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# Cotton Statistics And News

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Edited & Published by Amar Singh

## **India to Remove Textile Subsidy Gradually**

The US, EU, Japan and Turkey are pushing India for dismantling its 'undue' export subsidies to the textile industry, but the Government is keen on further talks to temper the phase-out and to ensure that the key export sector is not stripped of all support.

A senior official from department of commerce is reported to have stated that the government has to take away some export subsidies given to textile industry in three years as the threshold level for qualifying for such sops has been breached. But, the country will be careful to ensure that it takes away only what necessarily has to be taken away.

The subsidies and countervailing measures agreement of the World Trade Organization (WTO) allows countries with per capita income below \$1,000 to give export subsidies as long as exports from a particular sector is lower than 3.25 percent of world trade. India's share in the global market for textiles is almost 4 percent and has been higher than the threshold level for five years.

Since countries are given eight years to remove the subsidies, India has time till 2015 to do so. The government needs to carefully negotiate what kind of subsidies need to go as the textile sector gets a number of subsidies that are not directly targeted at it, but is given to all industry in general," points out secretary general, Confederation of Indian Textile Industries.

India's exports of textiles, including readymade garments, is said to be between \$31 billion and \$32 billion, as per estimates made by CITI. It accounts for around 14 percent of industrial production and more than 10 percent of the country's total exports. The sector employs around 35 million people and is the largest employer after agriculture.

The Indian textiles sector is beneficiary of a host of export promotion schemes, such as the export-oriented units and special economic zones schemes, the export promotion capital goods scheme and promotional measures like the focus product and focus market schemes. Apart from these, there are duty neutralisation plans, like duty drawback and advance licensing schemes.

*(Source: Economic Times - 14.05.2012)*

### **Zambia invites Indian investment in textile sector**

The Zambia's Minister for Southern Province has sought investment from Indian entrepreneurs in the country's textile industry.

During a meeting with Indian High Commissioner to Zambia, it is stated that the Government is keen to have Indian investment in the once booming Zambian textile and agricultural sectors.

The textile industry has considerable potential to boost the country's economy, it is said.

The Indian High Commissioner said that his country had invested in various sectors of Zambian economy. He said there is a lot that the two countries can together do to boost the Zambian economy.

The Minister stated that India-Zambia trade was growing and many Indian investors are keen to invest in Zambia.

*(Source: Fibre2fashion News Desk - 21.05.2012)*

## Global Yarn and Fabric Output Increased in Fourth Quarter of 2011

Despite lower production in the Americas, global yarn output increased during the fourth quarter of 2011 as a result of higher output in Asia (especially China) and Europe, according to a report from the International Textile Manufacturers Federation (ITMF). Year-on-year global yarn production was also up due to higher output in Asia and in spite of lower output in Europe, as well as in South and North America. Global fabric production rose in the 4th quarter with both Asia and Europe recording higher output, while North and South America registered a reduction.

Compared to last year's fourth quarter, global fabric output dropped, with all major regions suffering declines. Global yarn stocks were slightly higher in Q4/2011 compared with the previous year –

largely due to higher stocks in Europe and South America – while stocks in Asia fell. Year-on-year global yarn inventories increased as a result of higher stocks in all regions. In comparison to the previous quarter, fabric stocks were up in Europe and South America in the fourth quarter, but down in Asia and North America.

On an annual basis, fabric stocks soared in South America with smaller increases recorded in North America and Asia; stocks decreased slightly in Europe. Europe's yarn orders increased relative to the previous quarter but fell on a yearly basis. Fabric orders fell slightly compared to the previous one and also year-on-year.

*(Source: Cotton International - 16.05.2012)*

## Updates on Global Cotton Trade Contract for 2012-13

According to USDA estimates, world 2012-13 cotton trade is forecast to decline 10 percent to 37.6 million bales as a result of lower import demand by China and lower exportable supplies as production contracts.

