

# Cotton output turns a confusing 'boll' game

**PEGGING HIGHER.** CCPC projects this season's crop at 337.23 lakh bales against CAI's estimate of 303 lakh bales

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The Committee on Cotton Production and Consumption (CCPC), a body set up by the government comprising all textile industry stakeholders including farmers, has estimated cotton production for the current season to September at 337.23 lakh bales (of 170 kg each).

The projection of the CCPC, chaired by the Union Textiles Commissioner on Thursday, is against the 341.91 lakh bales it estimated in November last year.

The estimate, coming on the heels of traders body Cotton Association of India (CAI) lowering the crop estimate to a 14-year low of 303 lakh bales, has led to confusion over the exact production of the natural fibre this season.

"There are various estimates of the cotton crop doing rounds, but the CCPC's estimate seems to reflect the reality," said a multinational company (MNC) trading source on the condition of anonymity.

"There is a lot of confusion



**ROOT CAUSE.** The problem with crop estimates this year is that people have tended to go by the earlier practice of market arrivals

over cotton crop estimates. Views are also different. In private, MNCs have a different estimate of the crop making it difficult for the industry. If we compare the acreage of cotton and the yield, the estimates do not match," said a Karnataka-based trader.

## ISSUES WITH ESTIMATES

"The problem with crop estimates this year is that people have tended to go by the earlier practice of market arrivals. We are going through an unusual year when farmers have tended to hold back their produce. They

had never done this before in Karnataka and Maharashtra," the MNC trading source said.

Buoyed by receiving record high prices of ₹12,000 a quintal last season, farmers tended to hold back expecting higher prices.

This year, farmers have not been able to get over ₹9,000 a quintal, though they are higher than the minimum support price of ₹6,080.

Currently, the modal price (the rate at which most trades take place) is hovering around ₹8,000.

Finding fault with some of the

## Cotton balance sheet\*

Particulars#	2021-22	2022-23
Opening stock	71.84	39.48
Crop size	312.03	337.23
Import	18.00	10.00
Total Supply	401.87	386.71
Total consumption	313.77	311.00
Exports	42.50	30.00
Total Demand	356.27	341.00
Carryover stocks	45.60	45.71

Source: CCI \*Estimates of CCPC # in lakhs

lower projections, a trader said, "It is one thing to go by arrivals till now and add the expected arrivals over the remaining period. It is another to estimate crop production taking area, yield and other factors into consideration.

"The confusion has been caused as some have tended to estimate the crop based on arrivals going by past precedents, but this time they have failed to take into account farmers' behaviour," the trader said.

The MNC trading source said currently, cotton arrivals in Maharashtra were over 50,000 bales. "People should have taken note

of these arrivals, which is higher than usual while arriving at crop estimates," the source said.

According to data from Agmarknet, an arm of the Agriculture Ministry, cotton arrivals in the country during March 1-April 21 were 33.72 lakh bales against 22.45 lakh bales in the same period a year ago.

## PRICES UP THIS WEEK

"If the agencies estimating cotton production were to allow market conditions to take control, we would not be witnessing such a confusion," said a southern-based textile industry expert.

CAI's estimate of a 14-year-low crop has pushed up cotton futures on MCX to ₹64,020 a candy (356 kg) for delivery in June.

Spot prices of Shankar-6 cotton, a benchmark for exports, are currently quoted at ₹63,000 a candy. Prices are up by over ₹2,500 this week.

In the global market, cotton on the InterContinental Exchange, New York, for delivery in May is ruling at 79.05 cents a pound (₹51,350 a candy).