

# A STUDY ON COST AND BENEFIT ANALYSIS OF COTTON PRODUCTION IN SALEM DISTRICT

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## Abstract

This study is about cost-benefit analysis of cotton production in selected blocks of Salem district. In order to analyze the cost-benefit analysis, regions were selected as study area since majority of the cotton producers are living herein. Cotton is one of the major crops of Salem district and have important role in agricultural production. It has been identified that cotton producers have an incentive in the shape of profit to raise their production. Based on the study, it is recommended that the Government of Tamil Nadu should support the cotton producers by giving subsidies for inputs and support price system.

**Key words:** Cost-benefit analysis, cotton production, agricultural marketing, etc.

## 1. Introduction

Agriculture is primary occupation in villages. It is important to make this occupation profitability so that India is better in every respect. Agriculture continues to be the mainstay of socio-economic structure of the country. Cotton is one among the most important fibre crops playing a key role in the economic and social affairs of the world. Among the commercial crops, cotton is having global significance. Cotton is the oldest among the commercial crops of the world. The important cotton growing countries in the world are India, U.S.A., Russia, China, Brazil, Egypt, Pakistan, Turkey, Mexico and Sudan. These 10 countries together have 85 per cent of the total cotton production. With the increase in domestic production of superior quality cotton, our imports have come down considerably, resulting in saving of the foreign exchange. India has achieved near self-sufficiency in the production of superior quality cotton. India exported 179.6 thousand tonnes of raw cotton worth Rs. 992 crore while the imports were 8.09 lakh tonnes worth Rs. 1570 crore in 2016-17. Considering the major provisions of World Trade Organization, India's position, the points that emerge to be of immediate concern in enhancing the productivity and quality of cotton and making it competitive globally are: bringing down the cost of cultivation and enhancing its productivity and quality; rendering cotton globally attractive; and keeping Indian cotton free of trash content. The profitability of farming could be estimated by finding the relationship between the cost incurred and the returns earned from a particular crop enterprise. In the case of individual farmers, the data on cost and returns would reveal an input-output relationship and bring out the different unit cost between the less efficient and more efficient farmers.

## 2. Cotton production in India

India is second largest cotton producing countries after China and our economy depends on agriculture. Cotton is an important crop that finds application in clothing and other sectors. India ranks at second position among all cotton producing countries in the world. The area in which cotton is grown is more than 145 lakh hectares and the total production of the cotton in 2016-2017 crossed the mark of 480 lakh bales. The Government of India for the year 2016-2017 has increased the minimum support price for cotton by Rs 50 per quintal. Cotton is produced in more than 12 states in India and among all states Gujarat and Tamil Nadu are the largest cotton producing states in India and with a production of 160 lakh bales.

## 3. Cotton production in Tamil Nadu

Tamil Nadu is a pioneering state in the development and cultivation of long and extra long stable cotton in the country. Tamil Nadu contributes about 1.55 per cent of the total production with about 1.11 per cent of the total area of the country. Coimbatore, Salem, Madurai, Tiruchirapalli, Ramnathapuram, Vellore, Thiruvallur, Chengalpattu and Tirunelveli are the main producing districts.

## 4. Cotton producers in Salem district

There are the farmers who primarily grow cotton in their fields. They perform various practices right from sowing of cotton to picking, storing and finally selling the cotton. With a large number of small and uneducated growers, it is difficult to manage quality since many marketing agents are involved from farm to the ginning factories. The growers who are mostly uneducated are engaged in the cotton production which they have learned from their forefathers. They have acquired the latest knowledge from various sources like extension work, pesticide selling agents and co-farmers. They grow cotton and pick the cotton through the local women as manual picker. After finishing the picking process, cotton is sold to village agents who visit the farmers at door steps.

## 5. Cost of production for producers

Cotton production incurs different costs. These are fixed and variable. Investment in land and machineries are fixed cost. Cost of cultivation, seed, fertilizer, irrigation and plant production measure are the inputs which need variable cost.

## 6. Cotton production of investment items

- Land preparation
- Cotton seed
- Cultivation
- Sowing cost
- Irrigational cost
- Fertilizer cost
- Intercultural cost
- Plant protection cost
- Labour cost

## 7. Conclusion

In this study while focusing on the interaction with cotton producers in Salem district, it was identified that cotton producers have incentive in the shape of profit to raise their production. This article is mainly based on cotton producers those who have little incentive in increasing their production. This study proposes many recommendations. The key recommendation includes that the Government of Tamil Nadu should support the cotton producers by giving subsidies for inputs and with the help of support price system.

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