

PRODUCTION AND SALES PERFORMANCE OF COTTON PRODUCE IN INDIA

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Introduction

Agriculture plays a vital role in Indian economy as it provides employment to 69% of working population. In developing countries, agriculture contributes in a large measure to a country's economy. This role of agriculture arises out of the position, the agrarian sector occupies in the overall economy of the country. During the plan period there has been a considerable growth in agriculture, signifying self-sufficiency in some of the agricultural produce. In spite of this remarkable progress the country does not have efficient agricultural marketing system.

Agriculture provides livelihood to about 70% of the country's population, contributes nearly 50% to the national income. Besides food agriculture is the most important raw material supplied to many industries like cotton, jute, vanaspati and sugar. Similarly, agricultural commodities occupy prime place in India's export trade, contributing 40 to 50% of the total foreign exchange.

The Place of Agriculture in Indian Economy:-

India is predominantly an agricultural country where roughly 62 % of its population has remained in agriculture. Agriculture forms a backbone of our economy and it also supports the agro-based industries. Figures supplied by the National Income Committee and central Statistical organization show clearly that agriculture contributed now around 32% of the National Income. Two important facts must be emphasized here. Firstly, agriculture contributes even now a major share of the national income in India. Secondly, the share of agriculture in National income has been decreasing continuously and the share of the manufacturing and service sectors are increasing.

Position of Cotton in India:-

Cotton the 'White Gold' is an important commercial crop playing a key role in economy and social welfare of India in general and of major cotton growing states in particular. Cotton textiles occupy the second position after sugar industry in the

Indian Economy. In India, production of cotton ranges between 100-120 lakh bales of lint cotton. Production and productivity levels of cotton achieved in 2001-02, in India there are 12 million bales and 280 kg. Per hectare of lint respectively. In 2006-07, the cotton area was 5.9 million hectares with production of 3 million bales and productivity of 88 kg. per hectare. Hence over the last decades, India attained the annual growth rate of 3.7 % in productivity.

Table No. 1.1

Cotton Production at a glance in India

Sr. No.	Year	Acreage in lakh hectares	Production of bales(Crore)	Average yield in per hectare(kg)
1	2000-01	85.76	1.4	278
2	2001-02	87.3	1.58	308
3	2002-03	76.67	1.36	302
4	2003-04	76.3	1.79	399
5	2004-05	87.86	2.43	470
6	2005-06	86.77	2.44	478
7	2006-07	91.42	2.8	521
8	2007-08	95.3	3.15	553

Source: Cotton Corporation of India (CCI) (2007-08)

The above table shows that there is remarkable decline in cotton sowing as per the latest report of Crop Weather Watch Group; cotton has been sown in 58.08 lakh hectares till July 18 in the country. This area is 11.8 lakh hectares (16.9%) down from that in the corresponding period last year. Sowing has sharply reduced in Maharashtra, Andhra Pradesh, Karnataka, Rajasthan and other states. Moreover, the standing crop in these regions is getting damaged in want of sufficient rainfall.

Cotton acreage has already declined in northern India. Cotton acreage last year in the region was 14.92 lakh hectares, which has dropped 19% to around 12.12 lakh hectares this year. Acreage has reduced in the three states of northern region, including Punjab, Haryana and Rajasthan. The most affected among the three states is Rajasthan, where cotton sowing has dropped sharply by almost 50%. However, condition of crop is said to be good due to superior-quality seed and favorable weather there, and will check the fall in production to some extent.

Traders said, the average yield is likely to increase this year as the number of plants per acre is 7900 as against 6500 in the previous year. But the total production in the region is still likely to be limited to 42 lakh to 42.5 lakh bales as against 47 lakh bales of the previous year. In the western parts, cotton production is expected to witness a sharp fall. Sowing has been very low in Maharashtra, especially in Marathwada and Vidarbha region. As of July 18, cotton sowing in Maharashtra was down by 9.1(34.7%) lakh hectares. In Gujarat, the largest cotton-producing State in India, sowing has improved smartly during the last week.

Objectives of the Study:-

The broad objectives of the present study are as follows.

1. To study the marketing and sales performance of cotton produce.
2. To know the overall background and financial position of cotton Growers.
3. To study the government rules and regulations regarding the production, sales and purchasing practices of cotton cash crop.
4. To study the problems and prospects of cotton growers, traders and sales agents and to suggest suitable remedies to overcome them.

