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Cotton Statistics And News

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Cotton Season 2008-09 - A Review

Cotton season 2008-09, which came to a close on September 30, 2009, was quite an unfavourable one. In fact, it bruised the country's cotton economy as a whole. The main factor that triggered the debilitating effect was the steep and unprecedented hike of around 40 per cent in the minimum support price (MSP). Barring the producers, the all-round rise in market prices adversely affected the market men, processors, consumers and exporters.

The market men, particularly the smaller ones, found it hard to carry on the trade smoothly as the fund requirements were much higher than usual and the interest rates were prohibitive. They were also wary of stocking large quantities lest there may be dearth of buyers at such high prices. The high prices also deterred the processors from carrying on their own business and had to depend mostly on custom service which was neither regular nor sizable in volume, and yielded thin margins. There were also considerable delays in the allotment for processing of large quantities of cotton procured by the State designated agencies. As a consequence of these, the factories had to cut down the number of shifts and even resort to closure in some cases, adding to the unemployment problem.

Not unexpectedly, the woes of the consumer industry which had been under the impact of the slowdown in the domestic economic growth and global financial crisis, multiplied. While the production cost mounted, domestic sales shrunk both in volume and margins, and overseas orders witnessed a drastic fall. Exporters of raw cotton found Indian cotton being priced out of

world markets with buyers turning more and more to countries like US for price-competitive supplies. Despite a large exportable surplus, the actual shipments were just above one-third of those in 2007-08. The only redeeming feature of this bleak scenario was that farmers, who were the only beneficiaries of the price hike, brought larger area under cotton taking it to a new record, and giving hope of another bumper crop in 2009-10. A brief review of the cotton situation in the peculiar 2008-09 season is presented below :

Seasonal Conditions

The seasonal conditions were not quite ideal for cotton during 2008-09. There were delays in receipt of rains and they were also deficient in some tracts. In the north zone, where irrigated cotton predominates, early rains affected germination and resowing could not be done in some pockets. Non-availability of canal water impeded cotton sowings in the Ganganagar belt of Rajasthan. In the central zone, rainfall was insufficient and delayed in some tracts of Maharashtra. Sowings were delayed in Gujarat also for want of adequate and timely rains. In fact, a critical situation was brewing in the central and south zones. However, revival of rains late in July sowed the situation in the central zone. In the south zone, rains were quite helpful for cotton sowings in Andhra Pradesh and there was sizable increase in area. In Karnataka and Tamil Nadu also, rains, though slightly delayed, proved to be adequate for cotton.

(to be continued.....)

Economic Outlook for 2009-10 - Some Highlights

Some of the highlights of the economic outlook of 2009-10, as projected by the Prime Minister's office, are given below :

- Indian economy has weathered the financial turbulence well. The growth in 2008-09 is placed at 6.7 per cent, which is among the highest in the world.
- The growth projected for 2009-10 is 6.5 per cent. While the industry is expected to grow by 8.2 per cent in 2009-10 as against 3.9 per cent in 2008-09, agriculture may post a negative growth of 2 per cent compared to a positive growth of 1.6 per cent in 2008-09.
- Recession, higher household savings and demand contraction in developed economies have adversely impacted the export growth. There are, however, signs of revival of capital inflows.
- Projected investment rate in 2009-10 may remain unchanged from 2008-09 at 36.5 per cent. It may pick up with improvement in domestic conditions. Projected savings rate in 2009-10 is 34.5 per cent as compared to 33.9 per cent in 2008-09.
- Exports in 2009-10 are projected at \$ 188.9 billion and imports at \$ 306 billion. The projected merchandise trade deficit in 2009-10 is \$ 117 billion or 9.4 per cent of GDP.
- As against \$ 9.1 billion in 2008-09, capital inflows in 2009-10 are projected at \$ 57.3 billion. A net accretion of \$ 31.6 billion is expected in reserves. It was negative at \$ 20.1 billion in 2008-09.

Cotton Imports by China

As per published data, of the total quantity of about 1.10 lakh tonnes of cotton imported by China during August this year, only 5914 tonnes (approx. 34,775 bales) were sourced to India, forming just 5.4 per cent of the total. In contrast, as much as 45,385 tonnes or 41 per cent of the total were shipped by US. Last year, when there was a boom in cotton exports from India, about 34 per cent of Chinese imports were from India. Obviously, Indian cotton has been priced out, thanks to the steep hike in MSP.

30% Growth in Turnover in First Half

The latest data from the Forward Markets Commission (FMC) reportedly show that a jump in the traded values of agri-products, energy and base metals led to a record 30 per cent year-on-year growth in the turnover of 21 domestic commodity exchanges at 33.6 lakh crore in the first half of the current fiscal. The increase in agri-traded values by 61 per cent to Rs. 5.3 lakh crore is said to have enabled Exchanges such as National Commodity and Derivatives Exchange (NCDEX) and National Multi Commodity Exchange (NMCE) to increase their average daily turnover. Thus, the average daily turnover of NCDEX went upto Rs. 2621 crore and that of NMCE posted a 518 per cent spurt to touch 1280.5 crore during the first half of 2009-10 compared to the corresponding half of 2008-09.

GEAC Approves Export of Bt.Cotton Seed to China

A report says that the Genetic Engineering Approval Committee (GEAC) has approved export of Bt cotton seeds to Pakistan by the top companies in India for trials. The cultivation of Bt cottons in areas across the border which are similar to Bt cotton growing tract in Abohar in agro-climatic and soil conditions, it is stated, will enable the companies to test the comparative performance of Bt cottons in the similar geographic terrain.

