

Weekly
Publication of



**Cotton
Association
of India**

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

Regd.No.MH/MR/EAST/96/2009-11

Registered with the Registrar of Newspapers for India under R.No.18844/69

Published every Tuesday

Price: Rs.30 per copy

Cotton Statistics And News

2012 * No. 5 * 01/05/2012

Edited & Published by Amar Singh

Fresh Cotton Export Registration Allowed

The Government has decided to allow fresh cotton export registration to benefit farmers. This decision was reportedly taken at a meeting of the Finance Minister, Shri Pranab Mukherjee; the Agriculture Minister, Shri Sharad Pawar; Chairman of the Prime Minister's Economic Advisory Council, Dr C. Rangarajan and the Commerce and Industry and Textile Minister Shri Anand Sharma.

Shri Sharma is reported to have stated that the suspension of fresh registrations for exports has been lifted. However, Government has not fixed any ceiling on cotton exports but will review the situation every two weeks.

It has also been decided that the Cotton Corporation will build a buffer stock of 10 lakh bales (of 170 kg each) to meet any exigency during the months of June, July and August.

Last month, the Government had lifted the ban on exports but decided not to issue fresh registration

certificates (RCs). It only allowed shipments for which RCs were already issued before the ban was imposed on March 5.

Exports were allowed after both the Agriculture Ministry and the Cotton Advisory Board, under the Textile Ministry, raised output estimates. The Agriculture Ministry has pegged cotton output for the 2011-12 season ending September at 35.2 million bales, while the Cotton Advisory Board estimates output at 34.7 million bales.

Last year, farmers had harvested an estimated 33.9 million bales of cotton and exported 7.8 million bales. In the current season so far, 11.5 million bales have been exported. The Government on, March 5, had imposed a blanket ban on export of cotton on the grounds that the total export registrations had topped 12 million bales, almost half of the total arrivals in the market, but later softened its stand to allow export of registered contracts after scrutiny.

(Source: Business Line - 01.05.2012)

CAI Decries Centre's Move in Setting Up of the Strategic Reserve for Cotton

The Cotton Association of India has asked the Centre to not go ahead with setting up of the strategic reserve for cotton. In a press release issued on 25th April 2012, the CAI stated that it is surprised to note from newspapers reports regarding a proposal mooted by the Ministry of Textiles and Textile Industry using the Cotton Corporation of India (CCI) to procure 25 lakh bales of cotton for the purpose of creating a strategic reserve for exclusive sales to mills.

It further stated that it is disturbing to note that our country is moving back to the pre-liberalised era of late 1980s and early 1990s.

The idea of creating a strategic reserve in India for ensuring supply of cotton to the domestic textile mills on the lines of a similar reserve in China is wrong since the situations in India and China are not comparable.

China is a huge cotton deficit country whereas India is a huge surplus cotton economy and the cotton is available to the Indian mills at their doorstep.

If this reserve is created, total investment required for procuring 25 lakh bales would be around Rs. 5000 crores which would in turn involve a total carrying cost including interest and warehousing cost of over Rs. 500 crores a year. In addition to this, CCI will have to bear the loss that may arise due to fluctuation in prices.

If the problem targeted to be addressed is non-availability of funds with the textile mills to buy and stock cotton, it would be appropriate to address the same through banking channels, Reserve Bank of India and the Finance Ministry rather than creating a scheme which distorts the market and unsettles other sectors of the cotton value chain.

CAB Raises Cotton Production By Two Lakh Bales To 347 Lakh Bales

The Cotton Advisory Board (CAB) met in Mumbai on April 18, 2012 with Shri A.B. Joshi, Textile Commissioner, in the chair. Cotton Association and all other segments of the cotton industry like Trade, Textile Industry, Co-operative Associations, Exporters, etc. attended the meeting and actively participated in the discussions so as to enable the Board to come to realistic estimates.