Brazil, poised to overtake India as the world's second largest cotton exporter in 2012-13, is forecast to export 4.4 million bales, down 2 percent from the record exports a year earlier. India is forecast to export 4.2 million bales in 2012-13, down 56 percent from the previous year, due to a combination of lower production and higher domestic consumption. Also, while the government of India has changed its cotton export policy several times in recent months, it has tended toward export restrictions.

Australia's 2012-13 exports are forecast at a record 4.3 million bales, a 10 percent increase from a year

earlier. The United States, the world's leading cotton exporter, is forecast to export 12.0 million bales in 2012-13, up 5 percent from a year earlier. Uzbekistan's exports are forecast to grow 4 percent from a year ago to 2.6 million bales in 2012-13. The African Franc Zone is forecast to export 2.6 million bales in 2012-13, an increase of 20 percent from the preceding year.

Although imports are forecast to grow in several countries, contraction in China is expected to more than offset those increases elsewhere and result in an overall decline in global 2012-13 imports.

China's 2012-13 imports are forecast at 14.0 million bales, a 35 percent decrease from the preceding year, as a result of lower projected consumption and availability of supplies from China's reserve stocks accumulated in 2011-12.

Bangladesh and Indonesia are forecast to import 3.6 million bales and 2.1 million bales respectively in 2012-13, an increase of 14 percent in Bangladesh and 6 percent in Indonesia. Pakistan's 2012-13 imports are forecast at 2.2 million bales, more than twice the previous year's imports.

South Korea and Turkey are forecast to import 1.2 million bales and 3.0 million bales, a 2 percent decrease from a year ago in South Korea, and a 30 percent increase from the previous year in Turkey.

*Source: U.S. Department of Agriculture (USDA)*



## Price Volatility to Affect Acreage

The acreage under cotton may take a dip this year after having touched a record high last year. Hit by the volatility in prices induced by the flip-flop in export policy, cotton growers are likely to switch over to other lucrative crops such as oilseeds – soyabean and groundnut – and guar among others.

Trade and industry sources expect cotton area to come down by 10 per cent to 20 per cent in 2012-13. Cotton area had touched a record high of 121.91 lakh hectares in 2011-12 season, a growth of 40 per cent in the past seven years.

A source added that area under cotton is expected to come down by 10 per cent and it is considered normal as area under cotton had seen an abnormal rise in past few years. An additional 10 per cent decline is possible if other crops such as guar prove to be lucrative. It is estimated that the overall area reduction to be around 15-20 per cent over last year.

Farmers have already begun the switchover in parts of Punjab and Haryana to guarseed. The switchover is all driven by sentiments ahead of planting season and farmers typically look at crops that have given better returns last year.

In States such as Gujarat and Maharashtra, cotton growers may prefer to opt for either groundnut or soyabean as realisations were high last year. As per report, it is expected that a five to seven per cent increase in area under soyabean on a conservative basis and most of this will be in cotton growing areas of Maharashtra and Andhra Pradesh, a spokesperson for the Soyabean Processors Association of India has said. The switchover will also happen in Karnataka, Rajasthan and Tamil Nadu that are consuming centres, it is stated. Soyabean acreage last year stood at around 100 lakh hectares.

Cotton prices had crashed to levels of Rs 3,000 a quintal in the aftermath of the ban imposed on exports. Since then, they have recovered marginally.

As per reports, the farmers in Gujarat will look at groundnut, jeera or guar. It all depends on area to area and local climatic condition at the time of planting. The overall oilseed area may go up by three to five per cent this year, it is estimated.

