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Cotton Statistics And News

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Indian Cotton

At the start of the 2009/10 crop year, the world's focus was on India — as the world's second-largest cotton producer, consumer, and exporter, India commands special attention. Cotton and the cotton textile industry have played a fundamental role in Indian culture and trade throughout India's history. With recent technological advances and market liberalization, India has emerged in the 21st-century as a major player in the world cotton market.

Cotton's Role in India's Economy

Though sometimes overshadowed by China (the world's largest producer, importer, and consumer of cotton), India is a dominant player in the cotton world. Textile manufacturing is India's second-largest industry (behind only agriculture), employing over 35 million people. Since 2003/04, India's cotton consumption has grown 26%, from 17.7 million bales to a forecast 24.0 million bales in 2009/10. India is now the third-largest exporter of cotton-dominant products to the United States, accounting for about 10% of U.S. cotton-dominant imports. India's strong economic growth over the past decade has greatly expanded the country's domestic market, leading to increased apparel spending and evolving apparel preferences among Indian consumers.

Cotton Acreage and Production

India devotes more land to cotton than any other country and claimed 30.7% of the world's total cotton acreage in 2008/09, compared with 20.5% for China and 9.9% for the United States.

Even so, India remains a distant second to China in cotton production, producing 29.0 million bales in 2008/09 to China's 33.5 million bales. India's cotton yield, at 523 kilograms per hectare (kg/ha), lags significantly behind both the Chinese yield of 1,331 kg/ha and the world average of 766 kg/ha. Recent years have seen significant improvements in Indian yield and production due to widespread introduction of genetically modified (GM) seed. Since commercial planting of GM seed was first permitted in 2002/03, its use has expanded to cover the majority of Indian cotton acreage — an estimated 80% in 2009/10. As the use of GM seed has spread, Indian yields have risen 74% (from 301 kg/ha in 2002/03 to 523 kg/ha in 2008/09), and the cotton harvest has grown 53% (from 13.6 to 29.0 million bales).

Another factor affecting Indian cotton yields and production is rainfall. India has distinct wet and dry seasons and depends on the monsoon rains to nourish many of its agricultural crops. About 80% of India's annual rainfall comes from the monsoon, which typically occurs between June and September. Since only about 35% of India's cotton acreage is irrigated, yields and production are highly susceptible to annual variation in rainfall. A dry year in 2008/09 contributed to the first year-to-year declines in yield and production since the introduction of GM seed — from 2007/08 to 2008/09, yield fell from 567 to 523 kg/ha and production from 30.7 to 29.0 million bales. This year, monsoon rainfall has been later and lighter than historical averages, delaying planting in some areas. Despite this, acreage under cotton cultivation has crossed 1 crore hectares.

FICCI Suggests 5-Year '20-15' Policy to Revitalise Textile Industry

The Federation of Indian Chamber of Commerce and Industry (FICCI) is reported to have suggested a five-year policy to revitalise the Indian textile industry. The policy is termed '20-15' as it aims at an annual growth of 15 per cent for the textile industry as a whole and 20 per cent in textile exports during the next five years.

Broadly, the suggested policy seeks to neutralise the impact of global economic crisis on Indian textile industry, diversify the export and domestic market, encourage consolidation of small and medium enterprises, promote maximum value addition within the country, deepen domestic fibre consumption, build-up 20 global brands of India, promote manufacturing of high-tech fibres and technical textiles, encourage energy-efficient and emission reduction technologies, increase indigenisation of textile equipments and increase technological support.

The need for such a new comprehensive policy has arisen in the wake of changing global economic scenario in which a number of countries like Vietnam, Bangladesh, Pakistan and Turkey are offering fierce competition to Indian textiles, and also to provide inherent strength to the Indian industry, FICCI is stated to have pointed out. Further, the competing countries have introduced ambitious textile policies last year. FICCI is reported to have emphasised that there is need for a policy initiative to infuse confidence in the industry which has suffered the most because of the economic crisis and rupee appreciation.

