

Weekly Publication of



**Cotton
Association
of India**

COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2020-21 • No. 3 • 30th June, 2020 Published every Tuesday

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Combating the Challenges Thrown Up by the Pandemic: Strategies for Marketing of Cotton

Shri Pradeep Kumar Agarwal, Chairman cum Managing Director of the Cotton Corporation of India (CCI), has nearly three decades of experience in the cotton sector. He has an excellent academic record, B.Com. (Gold Medalist) followed by M.Com. from Lucknow University. He also holds a Bachelor's Degree in Law (L.L.B) and is Fellow Chartered Accountant (FCA). Before joining CCI, he worked with UP Samaj Kalyan Nirman Nigam, a U.P. Government undertaking for seven years. After joining CCI in 1994, he worked in various departments i.e. Finance, Purchase and Sales, Exports, Logistics, Planning, Legal and



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Shri Pradeep Kumar Agarwal
Chairman-cum-Managing Director,
The Cotton Corporation of India Ltd. (CCI)

Human Resources. He was selected by the Public Enterprises Selection Board (PESB) as Director (Finance) of CCI in 2012. He also served as Director (Marketing) of CCI for a long time. Now, he has been appointed as the Chairman cum Managing Director of CCI. Working in various capacities in CCI, he has always used a professional approach and played a vital role in formulating marketing and financial strategies of CCI and effective implementation of the same. His leadership abilities have been in leading the core team of CCI for upliftment of cotton farmers and growth of the textile sector.

The COVID-19 pandemic has had a great impact on the world economy in the last few months. People have been locked into their homes and economic activity has come to a near standstill. However, as per the order dated 15.04.2020 of Ministry of Home Affairs, Government of India, agencies engaged in the procurement of agricultural products, mandis operated by the APMCs or notified by the state government, farming operations and manufacturing units of fertilizers, pesticides, and seeds were exempted from the lockdown.

In order to carry out the function of MSP operations to protect the interest of the cotton farmers in the country and to avoid the eventuality of distress sale by them, CCI resumed its functioning with minimum staff strength. Thus, CCI has been working continuously in these difficult times also and has made a record procurement of around 101.50 lakh bales valuing around Rs. 27,500 crores under MSP operations in various APMC market yards directly from the farmers. Around 40 lakh cotton farmers are expected to be directly and

indirectly benefitted through MSP operations by CCI.

Marketing/Sales of Cotton Stock during COVID-19 Pandemic

As containment measures continue across countries, effectively halting the global economy, global cotton consumption has reduced by 11% to 23.06 million metric tonnes (1355 lakh bales) in 2019-20 as against 26 million metric tonnes (1529 lakh bales) during the previous season 2018-19. With supply chains fractured and consumption demand low, global trade is expected to reduce to 8.3 million metric tonnes (488 lakh bales) as against 9.08 million metric tons during 2018-19.

Due to impact of COVID-19 out-break and in order to supply good quality raw material to textile industry at competitive rates, CCI has rationalised the sale rates in close parity to the market price which is much lower than the international rates.

CCI is also offering bulk quantity purchase discounts ranging from Rs. 300 per candy to Rs. 1,200 per candy depending upon quantity purchased by the mills in the range from 500 bales to 2 lakh bales. MSME, KVIC and Co-operative mills are entitled to avail such bulk discount on buying a minimum quantity of even 100 bales.

Further, CCI has drastically reduced the carrying charges and introduced attractive incentives for early payment/lifting of bales.

CCI is offering various varieties of cotton for domestic and export sales on day-to-day basis through e-auction.

During this unprecedented global pandemic, the uncertainty in global cotton market has increased as countries struggle to manage the spread of Covid-19. However, with inventory pile-ups at the downstream levels as well as

expectations of a gradual pick-up in demand for cotton, yarn, apparels and home textiles, the market will slowly improve to its normal level.

