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Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 3006 3400
Fax: 2370 0337
Email: cai@caionline.in
www.caionline.in

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Cotton Statistics And News

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Cotton's "Shobha Yatra" During Last Decade

Indian cotton has been making sustained progress since Independence. The government rightly assigned priority to the development of this fibre crop since it was the backbone of the country's premier industry which provides employment to the maximum number of people after agriculture. Its expansion was essential to enable it to cloth the rising population. In addition, lakhs of farmers in the rural areas were depended on this cash crop for meeting their daily expenses. Government has accordingly been launching several schemes from time to time for research and development of cotton. One of the importance schemes launched in recent years was the Technology Mission on Cotton. In fact, there is a vast network of research stations in all the cotton growing states for breeding new varieties that will be superior to the existing ones in both productivity and quality.

Although cotton has been making steady progress during the last seven decades, the progress was much faster in the first decade of the new millennium. This remarkable progress can veritably be called cotton's "Shobha Yatra". Facts as set forth in the following data, will speak for themselves about cotton's progress in the 2000s.

	2002-03	2011-12	Increase
Area (lakh ha)	76.67	121.91	45.24 (59)
Production (lakh bales)	136.00	345.00	209.00 (154)
Yield (kg/ha)	302	481	179 (59)

(Note: Figures in brackets denote percentages)

It will be seen that the highest increase of 154 percent in 2011-12 was in the case of production. The increase in productivity was also substantial being 59 percent or about 1.6 times of that in 2002-03. In fact, the productivity was still higher in 2007-08 at 554 kg or 1.8 times of that in 2002-03. The slight fall in subsequent years was because of cotton cultivation spreading to non-traditional areas, as may be noticed from the expansion in area. An additional 45 lakh hectares had come under cotton. Since several of the new areas were non-traditional ones where optimum farming practices were not adopted. It is well known that if proper cultivation practices are not adopted, yield per hectare will be lower.

There are three main reasons for the remarkable rise in production and productivity. One is that cotton turned out to be much more profitable than the competing crops and farmers expectedly switched on to cotton from other crops to some extent. The second is that the awareness about the scientific practices to be adopted in cotton farming for maximising yields has been increasing quite fast among farmers due to several development schemes launched by Central and State Governments from time to time. The third major reason is the phenomenal spread of high yielding bollworm resistant cottons. Besides their higher yield potential, their cost of production is also quite lower compared to conventional varieties since farmers can avoid several plant protection sprays which are quite expensive, especially as conventional varieties need about 15-20 sprays with costly chemicals to gain at least partial control of bollworms which are the most pernicious pest in cotton bringing down the yield very much since

they attack bolls. Bt cottons need only two or three sprays against sucking pests which are much less expensive.

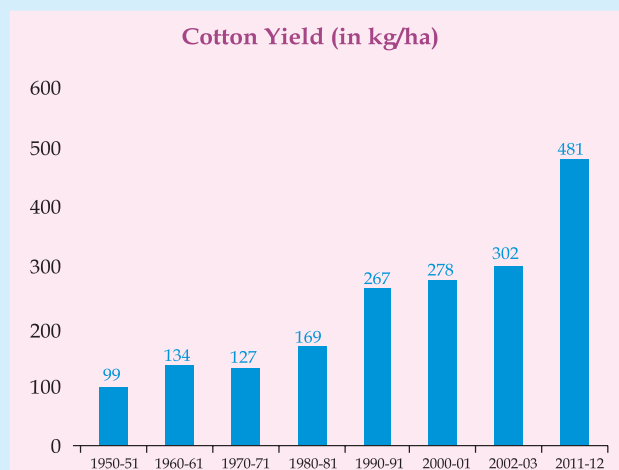
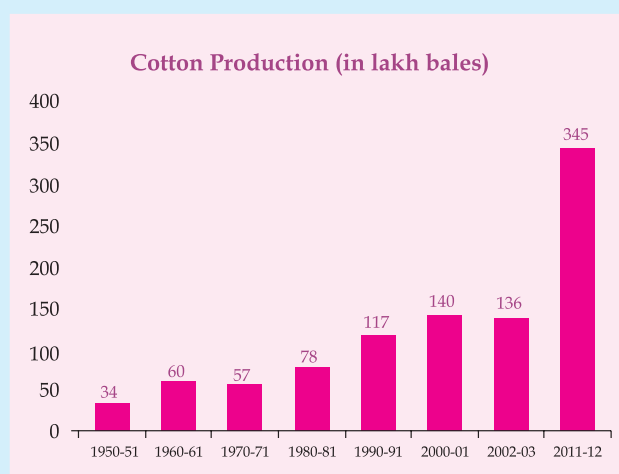
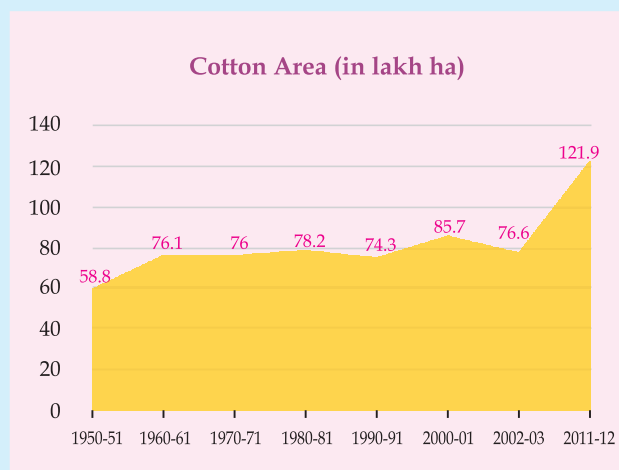
Because the relative net returns to the farmers from Bt cottons are much higher compared to conventional varieties, their spread has not only been extensive but also quite rapid from just about 23,000 hectares in 2002-03 when they were first introduced for commercial cultivation, the area under them has gone up to more than 111 lakh hectares out of the total cotton area of 121.9 lakh hectares in 2011-12 or about 91 percent of the total. This phenomenal expansion has taken place in first ten years. No other new variety of hybrid has made anywhere near such a spectacular progress in such a short period.

