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Relentless Rise in Cotton Prices

Ever since the commencement of the current season in October 2010, cotton prices have been rising stridently, reaching unprecedented heights. Barring December, the average prices in each month have been higher than in the previous month. Resultantly, prices in March were quite substantially higher than those in October. The monthly average spot rates in the case of a few representative varieties since the commencement of the season are given below:

Monthly Avg. Spot Rate (Rs/Qtl.)					
Month	J-34	H-4	S-6	Bunny	DCH-32
Oct.'10	10,236 (6,046)	11,135 (-)	11,389 (6,552)	11,501 (6,524)	13,301 (-)
Nov.'10	11,389 (6,608)	11,979 (6,693)	12,260 (7,030)	12,260 (6,689)	14,510 (11,529)
Dec.'10	11,135 (7,002)	11,220 (7,227)	11,726 (7,536)	11,670 (7,536)	14,594 (11,810)
Jan.'11	12,063 (7,199)	12,457 (7,199)	12,598 (7,509)	12,963 (7,536)	17,687 (11,332)
Feb.'11	15,287 (7,002)	15,442 (7,143)	15,671 (7,452)	16,134 (7,480)	22,876 (11,164)
Mar.'11	16,702 (7,339)	16,297 (7,508)	16,790 (7,846)	17,250 (7,874)	23,328 (11,782)

Note : Figures in brackets denote corresponding prices last year

Compared to February, the average prices were higher by Rs. 855 to Rs. 1415 per quintal in the case of medium and long staple cottons and Rs. 452 per quintal in the case of the ELS cotton,

DCH-32. How steeply the prices have risen during the first half of this season can be gauged from the fact that as compared to October 2010 prices, those in March 2011 were higher by Rs. 5162 to Rs. 10027 per quintal, the higher being in the case of DCH-32. Percentage-wise, the increase amounts to 46 per cent to as much as 75 per cent. Such a rise in the first half of a season had perhaps never been witnessed before.

Such a steep increase primarily indicates the inadequate supply against a very strong demand, both domestic and overseas. The improvement in the national economy has imparted a fresh vigour to the textile market and the textile products have been moving fast. This triggered a significant rise in the demand for yarn which, in turn raised the demand for cotton. Mills have been eager to increase their cotton inventories and turned frantic buyers of the raw material that made the market sentiment highly bullish. There had also been reports that farmers have been holding on to their kapas expecting further rise in prices.

The overseas demand for cotton had also been strong. Shortages have developed in the world cotton market as the world textile industry has shown a very strong recovery after the earlier recessionary trends. On the other hand, traditionally exporting countries have less cotton to offer and with the banning of further exports from India world cotton supplies have dwindled. As per reports there is very little uncommitted cotton in US which is the world's largest exporter of the commodities. Resultantly, world cotton prices have shown a steep rise and the Cotlook A Index rose to

unprecedented levels. Futures prices in the Intercontinental Cotton Exchange are stated to have touched two US dollars per pound. It is indeed paradoxical that in a season when cotton production in India reached a record, prices also established new records.

As compared to last year's prices, the seasonal average prices this year have been nearly double in some varieties as can be seen from the following data:

Seasonal (Oct-Mar) Avg. Spot Rate (Rs/Qtl.)			
Variety	2009-10	2010-11	Increase
J-34	6,866	12,802	5,936 (86)
H-4	7,154	13,088	5,934 (83)
S-6	7,321	13,420	6,099 (83)
Bunny	7,306	13,630	6,324 (87)
DCH-32	11,523	17,711	6,188 (54)

(Figures in brackets indicate percentage increase)

Biotech Body Bats for Bt Cotton

The Association of Biotechnology-led Enterprises (ABLE) said that Bt Cotton has received good response from farmers in the country on the back of higher productivity and the lesser cost of cultivation.

India has also turned into an exporter of this commodity from an importer a few years ago due to the higher production per acre, ABLE said. Despite opposition from certain sections of the society, farmers have adopted Bt cotton in a big way and there is no harmful impact of cultivating the crop in the cotton growing regions of the country, Shri T M Manjunath, entomologist and consultant — Agri-Biotechnology, has said.

He also said, negative lobbying backed by pesticide companies was one of the main reasons for misconceptions about Bt Cotton.