During the lock down period, the consumption of the mills has gone down sharply but post COVID with the easing of lock down norms, the mills have resumed their working presently at 60 to 70% level. Therefore, they are depleting the inventory level available with them, kapas arrivals are also declining in the market. Since Indian cotton is presently cheapest in the world, therefore it is the most competitive for spinning mills. Hence, it is felt that the demands for cotton may pick up in domestic and international market in the near future. Besides this, CCI is also vigorously following up with neighbouring countries for export of cotton in bulk quantity. With all the above measures, CCI will be able to liquidate its most of the cotton by the end of current cotton season.

Going forward, the cotton and textile industry scenario will depend on how the situation evolves in the domestic and international markets and faster return to normalcy will enable the industry to improve its growth prospects.

Effect of COVID-19 Pandemic and Preventive Measures taken by CCI

As health safety is extremely important in the ongoing pandemic situation, a core team has been created at CCI Head Office as well as at branch



COVID-19 preventive measures taken by CCI





office level to coordinate all efforts towards prevention and containment of COVID-19 spread. A Standard Operating Procedure was issued for ensuring safe and secure work place for all stake holders and all precautionary measures are being ensured at all Offices/ Branches/Procurement Centres of CCI.

The highlights of the measures taken by CCI to ensure safe and secure working are as under:

- Every employee has downloaded “Aarogya Setu” mobile application, developed by Government of India for proper information and awareness about COVID-19.
- Permitted employee to attend office only when the employee is healthy. Those requiring monitoring will be referred for medical advice before resuming work.
- People having symptoms of fever, cough, vomit, diarrhoea, etc. have been directed not to resume work without proper joining advice/ fitness certificate from the Medical Officer.
- Daily fumigation of the entire premises, employee transport vehicle, forklifts/stackers and other critical areas, washrooms, toilets, canteen, hand wash areas, etc.
- Disinfection and sanitisation of all common areas on daily basis by housekeeping team properly equipped with Personal Protective Equipment/Gear (PPE).
- Adequate number of the PPE including digital scanner thermometer for each work centre/ office, mask, gloves, sanitiser are made accessible to each employee for maintaining personal hygiene.
- Social distancing is being maintained in day-

to-day working in the office by installing glass screens on the desk of employees, video conference to avoid physical meetings and allowing only two persons in a lift at a time.

- Wearing mask made compulsory.
- Hands Free Hand Sanitiser Dispensers have been installed on each floor of the office in front of the lift.



Box About CCI:

- The journey of CCI began in July 1970 as a canalising agency for import of cotton. In the year 1983, CCI was made the Nodal Agency to undertake Minimum Support Price Operations for cotton. Now, the major role of CCI is to undertake Minimum Support Price (MSP) operations on behalf of Govt. of India when the prices of Fair Average Quality (FAQ) grade seed cotton falls below the MSP level. Besides MSP operations, CCI also undertakes viable commercial purchase operations as and when required; to fulfill the raw material requirement of the domestic textile industry.

- As fibre quality is of paramount importance, CCI procures only Fair Average Quality grade kapas, whether under MSP or Commercial operations. To ensure remunerative price to cotton farmers and to maintain quality of cotton, manual systems are minimised in the procurement of cotton by CCI through the deployment of equipments like computerised moisture meters, mini-gin and micronnaire meters at all its procurement centres, so that farmers get right price for their produce based on scientific assessment of quality at spot.

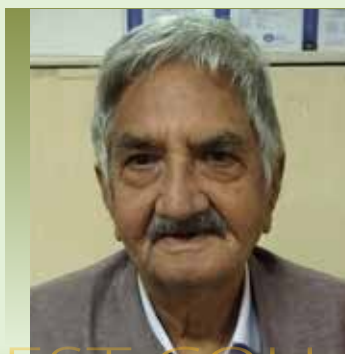
- CCI facilitates the Indian Textile Industry, including Micro Small & Medium Enterprises (MSME), in sourcing their requirement of good quality, least contaminated cotton at competitive rates through daily e-auction. In its long journey of around five decades, CCI truly has proved to be a friend of the cotton farmer on one hand and a dependable supplier of good quality cotton to the textiles mills in the country on the other hand.

