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Cotton Statistics And News

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Fall in Global Production of Yarn and Fabrics During Q - 3

The latest Report on State of Trade released by the International Textile Manufacturers Federation (ITMF) states that there has been a fall in the global production of yarn and fabrics during the third quarter of 2008 as compared to the previous quarter.

On a global scale, the production of yarn is stated to have been lower by 2.8 percent during July - September compared to April-June production. The production was lower by 2.6 percent in Asia, 3.6 percent in Europe and as much as 21.4 percent in N. America. Only S. America seems to have recorded an increase in production which was to the extent of 12.9 percent. Although world yarn production was down during the third quarter, on an annual basis it is stated to have been higher by 4.6 percent, resulting from an increase of 6.2 percent in Asia and 33.9 percent in S. America. Production, however, plummeted by 14.8 percent in Europe and 27.2 percent in N. America, it is stated.

As per ITMF Report, global yarn inventories recorded a marginal increase of 0.3 percent compared to the previous quarter. While there was 0.6 percent increase in inventories in Asia, European stocks were down by 0.6 percent. Inventories in North and South America are stated to have remained generally unchanged. On an annual basis, global yarn stock are stated to have gone up by 2.4 percent during the third quarter with Asia, Europe and S. America recording rises of 0.4 percent, 5.7 percent and 24.3 percent respectively.

According to ITMF, there was a fall of 0.6 percent in yarn orders during the third quarter in Europe

and were stable in Brazil. On an annual basis, there was a 1.6 percent fall in Europe and a 6.8 percent drop in Brazil.

As in the case of yarn global fabric production is also stated to have recorded a fall of 1.7 percent during the third quarter of 2008 compared to the previous quarter. The output level is said to have been lower by 1.6 percent in Asia, 4.4 percent in Europe and 5.4 percent in N. America. In contrast, fabric production in S. America appears to have recorded an increase of 2.4 percent. On an year-on-year basis global fabric production was down by 4.3 percent during the third quarter with Europe, Asia and N. America recording declines of 2.5 percent, 5.2 percent and 27.8 percent respectively, says ITMF Report.

Renewal of Subscription of Cotton Weekly for April 2009-March 2010

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India's GM Cotton Plantation Seen Rising

Indian farmers will grow genetically modified cotton on 90 percent of the area under cotton cultivation in two years, a group that advocates the use of such crops stated. The organisation advocates large-scale use and application of genetically modified crops.

Indian farmers have overwhelmingly adopted genetically modified cotton as better yields pushed output substantially and drastically cut pesticide use.

It is noteworthy that for the seven year period 2002-2008, there was a 150 fold increase in Bt cotton in India. Indian farmers grow cotton on about 9 million hectares.

India planted genetically altered fibre on 7.6 million hectares in 2008, up from 6.2 million hectares a year earlier.

Cotton output in India, the world's second biggest producer, is expected fall to 29 million bales (1 bale=170 kg) in the crop year to September 2009 from 31.5 million bales a year ago as late sowing would cut output, according to official estimates.

India allowed commercial cultivation of bacillus thuringiensis or Bt cotton in 2002, sparking protests from activists who say genetically altered crops are a health hazard, spoil soil texture and harm the environment.

Increasing cotton output has encouraged government officials to support the technology which is seen as a viable step to feed the country's more than one billion population when farmland is shrinking rapidly due to industrialisation and urban spread.

Cotton farmers who adopt Bt cotton are able to cut cost of production, increase yield and raise net income. The study showed that cost of production a quintal, which went down by 11 percent in 2005 was lower by 31 percent in 2006-07 resulting in significant savings. One of the major contributors for this reduction was decrease in the number of of pesticide sprays.

The cotton yield has gone up by 32 percent in 2004-05 in Bt cotton vis-a-vis non-Bt cotton in 2006-07, the study said. The farmers are far more relieved now and are sure of harvesting cotton.

Textile Sectors' Profitability Hit by Falling Exports - Report

The worsening export performance is reported to have eroded the profitability of the textile sector which is the country's largest employer after agriculture. It is stated that according to the data collected by CITI the bottomlines of the textiles and clothing firms are slipping deeper into the red, with the 175 of them listed on the bourses posting a 250 percent dip in profitability during the third quarter. The fall was 125 percent and 91 percent in the preceding two quarters. The cumulative losses of these firms have been estimated at around Rs 540 crore in the third quarter of the current fiscal, as against a profit of Rs 365 crore in the corresponding period of 2007-08.

The cumulative losses during the second quarter were estimated at Rs 128 crore whereas these firms had posted a cumulative net profit of Rs 39 crore during the first quarter. According to industry players, the erosion of profit is expected

to worsen in the fourth quarter, as the textiles and clothing exports continue to fall.

India's exports to US, its largest market, seems to be continuing to decline. In contrast exports by the other Asian countries are stated to be on the rise. While India's textile and clothing exports to US posted a decline of 8.6 percent during January 2009 as compared to January 2008, exports by Vietnam went up by 17.3 percent. The performance of other countries was also good with Bangla Desh, Indonesia and China clocking a growth of 14.9 percent, 8.8 percent and 2.6 percent respectively. India's exports to Europe are also stated to have dipped although the official data are yet to be released. Since over 50 percent of India's T & C production is export-linked, there is said to be a ripple effect. However, according to CITI authorities, the situation is expected to improve by the middle of this year.

Maharashtra Leads in Bt Cotton Area

It is now fully recognised that one of the main factors that lead to the recent surge in the production and productivity of cotton in India has been the rapid and extensive spread of Bt cottons which were introduced for commercial cultivation during 2002-2003. Its spread thereafter had been much faster and wider than that of high yielding hybrid cottons which also spread quickly after their introduction in 1971-72. The reason behind the spectacular spread of Bt cottons is that they give higher yield at lower cost since farmers can avoid 5-6 chemical sprays normally required to check the infestation of bollworms which is the most pernicious pest of cotton.