The CAB has raised its previous estimate of cotton production of 345 lakh bales by two lakh bales to 347 lakh bales now. The latest estimates of area and production for 2010-11 and 2011-12 are given below:

Area in lakh hectares, Production in lakh bales of 170 kg. each				
	2010-11		2011-12	
	Area	Production	Area	Production
Punjab	5.30	16.00	5.60	19.50
Haryana	4.92	14.00	6.05	20.00
Rajasthan	3.35	9.00	5.30	17.10
North Zone	13.57	39.00	16.95	56.60
Gujarat	26.33	103.00	30.23	120.00
Maharashtra	39.32	82.00	40.95	73.75
M.P.	6.50	17.00	7.06	17.70
Central Zone	72.15	202.00	78.24	211.45
A.P.	17.84	53.00	18.54	54.50
Karnataka	5.45	10.00	5.49	13.25
Tamil Nadu	1.22	5.00	1.21	7.20
South Zone	24.51	68.00	25.24	74.95
Orissa	0.74	2.00	1.02	2.00
Others	0.45	2.00	0.46	2.00
Total	111.42	313.00	121.91	347.00
Loose	-	-	26.00	-
All-India		339.00*		347.00*

* Inclusive of Loose cotton

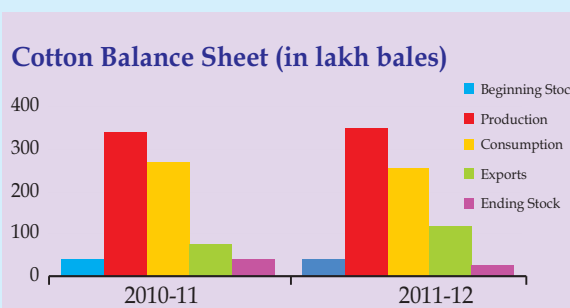
As may be noticed, production in all the three major zones is estimated to be appreciably higher in 2011-12 as compared to the previous year. The increases range from 6.75 lakh bales in South zone, 9.45 lakh bales in the Central zone and to the maximum of 17.60 lakh bales in the North zone. Among the individual States, Gujarat scores over the rest with a rise 17 lakh bales in 2011-12 compared to 2010-11. On the other hand, production in Maharashtra has been estimated to be lower in 2011-12 by as much as 8.25 lakh bales compared to 2010-11. A critical analysis indicates that higher production in

2011-12 has been entirely due to the expansion in area whereas there has been a fall in productivity during 2011-12. The per hectare yield was only 484 kg in 2011-12 as against 517 kg in 2010-11. Obviously, there has been a significant drop in productivity in the new areas, about 10.5 lakh hectares, brought under cotton in 2011-12. It is well known that yield in new areas may be lower as usually the crop is grown without optimum agricultural practices and inputs.

CAB estimates cotton mill consumption in 2011-12 to be lower by some nine lakh bales at 211 lakh bales compared to 220.70 lakh bales in 2010-11. Consumption by small scale units and for non-mill use is also projected lower at 21 lakh bales and 20 lakh bales respectively as compared to 24.70 lakh bales and 22 lakh bales in 2010-11. Imports are expected to be of the same level as in 2010-11 at six lakh bales. However, CAB expects a jump in exports from 78 lakh bales in 2010-11 to 115 lakh bales in 2011-12. The Cotton Balance Sheet drawn up by the CAB on the basis of these estimates as given below:

(in lakh bales)		
	2010-11	2011-12
Opening Stock	40.50	39.10
Production	339.00	347.00
Imports	5.00	6.00
Total Supply	384.50	392.10
Mill Consumption	220.70	211.00
Consumption by SSUs	24.70	21.00
Non-mill use	22.00	20.00
Exports	78.00	115.00
Total Offtake	345.40	367.00
Carryover Stock	39.10	25.10

The carryover stock at the end of the 2011-12 season is now projected to be 14 lakh bales lower than the opening stock. This is likely to exert a bullish influence on prices.