(The views expressed in this column are of the author and not that of Cotton Association of India)

World Cotton Scenario – Production and Consumption with Reference to India

Contd. from Issue No. 2 dated 23 June, 2020

With a M.Sc. and Ph.D. in Agronomy, Dr. M.S. Kairon has 46 years of experience in teaching and research in the cotton sector. He has extensive experience of working for cotton production technology relating to water use, nutrient management, weed control and other cultural practices in India as well as other countries, such as Myanmar, Vietnam and Senegal (West Africa). He is the recipient of several awards including Hexmar Award in Agronomy from the Indian Society for Cotton Improvement (1992-93), Special Award from the Haryana Agronomist Association, India (1993), Award from the Agronomy Society of India (2000) and Award from the Magnum Foundation of India as a Friends of Farmers (1999). He has published about 304 articles on cotton at the National and International level. At present, he is the President of KVSS –Kairon Foundation, Sakarla, Parseoni, Nagpur.



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Dr. M.S Kairon
Ex-Director CICR Nagpur

cotton consumption in major cotton consuming countries are depicted in Figure 1 (a to c); wherein, China leads as the world's largest consumer of cotton followed by India and Pakistan. Cotton consumption has remained static in India and Pakistan but is showing an increasing trend in China (Fig 1 a).

Vietnam has emerged as the world's fastest growing destination for raw cotton (Fig 1b). Incidentally, China has also emerged as the major destination for the yarn produced by Vietnam. Steady growth in cotton consumption is also witnessed in Bangladesh, Turkey and Uzbekistan. Consumption pattern remained sluggish in USA and Brazil and it is picking up in Indonesia

(Fig 1c).

Cotton Situation and Future Research Priorities

India is the world's leading country in terms of area under cotton cultivation and raw cotton production. As per the latest CAB estimate (16th June 2018), cotton production in India during 2017-18 was expected to be 370 lakh bales of 170 kg from 124.44 lakh hectares with a productivity of 506 kg lint/ha (Table 4, 5 and 6). During 2017-

Overview of Cotton Production in 2017-18

World cotton consumption in 2018 -19 was expected to reach 120.5 million bales, a significant 5.0- percent-growth rate compared to the previous year. The consumption figures were the highest since 2007-08. The trend in