Hypothesis tested:

1. Cotton growers are more in numbers other than cash crop producers in Marathwada region.
2. Farmers are more financially benefited by cotton growing than other cash crops.

Table No.1.2

Cotton Growers, Traders and Overall Market Committees at a Glance

Sr. No.	Year	No. of Cotton Producers	No. of cotton Mills	No. of Traders	No. of Middle men	Overall customers
1	2003-04	3450	3	3000	2	3000
2	2004-05	10500	16	12000	3	12000
3	2005-06	11250	15	2	4	2
4	2006-07	12000	14	13000	2	13000
5	2007-08	12500	12	10000	3	10000

Sources: Compiled from Annual Reports of the Market Committee

(2003-04 to 2007-08)

Table No. 1.3

Cotton Production in India (in mn of bales of 170 kg each)

Cotton Year	Production
1996-1997	17.7
1997-1998	15.8
1998-1999	16.5
1999-2000	15.6
2000-2001	14.0
2001-2002	15.8
2002-2003	16.5
2003-2004	17.7
2004-2005	24.3
2005-2006	26.0

Source: - Cotton Processing Companies annual reports (2005-06)

Today, China leads the world cotton production with India and the United States at second and third position respectively. Over the next 10 years, China's share of world cotton production is expected to decline by 3 percent while India is forecasted to increase by 2 percent. "Harvested cotton area in India is projected to jump due to the high net return in cotton and high minimum support prices.

In the last decade, cotton acreage in each of the regions has increased by nearly 2 million hectares from 1990 to 1997. Although the acreage in each of the regions grew in the last decade, the changes in yield have been erratic. For example, from 1981 to 1994, growth in the northern and southern region increased at an annual rate of 6.6 and 4.2% respectively, compared with negative (-0.7%) growth in the central Region. Since then, yields in the northern region have declined significantly from 470 kg/ha in 1992 to an estimated 282 kg/ha in 2002/03.

In India, cotton occupies an area of nearly 7.39 million hectares, with a production of 2.38 million metric tones (2002-03), ranking third in the world. The lint productivity of cotton is 322 kg/ ha, which is the lowest and far below that of the world average of 627 kg/ha. During the last fifty years, production of cotton rose from 30 lakh bales (1 bale = 170 kg) in 1950-51 to 140 lakh bales in 2002-03. During the same period the area under cultivation increased by 58.91 lakh hectares to 73.9 lakh hectares. Using the data for the period from 1950-51 to 1999- 2000 on area under cultivation, area covered under irrigation and production, decadal per cent compound growth rates (CGRs) are ascertained. There is need to arrest this declining trend in cotton production by way of appropriate policy measures and a package of practices, i.e. integrated nutrient management, integrated disease

management, integrated pest management, etc. This will go a long way in putting the cotton trade on competitive terms under the aegis of WTO.

The present arrivals of cotton in Northern zone are around 40,000 bales per day. In the Central zone the cotton arrivals have increased substantially with daily arrivals touching around 75,000 bales in Maharashtra, 55,000 bales in Gujarat and 20,000 bales in Madhya Pradesh. In South zone, the daily arrivals are reported to be around 45,000 bales in Andhra Pradesh, 6,000 bales in Karnataka and 2,000 bales in Orissa.

The world cotton production has also increased by around 3% at 25.33 million metric tons as against 24.66 million metric tons during 2005-06. During the cotton year 2006-07, the textile industry also continued to do better in terms of demand, both domestically and internationally. Domestic cotton consumption went up by around 8% at 4.00 million metric tons from the level of 3.69 million metric tons during previous year. Internationally also, the cotton consumption rose by around 5% to 26.14 million metric tons from the last year's consumption of 24.79 million metric tons. The demand was also better for textile products during the year.

Cotton Scenario in Maharashtra:-

Maharashtra is the largest cotton growing State in the country. It covers about 34% of total cotton area and contributes 17% of the production. Maharashtra produces approximately 25 lakh bales per year. Main features of cotton cultivation in Maharashtra are as below.

1. About 97% of the cotton crop is cultivated under rain fed condition.
2. The cotton is mostly grown on soils, which are black in color and called as black cotton soil. The black color of the soil is due to presence of titanium oxide.
3. In Maharashtra two species of cotton viz *G. hirsute* and *G. arboretum* are Cultivated; besides hybrids Mostly intrahirsutum hybrids are grown.
4. The cotton crop is grown in the Kharif season and sowing is generally done with onset of Monsoon.
5. The hybrids cotton covers about 73% of cotton area in the State; about 11% area is covered by improved *hirsute* varieties and 16% by *arboretum* cultivars.