FICCI is quoted to have added that the suggested policy targets a steady growth of 15 per cent per annum of domestic textile industry and 20 per cent per annum in textile exports for the next five years in order to enable the country to double its share in world textiles and clothing exports. If these growth rates are achieved, the domestic market size would then be \$ 106 billion and exports would be around \$ 66 billion. Given the long term growth of 7 per cent in world trade in textiles, India's share would be around 6.6 per cent in 2015, almost double the current share of 3.4 per cent, if the proposed export growth rate is achieved. According to FICCI, the growth of Indian textile sector has been lagging behind that of the manufacturing sector as a whole. In the last six years, the average growth of the latter was 8.3 per cent while that of the textile sector was only 5.3 per cent. During April-November 2009, the manufacturing sector grew by 7.7 per cent but the textile sector's growth was only 5.8 per cent.

Elaborating on the policy suggested by it, FICCI reportedly stated that the growth of garment sector, which has the maximum scope for value addition, is presently hampered by a number of constraints. Despite the fact that India's total production cost of ring spinning and knitting and weaving of ring yarn is lowest in the world, India has only an insignificant share of only 3 per cent in global trade. The suggested policy of FICCI should focus on making India a manufacturing hub of value added garments and ensure that the country is able to cultivate 20 internationally famous brands.

Textile Industry Out of Recession - Textile Minister

The Union Textile Minister is quoted to have recently stated that the textile industry is now out of recession. The industry, which is the largest employer outside agriculture, has been showing signs of revival and it has now become the first sector in the country to come out of recession. It is stated that one of the major indications confirming this has been the fact that order books of garment manufacturers are full till June.

Besides being the largest provider of employment among the industrial sectors, textile industry is also a major contributor to the country's export earnings. It has reportedly recorded a growth of 5 per cent in December and 7 per cent in January in contrast to a negative growth of 15 per cent during the period from April to November 2009. On

account of the global financial crisis, textile exports had shrunk by 2 per cent to \$ 21.75 billion during 2008-09 especially due to the fall in demand from the major two markets of US and EU.

As orders dried up, thousands of units were shut down and many were forced to cut down production leaving the machines idle and throwing lakhs of people out of employment. It is stated that according to an estimate, seven lakh jobs were shed in 2008-09. In fact, textile industry which employs about 35 million people was one of the worst affected by the global financial crisis. In order to maintain momentum in exports, the industry has been recently stressing on diversification to other potential markets rather than concentrating on the western markets as hitherto.

'Mahashivratri' Festival Celebrated at Colaba

In keeping with the long tradition, the Trustees of Shree Bhid Bhanjan Mahadev Temple Trust organised 'Mahashivratri' festival on 12th February 2010 at Colaba which was celebrated with great spiritual fervour. A large number of devotees visited the shrine at Colaba for "darshan" and blessings of the Lord Shiva.

On this occasion, Shri Sanjay Udeshi, Addl. Vice-President of CAI performed Pooja and took the blessings of Lord Shiva. A Palkhi was also taken out on the occasion.



Glimpses of the Mahashivratri Festival



Merchandise Exports and Industrial Output Post Impressive Growth

There have been quite a few positive signals in recent months which indicate a recovery in the country's economic growth. The latest reports about merchandise exports and industrial output further confirm this. Merchandise exports from India are reported to have posted a growth of 11.5 per cent in January recording a positive growth for the third successive month. The shipments in January reportedly touched \$ 14.3 billion against \$ 12.9 billion in the same month last year. Recovery in exports are stated to have commenced from October and since then there has been good improvement in growth in every months closing the gap after a steep fall in exports of 39.4 per cent in May 2009. The Union Commerce Minister is quoted to have stated that exports are expected to witness a further

strengthening of growth between now and March end.

Even more impressive than the growth in exports has been the growth in industrial output which is reported to have recorded a robust growth of 16.8 per cent in December, the highest since April 1995. The growth rate is said to be much higher than a revised annual rise of 11.8 per cent in November as well as forecasts of around 12 per cent. Significantly, the manufacturing sector which constitutes around 80 per cent of the factory output, expanded by 18.5 per cent to set the pace of growth. Further, as a pointer to the rising domestic consumption strengthening future growth, consumer durables industries, like auto, reportedly surged by 46 per cent and capital goods output by 38.8 per cent.

