below MSP has, therefore, left the market operations to private mills. Otherwise, the cotton juggernaut purchased 80 to 90 per cent of the produce in 2019-20 and 2020-21.

According to Marketing Director G. Lakshmi Bai, the trend of high prices for farmers kicked off straight away with the opening of purchase on October 1. However, the arrival at market yards was low because the farmers had expectedly hoarded the produce in expectation of further hike in prices. A clear picture would emerge after Deepavali.

Actually, nothing went right for cotton crop right from the beginning of the sowing season due to heavy rains. The area of cultivation as well as yield dropped not only in India but across the world. At the same time, the demand for cotton shot up in international market as garment factories resumed full-scale operations after suffering huge losses on account of COVID last year.

The cotton acreage fell in Telangana from 60 lakh acres last year to 46.25 lakh acres this year. The yield was also likely to drop from 48 lakh tonnes last year to 37 lakh tonnes, mainly due to heavy rains of August and September. At the national level, the acreage shrunk from 320 lakh acres to 290 lakh acres.

In this background, the Central government enhanced the MSP from ₹ 5,825 per quintal last year to ₹ 6,025 a quintal for long staple cotton which is commonly grown in Telangana. But, the farmers fetched anywhere between ₹ 7,000 and ₹ 8,350 a quintal this year. The modal rate which was the highest quantity sold at a particular rate was ₹ 7,500 to ₹7,800 a quintal against ₹ 4,000 to ₹5,200 a quintal last year, marketing department sources said.

At Gajwel, the rate was a record ₹8,425 a quintal on Friday but sources added it was an exception because of black soil there.