(Source: Business Line print - May 25, 2012)

### GROWTH IN CAPACITY OF COTTON/MAN- MADE FIBRE TEXTILE MILLS (NON- SSI)

YEAR	NO. OF MILLS			INSTALLED CAPACITY		
	SPINNING	COMPOSITE	TOTAL	SPINDLES (Mn.)	ROTORs (000)	LOOMS (000)
31-03-2005	1566	223	1789	34.24	385	86
31-03-2006	1570	210	1780	34.14	395	73
31-03-2007	1608	200	1808	35.61	448	69
31-03-2008	1597	176	1773	35.01	461	56
31-03-2009	1653	177	1830	37.03	485	57
31-03-2010	1673	180	1853	37.68	494	57
31-03-2011	1757	183	1940	42.69	518	52
<b>2011-12(P)</b>						
April	1757	183	1940	42.69	518	52
May	1757	183	1940	42.69	518	52
June	1757	183	1940	42.69	518	52
July	1757	183	1940	42.69	518	52
August	1750	184	1934	42.83	521	52
September	1757	184	1941	42.99	520	52
October	1755	186	1941	43.03	518	52
November	1756	190	1946	43.13	520	52
December	1759	194	1953	43.20	519	52
January	1761	194	1955	43.27	523	52
February	1761	194	1955	43.29	523	52
March	1761	196	1957	43.31	523	52
<b>2012-13(P)</b>						
April	1762	196	1958	43.32	529	52

(P) - Provisional

Source: Office of the Textile Commissioner

<b>UPCOUNTRY SPOT RATES</b> (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) 2011-12 Crop May 2012					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	21st	22nd	23rd	24th	25th	26th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	9280 (33000)	9280 (33000)	9111 (32400)	9251 (32900)	9336 (33200)	9420 (33500)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	9561 (34000)	9561 (34000)	9392 (33400)	9533 (33900)	9617 (34200)	9701 (34500)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	6974 (24800)	6974 (24800)	6889 (24500)	6889 (24500)	6889 (24500)	6889 (24500)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	7958 (28300)	7958 (28300)	7958 (28300)	7958 (28300)	7958 (28300)	7958 (28300)
5	M/M	ICS-104	Fine	24mm	4.0 – 5.5	23	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
6	P/H/R	ICS-202	Fine	26mm	3.5 – 4.9	26	8717 (31000)	8577 (30500)	8408 (29900)	8408 (29900)	8436 (30000)	8492 (30200)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	8099 (28800)	8042 (28600)	7874 (28000)	7874 (28000)	7902 (28100)	7902 (28100)
8	M/M/A	ICS-105	Fine	26mm	3.5 – 4.9	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 – 4.9	26	9223 (32800)	9223 (32800)	9111 (32400)	9055 (32200)	9167 (32600)	9223 (32800)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	8155 (29000)	8155 (29000)	8014 (28500)	8014 (28500)	8014 (28500)	8070 (28700)
11	M/M/A	ICS-105	Fine	27mm	3.5 – 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
12	P/H/R	ICS-105	Fine	28mm	3.5 – 4.9	27	9392 (33400)	9392 (33400)	9223 (32800)	9223 (32800)	9251 (32900)	9336 (33200)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	8970 (31900)	8970 (31900)	8858 (31500)	8858 (31500)	8886 (31600)	8970 (31900)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	9167 (32600)	9111 (32400)	8998 (32000)	8802 (31300)	8830 (31400)	8914 (31700)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	9392 (33400)	9392 (33400)	9139 (32500)	9139 (32500)	9167 (32600)	9251 (32900)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	9336 (33200)	9280 (33000)	9139 (32500)	8942 (31800)	8970 (31900)	9055 (32200)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	9561 (34000)	9561 (34000)	9420 (33500)	9420 (33500)	9448 (33600)	9533 (33900)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	9701 (34500)	9701 (34500)	9701 (34500)	9701 (34500)	9729 (34600)	9814 (34900)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	9983 (35500)	9983 (35500)	9983 (35500)	9983 (35500)	10011 (35600)	10095 (35900)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	12373 (44000)	12373 (44000)	12654 (45000)	12935 (46000)	12935 (46000)	12935 (46000)

(Note: Figures in bracket indicate prices in Rs./Candy) N.Q. = Not Quoted