It is also worth pointing out that the advances made by cotton during the 2000s were much more rapid and pronounced than the progress made during the last several decades since Independence. This would be clear from the relevant data presented below:

Year	Area (lakh ha)	Production (lakh bales)	Yield (kg/ha)
1950-51	58.8	34	99
1960-61	76.1	60	134
1970-71	76.0	57	127
1980-81	78.2	78	169
1990-91	74.3	117	267
2000-01	85.7	140	278
2002-03	76.6	136	302
2011-12	121.9	345	481

It may be noticed that in the last decade, area shot up by 42 percent, production by 146 percent and yield by 73 percent. It will also be noticed that after the introduction of Bt cottons in 2002-03, area and productivity rose by 59 percent each and production by 154 percent in a matter of just nine years.

Another major and positive impact of cotton's "Shobha Yatra" was on India's international trade in cotton which was a total transformation. While imports were sharply reduced, exports rose manifold. During 2001-02, India imported as much



as 24.7 lakh bales of cotton. Imports could be reduced to just six lakh bales in 2011-12. On the other hand, cotton exports jumped to 84 lakh bales in 2011-12 as against a mere one lakh bales in 2001-02. In fact, India emerged as world's second highest exporter after US in 2007-08, with export rising to 88.5 lakh bales. Significantly, most of the exports from India were of long staple cotton which formed the bulk of the imports earlier, consequent to the development of an array of such cottons through indigenous research.

Fall in Production of Spun Yarn in 2011-12

The production of spun yarn has remained lower during the first seven months of 2011-12, according to the data available from the office of Textile Commissioner. The relevant month-wise data are given below:

Production of Spun Yarn (In M. Kg)				
Month	Cotton Yarn	Total Yarn	Cotton Yarn	Total Yarn
April	273.77	370.74	254.16	356.57
May	283.69	381.27	248.11	351.61
June	284.79	377.88	260.57	364.24
July	302.16	399.83	265.54	372.34
August	300.34	397.77	247.96	350.40
September	297.68	399.79	240.62	340.92
October	301.55	410.95	267.74	377.84
Total	2043.98	2738.23	1784.70	2514.92

As per the above data, production of total yarn during the first seven months of 2011-12 was lower by 223.31 million kg compared to 2010-11. The drop in the case of cotton yarn in 2011-12 was still higher at as much as 259.28 million kg. In the early part of 2011-12, cotton prices were ruling quite high whereas the yarn market was sluggish and the ex-mill prices were quite low, even lower than the production cost in some cases. The disparity became so wide that several mills decided to stop production altogether for some time or curtail production significantly. Some mills reportedly even decided to take up production only on job work basis. All this had left to the fall in spun yarn production in 2011-12. The fall was higher in the case of cotton yarn obviously because of the high cotton prices and the difference between the production cost and ex-mill prices were relatively much higher in the case of cotton yarn than in the case of blended and non-cotton yarn.