In value terms, according to a study, Indian pesticide industry is estimated to be around Rs 7,400 crore including exports of Rs 2,900 crore. Bt Cotton, developed for the control of bollworms, is the only biotechnologically modified crop approved by the Government of India for commercial cultivation since March 2002.

Since its commercialisation, Bt Cotton is now grown across most of the regions in the country with substantial benefits to farmers. As per the Association of Biotechnology-led Enterprises, farmers who cultivate Bt cotton have made Rs 10,000 per hectare profit in the recent times. Similarly, cultivated area of Bt Cotton has increased from 29,000 acres in 2002 to over 10 million hectares in 2010, which account for 92 per cent of India's total cotton area. Number of farmers adopting this technology has increased from 20,000 in 2002 to over 6 million in 2010.

Those opposed to this technology have made allegations that Bt protein is not safe to biodiversity with harmful impact on human and cattle population. Such claims without any scientific evidence have created a lot of doubts among general public. So, people should be made aware about the usefulness of this technology," Shri Manjunath said.

Bt Cotton is presently cultivated in nine states, namely Maharashtra, Gujarat, Madhya Pradesh, Andhra Pradesh, Karnataka, Tamil Nadu, Punjab, Haryana, Rajasthan among others.

(Source: Business Standard - 06.04.2011)

Shri B.K. Mishra Appointed New Chairman cum Managing Director of CCI

Shri B.K. Mishra has taken over as the new Chairman cum Managing Director of CCI in place of Shri S.C. Grover, who retired on 28th February 2011.

The CAI President Shri Dhiren N. Sheth accompanied by Directors Shri Uday Thakkar and Shri Pradeep Gujarathi met Shri Mishra on Friday, the 25th March 2011 to brief him about the activities of the Association.



(Shri B.K. Mishra, CMD, CCI and Shri C.S. Teotia with the CAI President, Shri Dhiren N. Sheth and Directors Shri Uday Thakkar and Shri Pradeep Gujarathi)

UPCOUNTRY SPOT RATES

		2010-11 Crop										(Rs. \ Quintal)	
2009-10 Crop	March Jayadhar 2011	BD(RG) A. Commla	BD SG	V-797	Y-1	J-34	NHH-44	LRA-5166	H-4/ MECH-1	Shankar-6	Bunny/ Brahma	MCU-5/ Surabhi	DCH-32
	ICS-103 23 mm 4.0-5.5 19	ICS-101 22 mm 5.0-7.0 15	ICS-201 22 mm 5.0-7.0 15	ICS-102 22 mm 4.5-5.9 19	ICS-104 24 mm 4.0-5.5 20	ICS-202 25 mm 3.5-4.9 23	ICS-105 25 mm 3.5-4.9 22	ICS-105 27 mm 3.5-4.9 24	ICS-105 28 mm 3.5-4.9 25	ICS-105 29 mm 3.5-4.9 26	ICS-105 31 mm 3.5-4.9 27	ICS-106 33 mm 3.3-4.5 28	ICS-107 35 mm 2.8-3.6 31
1	N.A.	13919	14172	12092	15185	16450	N.A.	15466	16028	16591	17153	17716	23621
2	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....
3	N.A.	13919	14172	12373	15185	16450	N.A.	15466	16028	16591	17153	17716	23621
4	N.A.	13919	14172	12795	15466	16591	N.A.	15747	16310	16731	17153	17716	23621
5	N.A.	13919	14172	12795	15466	16591	N.A.	15747	16310	16731	17153	17716	23621
7	N.A.	13976	14229	12654	15382	16535	N.A.	15663	16169	16506	17013	17575	23058
8	N.A.	14004	14229	12373	15325	16394	N.A.	15466	16028	16450	17013	17716	23058
9	N.A.	14004	14229	12232	15044	16310	N.A.	15325	15888	16169	16872	17716	23058
10	N.A.	13947	14144	12232	15044	16310	N.A.	15325	15888	16366	16872	17716	23058
11	N.A.	13947	14144	12232	15044	16169	N.A.	15466	16028	16366	16872	17800	23058
12	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....
14	N.A.	13947	14144	12513	15185	16591	N.A.	15607	16169	16647	17153	17800	23340
15	N.A.	13807	14060	12373	15185	16591	N.A.	15522	16085	16591	17069	17716	23340
16	N.A.	13751	14004	12513	15185	16535	N.A.	15522	16169	16591	17069	17716	23340
17	N.A.	13751	14004	12513	15185	16535	N.A.	15522	16225	16647	17069	17716	23340
18	N.A.	13751	14004	12513	15185	16535	N.A.	15607	16310	16731	17069	17716	23340
19	N.A.	13779	14032	12513	15185	16563	N.A.	15663	16366	16788	17153	17716	23340
21	N.A.	13779	14060	12654	15185	16703	N.A.	15663	16366	16844	17153	17716	23340
22	N.A.	13779	14116	12654	15185	16731	N.A.	15663	16366	16928	17294	17800	23340
23	N.A.	13863	14201	12654	15185	16788	N.A.	15663	16366	17013	17294	17800	23340
24	N.A.	14144	14482	12795	15185	16872	N.A.	15663	16366	17153	17434	17800	23340
25	N.A.	14341	14622	12935	15466	16872	N.A.	15747	16506	17294	17575	17997	23340
26	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....
28	N.A.	14341	14622	12935	15466	17153	N.A.	16028	16788	17294	17856	18278	23340
29	N.A.	14482	14763	13076	15466	17434	N.A.	16028	16788	17294	17856	18278	23340
30	N.A.	14622	14904	13076	15466	17575	N.A.	16028	16788	17350	17856	18278	23340
31	N.A.	14622	14904	13076	15466	17575	N.A.	16028	16788	17294	17856	18278	23340
H	-	14622	14904	13076	15466	17575	-	16028	16788	17350	17856	18278	23621
L	-	13751	14004	12092	15044	16169	-	15325	15888	16169	16872	17575	23058
A	-	14013	14274	12607	15263	16702	-	15651	16297	16790	17250	17833	23328
							H = Highest		L = Lowest		A = Average		

