

India to produce record cotton crop for 2019-20, predicts USDA

Rutam Vora Ahmedabad | Updated on October 18, 2019

Cites good monsoon coupled with higher MSP making fibre crop preferred over others



India is set to retain its numero uno position in cotton cultivation globally.

The latest United States Department of Agriculture (USDA) estimate for the

marketing year 2019-20 has projected India's cotton crop at 305 lakh US bales (each of 217.7 kg), which works out to 390 lakh India bales (each of 170 kg).

Last season in 2018-19, India's cotton crop was reported decade-low at 312 lakh bales by the apex cotton trade body, Cotton Association of India (CAI).

Increased production

“Production in India — the leading cotton producer — is forecast at 30.5 million bales, 15 per cent above 2018-19, and the second highest on record, as both area and yield in 2019-20 are expected higher. Harvested area in India is projected at a record 12.9 million hectares in 2019-20, as domestic prices and internal support price prospects favour cotton over competing crops,” USDA stated in its international outlook on cotton crop, which was released on October 15, 2019.

The report also noted that the “recent above-average monsoon rainfall will likely provide an extended picking season, which is expected to increase the yield to a 3-year high.”

The cotton trade bodies in India are yet to come out with their own crop estimate while, the first advance estimate by the Government of India has projected cotton crop in the country at 322.7 lakh bales.

This kharif season, India grew cotton on larger area at 127.67 lakh hectares, about 6 lakh hectares more than last year.

It is also indicative from the weak cotton prices in the domestic market, where traders expect crop to be record this year. The cotton prices hovered at ₹41,900 per candy (each

of 356 kg) of ginned cotton with 29 mm variety, down from ₹43,900 two months ago. International cotton prices quoted at 60.83 cents per pound on ICE futures for December 2019.

As per the USDA, cotton consumption in India is expected to rise 3 per cent, to 247.5 lakh US bales (each of 217.7 kg) in 2019-20 — which is about 316.9 lakh Indian bales (each of 170 kg) — which is equal to the record set in 2015-16.

Supplying cotton to the world

The global cotton players are looking at India, with its record production and likely increased stock situations, to feed the world cotton market.

“India’s increased stock expectations to 134 lakh US bales (or 171.6 lakh India bales) associated with the higher production forecast — contribute significantly to this season’s global stock gain...For India, this season’s projected larger crop is expected to provide an additional 500,000 bales (or 6.4 lakh Indian bales) of exports, with cotton exports rebounding to 4.0 million bales in 2019-20,” the USDA report stated.

The USDA projections hint at expansion in the cotton exports during 2019-20 in Brazil, India and the United States.

The global cotton production in 2019-20 is projected at 124.8 million US bales, about 5.8 million bales (or 5 per cent) above 2018-19. The October production estimate includes decreases for Brazil, Pakistan, Australia, and the United States, which more than offset an increase for India.

Source: <https://www.thehindubusinessline.com/economy/agri-business/india-to-produce-record-cotton-crop-for-2019-20-predicts-usda/article29735164.ece>