Visit of Shri R.K. Tripathy, Principal Secretary, Government of Gujarat on 18th April 2012



31st International Cotton Conference Held in Bremen, Germany

The Bremen Cotton Exchange and the Fibre Institute Bremen hosted the 31st International Cotton Conference in Bremen, Germany from 21st – 24th March 2012. More than 500 visitors from 42 countries visited the conference. The theme of the Conference was "Cotton and Synthetic Fibres – Competition or Compatibility".

Speakers at the Bremen Conference reported that biotechnology, high-speed roller ginning, advances against cotton diseases and improved conventional breeding techniques and other technological advances in agriculture are leading to increased productivity, reduced resource use and increases in carbon sequestration in natural fiber production. The intrinsic quality of cotton fiber is improving, and the systems used in fiber quality measurement are increasingly standardized around the world, leading to improvements in accountability to customers and better compatibility with modern textile processes. New developments in cotton processing technology in spinning mills are leading to faster, more efficient and lower cost textile production processes resulting in improved textile product performance.

Reflecting the prestige and nearly universal attendance of industry leaders at the Bremen cotton conferences, major segments of the world cotton industry held board meetings or work sessions

during the conference week. Never before so many working groups came to Bremen to discuss the issue of cotton.

The 31st International Cotton Conference, Bremen continued a tradition of industry excellence amidst an atmosphere of improvement, growth and optimism about both the competitive position of natural fibers in world fiber use and the compatibility of natural fibers with other fibers in meeting consumer needs.

Cotton Arrivals

Cotton arrivals upto 22nd of April are reported to have been 4.6 per cent lower compared to arrivals by the same period last year despite the expectation of a record crop of 347 lakh bales.

The arrivals this year are placed at about 289 lakh bales as against 302 lakh bales by the same period a year ago. The Cotton Corporation has reported that the daily arrivals now are about 1.3 lakh bales.

SNIPPETS

The Australian cotton industry has been under tremendous pressure in the past few years. With eight years of drought and two seasons of floods it has suffered greatly, but the Australian cotton industry is set to have a resurgence with a forecasted production of 4.5 million to 5 million bales this year.

Cotton Australia has been at the forefront of the industry for nearly 40 years and was a key party in helping with flood assistance including providing Australian farmers affected by the

floods with financial packages so they could plant a crop.

Cotton Australia has also been heavily involved with the progress of the Australian government's water reform policies. The initiative was developed to not only deal with Australia's population increase, but also to help farmers who grow crops in one of the driest climates in the world.

(Source: Cotton International)



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) 2011-12 CROP
April 2012

Sr. No.	Grade Standard	Staple	Micronaire	Strength/ GPT	Trade Name	21 st	23 rd	24 th	25 th	26 th	27 th
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Deshi (RG)	9280 (33000)	9420 (33500)	9280 (33000)	9280 (33000)	9336 (33200)	9392 (33400)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Deshi (SG)	9617 (34200)	9758 (34700)	9589 (34100)	9589 (34100)	9645 (34300)	9701 (34500)
03.	ICS-102	22mm	4.5-5.9	19	V-797	7030 (25000)	7086 (25200)	7086 (25200)	7086 (25200)	7142 (25400)	7142 (25400)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	8099 (28800)	8155 (29000)	8155 (29000)	8155 (29000)	8211 (29200)	8211 (29200)
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	8352 (29700)	8520 (30300)	8380 (29800)	8408 (29900)	8464 (30100)	8520 (30300)
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	9167 (32600)	9280 (33000)	9280 (33000)	9280 (33000)	9336 (33200)	9336 (33200)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	9505 (33800)	9617 (34200)	9589 (34100)	9589 (34100)	9645 (34300)	9645 (34300)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	9758 (34700)	9870 (35100)	9842 (35000)	9842 (35000)	9898 (35200)	9898 (35200)
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	12654 (45000)	12654 (45000)	12654 (45000)	12654 (45000)	12710 (45200)	12710 (45200)

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