Fig 1(a, b, c): Trend in cotton consumption in major cotton consuming countries

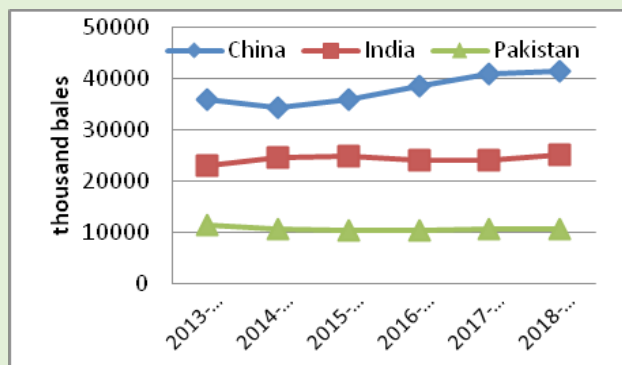


Fig 1a

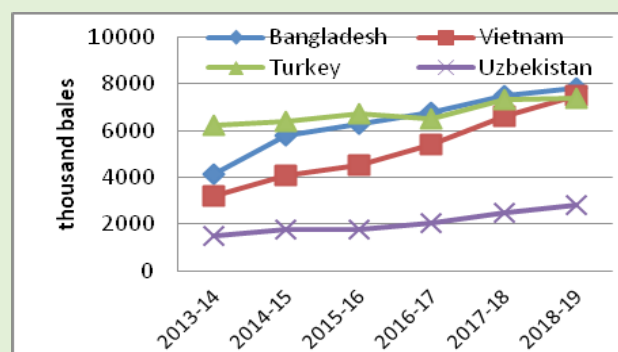


Fig 1b

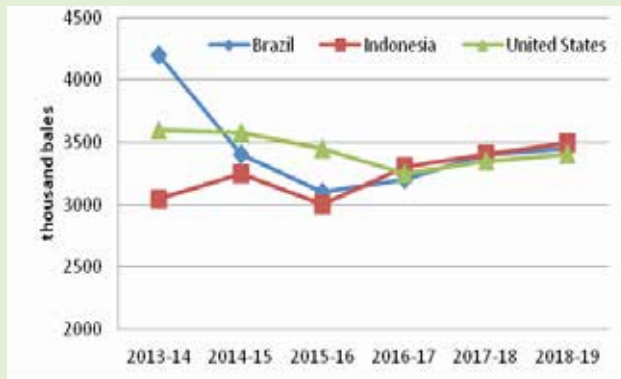


Fig 1c

18, the major cotton growing states viz. Gujarat, Maharashtra and Telangana together accounted for 70% (87.27 lakh hectare) of the area under cotton cultivation and contributed 66% (244 lakh bales) of the raw cotton produced in India.

Averaged over the 5 years, the states of the North zone (Punjab, Haryana and Rajasthan) together cultivate cotton on 14.4 lakh ha. Similarly, the states of the Central zone viz. Gujarat, Maharashtra and Madhya Pradesh accounted for 72.94 lakh ha and the states of the South zone viz. Telangana, Andhra Pradesh,

Karnataka and Tamil Nadu accounted for 31.65 lakh ha. In relative terms, around 12% of the cotton area was in the North Zone, around 60% in the Central Zone and roughly 26% in the South zone. Odisha cultivated cotton in around 1.3 lakh ha.

During the last 5 years, the cotton production was the highest, 398 lakh bales/ha in 2013-14 and declined slightly thereafter to 332 lakh bales (of 170 kg each) in 2015-16 and increased thereon to reach 370 lakh bales in 2018-19. Averaged over the 5 years, the states of the North zone (Punjab, Haryana and Rajasthan) together contributed 49.95 lakh bales to the national cotton pool. Similarly the states of the Central zone viz. Gujarat, Maharashtra and Madhya Pradesh produced 207.1 lakh bales and the states of the South zone viz. Telangana, Andhra Pradesh, Karnataka and Tamil Nadu produced 103.85 lakh bales. In percentage terms, around 12 % of the cotton was produced in the north zone, around 60% in the Central Zone and roughly 26% in the South zone. On an average, Odisha produced around 1.6 lakh bales of raw cotton annually.

Table 4. State Wise Cotton Area (in lakh ha) from 2013-14 to 2017-18

State	2013-14	2014-15	2015-16	2016-17	2017-18	Mean
Punjab	4.46	4.20	3.39	2.85	2.91	3.56
Haryana	5.36	6.48	6.15	5.70	6.69	6.08
Rajasthan	3.93	4.87	4.48	4.71	5.84	4.77
North Zone	13.75	15.55	14.02	13.26	15.44	14.40
Gujarat	25.19	27.73	27.22	23.82	26.23	26.04
Maharashtra	41.92	41.90	42.07	38.00	42.07	41.19
Madhya Pradesh	5.14	5.74	5.63	5.99	6.03	5.71
Central Zone	72.25	75.37	74.92	67.81	74.33	72.94
Telangana		17.13	17.73	14.09	18.97	16.98
Andhra Pradesh	23.89	8.21	6.66	4.72	6.44	9.98
Karnataka	6.62	8.75	6.42	5.10	5.31	6.50
Tamil Nadu	1.52	1.87	1.42	1.42	1.85	1.62
South Zone	32.03	35.96	32.23	25.33	32.72	31.65
Odisha	1.24	1.27	1.25	1.36	1.36	1.30
Others	0.33	0.31	0.50	0.50	0.50	0.43
Total	119.60	128.46	122.92	108.26	124.44	120.74