According to published data, the State-wise coverage of Bt cottons during 2008-09 was as under.

State	Area in lakh hectares (Provisional)		
	Bt Cotton	Total Cotton	% Share of Bt Cotton
Punjab	4.76	5.37	89
Haryana	3.80	4.55	84
Rajasthan	1.21	2.23	54
Gujarat	14.50	24.17	60
Maharashtra	25.72	31.30	82
Madhya Pradesh	5.14	6.55	78
Andhra Pradesh	11.43	13.45	85
Karnataka	1.72	3.90	44
Tamil Nadu	0.72	1.20	60
All-India	69.00	93.73	74

It will be seen that Maharashtra with 25.72 lakh hectares leads the other States in the coverage by Bt cotton. Percentage-wise, Punjab is in the forefront with about 89 percent under Bt cotton. However, as per reports, not all the coverage in the State is by approved Bt cotton types.

CONSUMPTION OF COTTON BY TEXTILE MILLS (COTTON YEAR - WISE)

(lakh bales)

Months	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08(P)	2008-09(P)
NON SSI										
October	12.20	12.00	11.83	12.45	10.92	12.97	13.97	15.74	16.40	14.64
November	11.62	12.45	11.48	11.69	11.90	12.49	13.60	16.15	15.20	15.01
December	12.85	12.93	12.54	12.62	12.97	13.83	14.75	16.74	16.91	
January	12.80	12.58	12.54	12.38	12.95	13.16	14.84	16.52	16.69	
February	12.38	11.74	11.71	11.41	12.44	12.77	13.80	15.41	16.33	
March	12.89	12.90	12.37	12.21	13.04	13.75	15.49	16.56	16.59	
April	12.22	12.41	12.25	11.71	12.52	13.60	14.87	16.29	16.18	
May	12.79	12.64	12.32	12.37	12.75	14.05	15.30	16.08	17.05	
June	12.75	12.50	12.16	11.40	12.61	13.89	15.17	16.07	16.66	
July	13.04	12.76	12.76	11.80	12.94	14.04	15.78	16.52	16.63	
August	12.64	12.40	12.65	11.31	12.86	15.73	16.30	16.70	15.88	
September	12.41	12.05	12.39	11.07	12.49	13.70	16.23	16.13	15.21	
TOTAL										
(Oct-Sept)	150.59	149.36	147.00	142.42	150.39	163.98	180.10	194.91	195.73	29.65 (31.89)
SSI Units	8.37	10.97*	11.70	11.63	12.99	16.57	10.75			
Non - Mill Cons.	14.39	12.70	13.06	14.78	10.00	14.00 @	15.00 @			
Total Cons.	173.36	173.03	171.76	168.83	173.38	194.44				
Cotton										
Production	156.00	140.00	158.00	136.00	179.00	243.00	241.00	280.00	310.00@	

Note : Figures in the bracket indicate the corresponding figure of the previous year

P = Provisional @ - as per CAB held on 11.1.2008

Source: Office of the Textile Commissioner - March 2009

S N I P P E T S

The Government has reportedly agreed to provide guarantee for credit worth over Rs 2300 crore that is needed by the National Agricultural Cooperative Marketing Federation (NAFEED) to buy cotton and other commodities at minimum support prices. Once the guarantee is issued, NAFED can bargain with banks to take loan at a lower rate, adds the report. Alongwith the Cotton Corporation of India, NAFED is other agency buying cotton at the MSP to help farmers realise better return since the market prices are low.



The trading interest in agriculture futures in the three national commodity exchanges is reportedly on the decline. There is stated to have been a 42 percent dip to Rs 54,708 crore in February against Rs 92,251 crore in February 2008. The total value of trade in agriculture commodities in the first eleven months of the current fiscal is said to have dropped 33 percent to Rs 5.55 lakh crore against Rs 8.26 lakh crore last year.



The World Trade Organisation has forecast a drop of 9 percent or more in global trading during 2009.

In its latest report, WTO is stated to have indicated that the collapse in global demand caused by the biggest economic downturn in decades would drive exports down by roughly 9 percent in terms of volume this year, the biggest contraction during the last six decades.



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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 March - April 2009					
					29th	30th	31st	1st	2nd	3rd
01.	ICS-101	Below 20mm	Bengal Deshi(RG)	5.0-7.0 20	H	22000	22000	22000	22000	H
02.	ICS-201	Below 20mm	Bengal Deshi(SG)	5.0-7.0 20	O	22800	22800	22800	22800	O
03.	ICS-102	22mm	V-797	4.5-5.9 22	L	15500	16000	16300	16700	L
04.	ICS-103	22mm	Jayadhar	4.0-5.5 23		17800	18000	18000	18000	
05.	ICS-104	24mm	Y-1	4.0-5.5 25	I	19900	20100	20200	20200	I
06.	ICS-202	26mm	J-34 (SG)	3.5-4.9 25		21400	21600	22000	22000	
07.	ICS-105	27mm	J-34 (RG)	3.5-4.9 26	D	21700	22200	22600	22600	D
08.	ICS-106	28mm	H-4/ MECH-1	3.5-4.9 28	A	20800	21100	21200	21100	A
09.	ICS-107	29mm	S-6	3.5-4.9 28		21800	22100	22400	22300	
10.	ICS-108	30mm	Bunny/ Brahma	3.5-4.9 29	Y	22000	22200	22400	22300	Y
11.	ICS-109	32mm	MCU-5	3.3-4.5 29		22900	23000	23200	23200	
12.	ICS-110	34mm	DCH-32	2.8-3.6 33		31500	32100	32100	32100	