CAI President Urges PM to Place Cotton Exports Under OGL Without Quantitative Restrictions

CAI President, Shri Dhiren N. Sheth has called upon Hon'ble, Prime Minister of India, to make export of cotton free under OGL without any quantitative and other restrictions with immediate effect in the interest of the Indian cotton economy in general and that of the Indian cotton farmer in particular.

In a letter to PM, Shri Dhiren Sheth expressed disappointment over the DGFT Notification No. 16 which does not allow fresh cotton quantities to be registered for exports and issue of new Registration Certificates under suspension.

The above decision of the government, CAI President said, will lead to several international disputes and arbitrations along with huge claims to be faced by those exporters who have contracted for substantial quantities but not registered them with DGFT.

Indian exporters are already facing such claims because of the event of the previous years, Shri. Sheth added. He emphasized that the ban on cotton exports will adversely affect the interest of the nation in general and that of the Indian cotton farmer in particular.

Immediately on the announcement of the ban on March 5, 2012, prices had fallen in Andhra Pradesh to MSP levels and in other states, prices were ruling near MSP levels. However, prices started looking up

after the announcement made on March 12, 2012, to bring back exports of cotton into the free list again and to permit shipments against the already issues RCs. However, if the exports of further quantities is not allowed soon, prices will start falling down again, Shri. Sheth pointed out.

Although the Indian farmers, CAI President said, has the protection of a guaranteed MSP which is guaranteed in case of absolute distress, the farmers should not be deprived from realizing a value for his produce which is equal to his counterpart in USA, China, Uzbekistan and several African countries.

About One Crore bales valued at Rs. 20,000 crores are still in the farmers hand and are yet to arrive in the market. Due to fall in prices as a result of this, loss to the farmers is estimated at around Rs. 2,000 crore and more. If prices continue to drop in absence of domestic mill buying, the loss to the farmers is expected to increase sharply, Mr. Sheth stressed.

The suspension of further export, he said, will also hit ginners hard as they will have to resort to distress sale of around 15-20 lakh bales still held by them. Exporters holding stocks of committed quantities will also resort to distress sales leading to further dampening of prices in an already depressed scenario, CAI President added.

SNIPPETS

It is reported that the growth of merchandise exports from India were the lowest in three months in February 2012 at 4.3 per cent year on year, the value being USD 24.6 billion. In sharp contrast, imports are stated to have grown at a faster rate of 20.6 per cent year on year to USD 39.8 billion, translating into a trade deficit of USD 15.2 billion. Expressing concern at the ballooning trade deficit, the Commerce Secretary is quoted to have stated that since October 2011, exports are decelerating faster than imports. After recording a peak growth

of 82 per cent in July 2011, export growth is stated to have slipped to 44.25 per cent in August, 36.36 per cent in September, 10.8 per cent in October and 3.8 per cent in November 2011. During the April February period, exports are stated to have aggregated to USD 267.4 billion, a year on year growth of 21.4 per cent, thanks to a surge in the early months of fiscal 2011-12.



UPCOUNTRY SPOT RATES

(Rs./Qtl)

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) 2010-11 CROP
March 2012

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	24 th	26 th	27 th	28 th	29 th	30 th
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Deshi (RG)	9589 (34100)	9589 (34100)	9589 (34100)	9589 (34100)	9645 (34300)	9786 (34800)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Deshi (SG)	9814 (34900)	9814 (34900)	9814 (34900)	9814 (34900)	9814 (34900)	9870 (35100)
03.	ICS-102	22mm	4.5-5.9	19	V-797	7030 (25000)	7030 (25000)	7030 (25000)	7114 (25300)	7170 (25500)	7227 (25700)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	N.Q.	8155 (29000)	8155 (29000)	8155 (29000)	8295 (29500)	8352 (29700)
05.	ICS-104	24mm	4.0-5.5	20	Y-1	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
06.	ICS-202	25mm	3.5-4.9	23	J-34	8548 (30400)	8577 (30500)	8577 (30500)	8661 (30800)	8802 (31300)	9083 (32300)
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9223 (32800)	9223 (32800)	9223 (32800)	9280 (33000)	9364 (33300)	9448 (33600)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	9561 (34000)	9589 (34100)	9589 (34100)	9645 (34300)	9701 (34500)	9786 (34800)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	9505 (33800)	9561 (34000)	9561 (34000)	9561 (34000)	9617 (34200)	9701 (34500)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	12513 (44500)	12513 (44500)	12513 (44500)	12513 (44500)	12654 (45000)	12795 (45500)

Note: Figures in bracket indicate prices in Rs./candy * - Nominal