Table 5. State Wise Cotton Production (in lakh bales of 170 kg) from 2013-14 to 2017-18

State	2013-14	2014-15	2015-16	2016-17	2017-18p	Mean
Punjab	21.00	13.00	6.25	9.00	11.5	12.15
Haryana	24.00	23.00	14.50	20.50	22.5	20.9
Rajasthan	14.00	17.00	15.00	16.50	22.0	16.9
North Zone	59.00	53.00	35.75	46.00	59.00	49.95
Gujarat	124.00	112.00	90.00	95.00	104.00	105
Maharashtra	84.00	80.00	76.00	88.50	85.00	82.7
Madhya Pradesh	19.00	19.00	18.00	20.50	20.50	19.4
Central Zone	227.00	211.00	184.00	204.00	209.50	207.1
Telangana		50.50	58.00	48.00	55.00	52.875
Andhra Pradesh	78.00	26.50	23.75	19.00	20.50	33.55
Karnataka	23.00	34.00	19.50	18.00	18.00	22.5
Tamil Nadu	5.00	6.00	6.00	5.00	5.50	5.5
South Zone	106.00	117.00	107.25	90.00	99.00	103.85
Odisha	4.00	3.00	3.00	3.00	3.50	3.3
Others	2.00	2.00	2.00	2.00	2.00	2
Loose cotton						
Total	398.00	386.00	332.00	345.00	370.00	366.2

Note: Production calculated based on pressed bales for the respective states; p – Provisional,

(to be continued...)

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Update on Cotton Acreage (As on 25.06.2020)

(Area in Lakh Ha)

Sr. No.	State	Normal Area (DES)*	Normal Area as on Date (2015-2019)	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Andhra Pradesh	6.56	0.661	0.451	0.180	0.460	1.451	0.480	0.733
2	Telangana	17.01	7.034	10.689	3.441	5.780	8.810	5.890	11.250
3	Gujarat	26.04	4.668	11.670	5.060	2.420	4.960	3.270	7.630
4	Haryana	6.07	6.100	7.370	6.760	6.650	6.300	4.980	5.810
5	Karnataka	6.47	1.665	1.420	0.543	1.940	1.310	1.710	2.820
6	Madhya Pradesh	5.65	3.128	5.200	3.010	1.570	3.039	2.720	5.300
7	Maharashtra	41.48	8.814	23.772	0.194	6.260	12.430	5.315	19.870
8	Odisha	1.31	0.129	0.182	0.122	0.024	0.022	0.295	0.180
9	Punjab	3.56	3.548	5.010	4.020	2.840	3.820	2.560	4.500
10	Rajasthan	4.77	3.224	5.880	3.450	4.050	3.620	3.170	1.830
11	Tamil Nadu	1.61	0.035	0.048	0.031	0.032	0.052	0.031	0.030
12	Others	0.43	0.222	0.000	0.271	0.172	0.286	0.170	0.210
	All India	120.967	39.227	71.692	27.082	32.198	46.100	30.591	60.163

* Directorate of Economics & Statistics, Ministry of Agriculture and Farmers Welfare, Krishi Bhavan, New Delhi