Table no 1.4
Cotton Production in India:-

Trends in cotton consumption by the textile industry over the last ten years:	
Year	Cotton consumption
Quantity in lakh bales of 170 kgs	
1996-97	158.30
1997-98	149.78
1998-99	151.77
1999-00	158.97
2000-01	160.33
2001-02	158.70
2002-03	154.05
2003-04	163.39
2004-05	180.55
2005-06	199.00
2006-07	216.15
2007-08	226.00
2008-09	226.00

Source: - As per CAB 16th Oct, (2008-09)

The table no. 1.4 indicated that, the trends in cotton consumption by the textile industry over the last ten years. This table gives the details about the cotton consumption 149.78 in the year 1997-98 as decreased than other years. However, cotton consumption is increased in the year 2007-08 and 2008-09 equally of the 266.00 kg bales of Cotton.

Table No. 1.5

Area, Production and productivity of cotton in India during last six decades			
Year	Area in lakh hectares	Production in lakh bales of 170 kgs	Yield kgs per hectare
1950-51	56.48	30.62	92
1960-61	76.78	56.41	124
1970-71	76.05	47.63	106
1980-81	78.24	78.60	170
1990-91	74.39	117.00	267
1991-92	76.93	119.00	263
1992-93	75.41	138.00	311
1993-94	74.40	121.50	278
1994-95	78.61	138.50	300
1995-96	90.63	170.20	319
1996-97	91.66	177.90	330

1997-98	89.04	158.00	302
1998-99	92.87	165.00	302
1999-00	87.31	156.00	304
2000-01	85.76	140.00	278
2001-02	87.30	158.00	308
2002-03	76.67	136.00	302
2003-04	76.30	179.00	399
2004-05	87.86	243.00	470
2005-06	86.77	244.00	478
2006-07	91.58	270.00	501
Source : Cotton Advisory Board (1950-51 to 2006-07)			

The table No. 1.5 highlights on the area, production and productivity of cotton in India during the last six decades. In India, the significant achievement has been made increasing yield and production in the year 2008-09. Development is 322.00 lakh bales of high yield varieties, appropriate transfer of technology, better farm management practices, increased area under cultivation of cotton etc.

Conclusion and Suggestions

1. The farmers in Marathwada Region have positively responded to price changes in case of cotton. However, they are more responsive to non- price factors. The lagged average gross irrigated area and relative yield are the most significant factors affecting cotton average in Marathwada Region.
2. The study incited that the acreage under cotton was least unstable for all the cotton growing parts in Beed District. It means that the cotton acreage has been most stable in the most prominent cotton growing region of Maharashtra state.
3. This study has shown that all the cotton growing regions in Maharashtra state recorded a low growth in cotton acreage with low degree of period under study. Beed District exhibited medium growth in cotton acreage with high degree of variability during the whole period.
4. In the first holding group of 0-5 acres, there are 8% of the selected 4 farmers. Among the selected 14% of the 7 farmers are holding land of 5-10 acres, 24% are in holding group of 10-15 acres to the 12 farmers, 24% of the 12 farmers are in the next holding group 15-20 acres and 30% of the 15 farmers are holding range between 20-25 acres.

5. The total cropped area such as Cereals, Pulses, Oilseeds, Sugarcane and Cotton in the year 1960-61, 1970-71, 1980-81, 2000-01, 2005-06, 2006-07. Thus, total cropped area of cotton produce shown in the year 1960 to 61 is of 5890, 1970 to 71 is of 490, 1980 to 1981 is of 310 hectares , 1990 to 1991 is of 24 hectares , 2005 to 2006 is of 92 and 2006 to 2007 is of 92 hectares. Further, it indicates total cropped area of Cereal produce is much higher than, Pulses, Oilseeds, Sugarcane, and Cotton Produce in the study period.
6. The Percentage of gross cropped area to net area sown in Beed District for Agricultural Produce i.e. Rice, Jawar, Bajra, Corn, Cereals like, Tur, Mug, Udid, Other Pulses are Groundnut, Till, Soya bean, Karla, Oilseeds, Cotton, Sugarcane, Sunflower. The Rice crop is 50% in between the gross cropped area (2600) to net area (1300). In the study area.