Chinese Cotton Crop Lowered

The China Cotton Association is reported to have lowered the 2009-10 Chinese cotton crop estimate to 6.7 million tonnes now from the 7.0 million tonnes forecast in the last month's estimate. The downward revision is said reflect the impact of cold and rainy weather since late August.

No Changes in the Bank Rates

In its review of the monetary policy during the second quarter of 2009-10, the Reserve Bank of India (RBI) has made no changes in the bank rates. Thus, the cash reserve ratio has been retained at 5 per cent, the repo rate at 4.75 per cent and the reverse repo rate at 3.25 per cent. However, the statutory liquidity ratio has been raised by a moderate extent from 24 per cent to 25 per cent. This is not likely to have any immediate impact since banks are already operating well above this rate.

Global Trade in Textiles and Clothing Grows by 68% This Decade

Between 2000 and 2008, global trade in textiles and clothing recorded a growth of 68 per cent, according to the data published by the Textile Export Promotion Council of India (TEXPROCIL). The year-wise trade has been as under :

Global Trade (Value In \$ Billion)			
Year	Textiles	Clothing	Total
2000	158	198	356
2001	149	194	343
2002	156	206	362
2003	175	234	409
2004	195	261	456
2005	205	278	483
2006	219	311	530
2007	238	345	583
2008 (Est.)	235	363	598

Between Textiles and Clothing, the latter recorded a faster growth of 83 per cent whereas textiles trade grew by only 49 per cent. It will also be noticed that during 2008, the growth has slowed down, obviously due to the impact of global economic and financial crisis.

There are a number of major countries that are major suppliers of textiles and clothing. Of these, China is by far the leading one taking a share of 30 per cent in the total global trade during 2008. Its share was only 14.7 per cent in 2000. Thus, it has made a rapid growth in the global trade during the decade. A distant second to China is Extra EU, accounting for about 9 per cent of the total. Hongkong follows with 6.5 per cent.

India took the sixth position taking a share of 3.7 per cent in the total global trade during 2008. India's growth has been only marginal during the decade as it took a share of 3.2 per cent in 2000.

CAI Losses its Third Former Director This Year



The Association deeply mourns the sad and untimely demise of Shri Pradeepkumar B. Sekhsaria of M/s. Satyanaran Sekhsaria & Co., on 8th October 2009.

Late Shri Pradeepkumar Sekhsaria was a Director of the Association from 1991-92 to 2007-08. He served on many Committees of the Association and made useful contribution in the deliberations at the meetings of the Board and Committees.

We convey our sympathies and condolences to all the members of the bereaved family.

May his soul rest in eternal peace! May Lord Almighty help his family to bear this grievous loss!

On 7th April 2009, Shri Navinchandra C. Sayta passed away.

Late Shri Navinchandra C. Sayta was one of the longest serving Director with the tenure of more than 39 years on the Board. He was also Trustee of the COTAAP Research Foundation from its inception till death.

Shri Hiralal Chandulal Shah passed away on 21st September 2009.

Late Shri Hiralal C. Shah was a Director of the Association from 1973-74 to 2000-01. He was closely associated with the Cotton Trade and took keen interest in the activities of the Association.

"Sneh Sammelan" Organised At Cotton Exchange Building, Cotton Green

In keeping with the rich tradition, Cotton Association of India, jointly with Bombay Cotton Merchants' & Muccadums Association, organised a "Sneh Sammelan", a get-together to celebrate Diwali and New Year at Cotton Exchange Building, Cotton Green on 23rd October 2009. It was well attended by members.

It was an opportunity for all segments of the cotton community to come closer, exchange views and wish each other on this happy occasion.



President, Shri Dhiren N. Sheth addressing the gathering

Shri Dhiren N. Sheth, President, CAI alongwith Shri Nayan C. Mirani, Vice-President, CAI and Shri Sanjay V. Udeshi, Addl. Vice-President, CAI welcomed the large number of members present. They alongwith Shri K.F. Jhunjhunwala and Shri M.S. Jhunjhunwala addressed the members and expressed hope that the current season will bring all round prosperity for the cotton trade and benefit all the members.

All members present at the get-together took the prasad of Lord Ramachandra Ji.



Members taking Prasad of Lord Ramchandrajji at the get-together

UPCOUNTRY SPOT RATES

(Rs./Candy)

Official quotations for standard descriptions with basic grade and staple in Millimetres based on Upper Half mean Length under By-law 66 (A)(a)(4)					SPOT RATES (UPCOUNTRY) 2008-09 CROP October 2009					
					24th	26th	27th	28th	29th	30th
03.	ICS-102	22mm	V-797	4.5-5.9 19		18100	18100	18100	18100	18100
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19	H	18100	18100	18100	18100	18100
05.	ICS-104	24mm	Y-1	4.0-5.5 20		21300	21300	21300	21300	21300
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	O	21000	21000	21000	21000	21000
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24		21200	21500	21500	21500	21500
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	L	21900	21900	21900	21900	21900
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28	I	23700	23900	23900	23700	23700
13.	ICS-107	35mm	DCH-32	2.8-3 .6 31		32900	32900	32900	32900	32900
14.	ICS-301	26mm	ICC	3.7-4.3 25	D	22300	22400	22400	22400	22400
2009-10 CROP										
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15	A	23000	23500	24000	24000	24000
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15		23400	23900	24400	24400	24400
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23	Y	21800	22100	22300	22100	22100
10.	ICS-105	29mm	S-6	3.5-4.9 26		23600	24000	23800	23800	23800
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27		23500	23700	23700	23500	23500