SNIPPETS

According to a press report, companies producing and distributing Bt cotton seeds have pressed the Union Government as also State Governments to increase the stipulated prices atleast for the ensuing kharif season for which the sowings will commence with the onset of monsoon in June. As against the cap of Rs. 750 per seed packet, they are stated to have pressed for fixing the price at Rs. 850 per packet for Bollgard-II Bt types. The present prices fixed about four years ago have not been revised since then although production cost has gone up significantly, it is stated.



The country's infrastructure sector output reportedly grew by 6.8 per cent in February

compared to 7.2 per cent in January. However, the growth during the period April 2010 to February 2011 was slightly better at 5.7 per cent as against 5.4 per cent during the corresponding period in 2009-10. The infrastructure sector industries comprise of steel, petroleum refinery, crude oil, coal, cement and electricity. This sector accounts for 27 per cent of overall industrial output.



China's cotton planting area in 2011 is seen rising 6.2 percent from last year, it is reported. The estimate was revised down from its December forecast of a 6.8 percent increase, based on its survey.



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) 2009-10 CROP
April 2011

2nd 4th 5th 6th 7th 8th

04.	ICS-103	23mm	Jayadhar	4.0-5	19	N.A.	H	N.A.	N.A.	N.A.	N.A.
2010-11 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	14622 (52000)		14622 (52000)	14622 (52000)	14622 (52000)	14622 (52000)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	14904 (53000)	O	14904 (53000)	14904 (53000)	14904 (53000)	14904 (53000)
03.	ICS-102	22mm	V-797	4.5-5.9	19	13076		13076	12991	12991	12991
04.	ICS-103	23mm	Jayadhar	4.0-5	19	-		-	-	N.A.	N.A.
05.	ICS-104	24mm	Y-1	4.0-5.5	20	15466 (55000)	L	15466 (55000)	15466 (55000)	15466 (55000)	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9	23	17575 (62500)		17434 (62000)	17294 (61500)	17294 (61500)	17294 (61500)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	N.A.	I	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	16028 (57000)		16028 (57000)	16028 (57000)	16028 (57000)	16028 (57000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	16788 (59700)	D	16788 (59700)	16647 (59200)	16591 (59000)	16591 (59000)
10.	ICS-105	29mm	S-6	3.5-4.9	26	17294 (61500)		17294 (61500)	17153 (61000)	17153 (61000)	17153 (61000)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	17856 (63500)	A	17856 (63500)	17716 (63000)	17575 (62500)	17716 (63000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	18278 (65000)		18278 (65000)	18278 (65000)	18278 (65000)	18278 (65000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	23340 (83000)	Y	23340 (83000)	23340 (83000)	23340 (83000)	23340 (83000)

Note: Figures in bracket indicate prices in Rs./candy