Important Suggestions:-

To solve the problems in Cotton marketing and Selling, following important Suggestions made by the researcher.

- 1) To sustain and extend this programme to larger areas of the country, steps were initiated to increase the production of high- yielding varieties of seeds, fertilizers and pesticides within the economy and supplement the domestic production by imports whenever is necessary. As a result of their measures, agricultural production and productivity increased substantially.
- 2) Land reform measures to abolish intermediary interests in land. (viz, Zamindars, Jahgirdars etc.) And transfer of land to actual tiller of the soil was expected to be taken up on a priority basis. It is designed to eliminate the parasitic class of Zamindars and absentee landlords and abolish all types of exploitations of the tenants at the hands of their people.
- 3) Bringing small and marginal farmers together to cultivate jointly is only half of the story. No planning in any country can be successful unless the masses are encouraged to join with the planning authorities in a bid to carry out the plans and programmes framed for their uplift and betterment. It was precisely with this end in view that the programme of community development was initiated in 1951 in this country.
- 4) Another important measure initiated is the expansion of institutional credit to farmers, especially through co-operatives and commercial banks. After nationalization of banks in 1969, nationalized banks have to paid and increasing

attention to the needs of agriculture. Regional Rural Banks was also set up to deal specially with the needs of agricultural credit. A national Bank for Agriculture and Rural Development (NABARD) was also set up. As a result of the expansion of institutional credit facilities to farmers, the importance of moneylenders has declined steeply and so, it has the exploitation of farmers at the hands of moneylenders.

5) The Government has provided massive subsidies to farmers on agricultural inputs like irrigation, fertilizers and power. The object of input subsidization is to increase Agricultural Production and Productivity by encouraging the use of modern inputs in agriculture. Under the Government Policy, various inputs to the farmers are supplied at prices which are below the level that would have prevailed in the open market. The prices of these inputs, therefore, do not reflect their true value i.e., the real cost of supplying these inputs.

6) In a bid to provide food grains and other essential goods to consumers at cheap and subsidized rates, the Government of India has built up a borate food security system in the form of Public Distribution System (PDS) during period.

7) In recent times, India and China have emerged as major producers of Cotton. During last three years, cotton grown in India has attained high recognition in the global cotton market. Cotton production in India is much higher than its demand. Yet, cotton export policy does not support the benefits of huge cotton production in India. Export restriction of cotton has resulted into huge downfall of cotton prices in India.

8) All the farmers must get the up to date knowledge regarding the prices of the Cotton. So, the Government has to start new agriculture net centers to the farmers to get the up to date agricultural knowledge and prices.

9) The Market Committee has to pay immediate cash payment against the produce sold in the Market Committee and there should be minimum tax and other taxes.

10) To store the agricultural produce the market committee has to provide good and safety warehouses to the farmers as well as traders.

11) All computerized billing must be made for the need and use of farmers to get transferency in the daily Market Committee works.

Overall Observations:-

For an Agriculturist main source of income is Sale of Agricultural Produce. It has been observed that, on an average farmer sale the goods the Rupees will not completed their needs and wants. The amount that he receives would depend upon

price at which he sold his produce. The large size of the class of agricultural labor's are one of the another features to be noted in the livelihood pattern of the region. This could be partly explained by a relatively larger size of land holdings. Apart from the population directly dependent on agriculture, the other warning population in the rural areas is more or less an adjunct to the agricultural population. It indicates that the more important factor for heavy dependence of labors on agricultural employment, in the non- agricultural sector due to the general lack of secondary activity in the Region.

The important production inputs that are subsidized by the government it include fertilizer, power, and irrigation. Fertilizer subsidies the largest input subsidy, have more than doubled in the last few years, increasing from 30 billion rupees in 1988/89 to 75 billion rupees in 1996/97.

India is the third largest producer of cotton in the world after China and USA accounting for about 14% of the world cotton production. It has the distinction of having the largest area under cotton cultivation in the world ranging between 8.00 million to 9.00 million hectares and constituting about 26% of the world area under cotton cultivation.

Overall this study highlights on the collection and analysis of the data for the period of 2002-03 to 2007-08. On the basis of cotton crop produce area, production farm harvest prices, and rainfall during the saving periods have been extracted from secondary sources published and maintained by the District Statistical Report.

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