Source : Directorate of Cotton Development, Nagpur

UPCOUNTRY SPOT RATES								(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]								Spot Rate (Upcountry) 2019-20 Crop June 2020					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	4%	15	10320 (36700)	10320 (36700)	10320 (36700)	10292 (36600)	10236 (36400)	10236 (36400)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 - 7.0	4.5%	15	10517 (37400)	10517 (37400)	10517 (37400)	10489 (37300)	10432 (37100)	10432 (37100)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	5905 (21000)	5905 (21000)	5905 (21000)	5877 (20900)	5821 (20700)	5821 (20700)
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	4.5%	21	7480 (26600)	7480 (26600)	7480 (26600)	7452 (26500)	7396 (26300)	7396 (26300)
5	M/M (P)	ICS-104	Fine	24mm	4.0 - 5.5	4%	23	7845 (27900)	7845 (27900)	7845 (27900)	7817 (27800)	7761 (27600)	7761 (27600)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 - 4.9	4.5%	26	9617 (34200)	9617 (34200)	9617 (34200)	9589 (34100)	9533 (33900)	9533 (33900)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 - 3.4	4%	25	7002 (24900)	7002 (24900)	7002 (24900)	6974 (24800)	6917 (24600)	6917 (24600)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 - 4.9	4%	26	9673 (34400)	9673 (34400)	9673 (34400)	9645 (34300)	9589 (34100)	9589 (34100)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 - 3.4	4%	25	7227 (25700)	7227 (25700)	7227 (25700)	7199 (25600)	7142 (25400)	7142 (25400)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 - 4.9	3.5%	26	8773 (31200)	8773 (31200)	8773 (31200)	8745 (31100)	8689 (30900)	8689 (30900)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 - 4.9	4%	27	9786 (34800)	9786 (34800)	9786 (34800)	9758 (34700)	9701 (34500)	9701 (34500)
12	M/M(P)	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	9505 (33800)	9505 (33800)	9505 (33800)	9476 (33700)	9420 (33500)	9420 (33500)
13	SA/TL	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	9617 (34200)	9617 (34200)	9617 (34200)	9589 (34100)	9533 (33900)	9533 (33900)
14	GUJ	ICS-105	Fine	28mm	3.7 - 4.5	3%	27	9392 (33400)	9392 (33400)	9392 (33400)	9364 (33300)	9308 (33100)	9308 (33100)
15	R(L)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	9842 (35000)	9842 (35000)	9842 (35000)	9814 (34900)	9758 (34700)	9758 (34700)
16	M/M(P)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	9786 (34800)	9786 (34800)	9786 (34800)	9758 (34700)	9701 (34500)	9701 (34500)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	9898 (35200)	9898 (35200)	9898 (35200)	9870 (35100)	9814 (34900)	9814 (34900)
18	GUJ	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	9842 (35000)	9842 (35000)	9842 (35000)	9814 (34900)	9758 (34700)	9758 (34700)
19	M/M(P)	ICS-105	Fine	30mm	3.7 - 4.5	3.5%	29	10011 (35600)	10011 (35600)	10011 (35600)	9983 (35500)	9983 (35500)	9983 (35500)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 - 4.5	3%	29	10123 (36000)	10123 (36000)	10123 (36000)	10095 (35900)	10095 (35900)	10095 (35900)
21	M/M(P)	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	10264 (36500)	10264 (36500)	10264 (36500)	10236 (36400)	10236 (36400)	10236 (36400)
22	SA/TL/K / TN/O	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	10320 (36700)	10320 (36700)	10320 (36700)	10292 (36600)	10292 (36600)	10292 (36600)
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 - 4.2	3%	31	10545 (37500)	10545 (37500)	10545 (37500)	10517 (37400)	10517 (37400)	10517 (37400)
24	M/M(P)	ICS-107	Fine	34mm	3.0 - 3.8	4%	33	14707 (52300)	14707 (52300)	14707 (52300)	14707 (52300)	14707 (52300)	14707 (52300)
25	K/TN	ICS-107	Fine	34mm	3.0 - 3.8	3.5%	33	15129 (53800)	15129 (53800)	15129 (53800)	15129 (53800)	15129 (53800)	15129 (53800)

(Note: Figures in bracket indicate prices in Rs./Candy)