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Cotton Statistics And News

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Cotton Area May Go Up in the 2010-11 Season

The area under cotton had risen substantially in 2009-10 to touch a record 101.71 lakh hectares as against 94.06 lakh hectares in the previous season. According to several reports, the area under the crop is likely to move up further during the ensuing 2010-11 season for which sowings are in progress.

The main factor propelling this increase is said to be the relative prices of cotton and the competing crops. While cotton prices have ruled high throughout this year, even higher than the hiked support prices, prices of other crops like groundnut had been relatively lower. There seems to be consensus that the net income from cotton, whose yields were quite good this year, has been appreciably higher than from the other competing kharif crops. It has already been reported that according to the Agriculture Departments of Punjab and Haryana, the area under cotton in 2010-11 is expected to go up by 10-15 per cent.

The situation in Gujarat, the largest cotton producing State in the country is also reported to be the same. The major crop competing with cotton in this State is groundnut and reports quoting authentic sources state that the Saurashtra region, the main groundnut growing belt, may see a 20 per cent drop in the area under groundnut as farmers failed to realise remunerative prices for this oilseed crop during the current season. The yields also are stated to have been adversely affected owing to the erratic distribution of rainfall. The farmers, it is stated, would therefore be shifting to cotton to some extent to replace groundnut as the former is said to be relatively more remunerative.

The farmers in the other States are also said to be favouring cotton over other crops which may lead to an increase in area under it. Some authentic sources forecast that cotton area in 2010-11 may be around 105 lakh hectares. If the quantum and distribution of monsoon rains turn out to be favourable, cotton yields per hectare may also be higher leading to an appreciable increase in the overall production.

The only factor of uncertainty appears to be the export prospects. World cotton prices are ruling high and may remain so during 2010-11 also as world cotton production may not catch up with consumption which is rising due to the faster than expected recovery from financial crisis. There is bound to be strong demand for Indian

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cotton which is priced relatively lower than world prices. For instance, the price of Shankar-6, the variety most in demand, is stated to be about 9-10 US Cents per pound lower than the prices for other international varieties of equivalent quality. Thus, the scope for cotton exports from India is quite good but the limiting factor may be the restrictions recently imposed by the Government on exports so as to curb the rise in domestic prices that apparently hurt the user industry. Lots of export contracts are said to be pending while many contracts are yet to be registered and shipped. This has given a further push to cotton prices in other countries, as per reports.

Domestic cotton prices have been ruling generally firm in May which is likely to provide further fillip to farmers to bring larger area under the crop. The latest reports, however, point to a setback to this expected rosy picture because of two factors. One is the inadequate availability of irrigation water in the north especially in Rajasthan for planting cotton. The other is the unusually high temperature which is stated to have burnt the germinating cotton seeds and seedlings. A clearer picture may emerge by June-July when there may be indications about the behaviour of the monsoon also on which will largely depend the extent of cotton sowings in the Central zone.

CAB Reconstituted

As per its Resolution dated 5th May 2010, the Government has reconstituted the Cotton Advisory Board, originally constituted in October 1958. It was last reconstituted on 25th June 2008. The members of the now reconstituted CAB which supersedes the earlier one, will serve on the Board till May 2012, it is stated.

The President of the Cotton Association continues to be a member of the reconstituted CAB, representing Cotton Trade.

The reconstituted CAB has 65 members in all, including the Textile Commissioner who is the Chairman and Jt. Textile Commissioner (Cotton) who is the Member-Secretary. It has 9 members representing the Government of India, 10 members representing the State Governments, 2 representing Cotton Growers, 3 representing Cotton Seed Manufacturers, 15 representing the Textile Industry, 6 representing the Cotton Trade, 4 representing the Ginning and Pressing sector, 4 representing Cotton Research and Development, one each representing the Powerloom and Handloom sectors, and 10 Nominated Members.

As per its mandate, the Board will advise the Government generally on all matters pertaining to production, consumption and marketing of cotton including matters within the purview of the Cotton Control Order, 1986, and also provide a forum for liaison between the Cotton Textile Mill Industry, the cotton growers, the Cotton Trade and the Government.

Increase in Industrial Output is Higher at 10.4 p.c. in FY 2009-10

Although the expansion in industrial production in the country during March was lower at 13.5 per cent compared to 15.1 per cent in February, the increase in industrial output during the whole financial year 2009-10 was higher at 10.4 per cent as against only 2.8 per cent in the previous fiscal. The slight fall in March is attributed to the withdrawal of the stimulus measures provided earlier. March is the six consecutive month in which the industrial output has been recording a double digit growth. The growth has ensured a GDP growth of over seven per cent in 2009-10, it is stated.

Surge in Merchandise Exports

There has reportedly been a surge of 36.3 per cent in merchandise exports during April this year. In contrast, exports had fallen by about 30 per cent in last April due to global financial crisis. Compared to \$ 12.4 billion last April, exports were worth \$ 16.9 billion this April. Imports also increased in April this year by 42.9 per cent to \$ 27.3 billion from last April's \$ 19.1 billion. Trade deficit for April is placed at \$ 10.4 billion against \$ 6.7 billion in the year ago period.

Cool Cotton Show

One of the major properties of cotton which cannot be equalled by other fibres is its cool comfort to wear. It is reported that recently, Cotton Council International (CCI) of US hosted a fashion show in Kolkata celebrating cotton's cool quotient. The show is said to have presented some stunning cotton creations by leading designers. This initiative by CCI is claimed to be a part of its on-going "Cool with Cotton" campaign.

NTC on Revival Path

An improvement in the textile industry's growth in any of its various segments is always welcome to the cotton sector as it ultimately will lead to increased usage of cotton keeping cotton market buoyant and resulting in stronger cotton economy. In this context, the recent news that the National Textile Corporation (NTC) has turned the corner in its overall performance and has ambitious plans to expand and modernise is quite welcome.

A report quoting the CMD of NTC states that with the modernisation of its 18 mills, most of which have begun making cash profits after a year of the revival strategy, NTC is all set to consolidate its gains this year by commissioning three green field projects, diversifying into technical textiles and revamping a few of the showrooms in the country. As is well known, NTC came into existence quite a number of years ago by the Government taking over some of the sick mills under its wing to protect the labour from being unemployed. For obvious reasons,

NTC was in the red for quite some time since then.

It now appears that 2009-10 has turned out to be a good year for NTC since 16 of its modernised 18 mills began making cash profits in the months of March and April. The company is sad to have posted a 31 per cent growth in 2009-10 and its turnover touched Rs. 526 crore as against Rs. 398 crore in 2008-09. During 2010-11 NTC expects to export cotton yarn and fabrics worth Rs. 15 crore. Significantly, the Corporation was able to finance the entire revival package amounting to Rs. 9,102 crore through internal generation of resources by sale of its assets and via market borrowings. Its three greenfield projects in Ahmedabad, Achalpur and Hassan for spinning, weaving, processing and garmenting would complete the company's move into the textile value chain making it a fully integrated textile company, it is stated. Further, NTC proposes to enter into technical textiles this year through a project to be set up in Rajasthan for manufacture of geo-textiles and medi-tech items, as per report.

Cotton Crop to Witness Some Damage in Punjab

The leaves of cotton crop grown in some parts of Punjab have dried up on account of scorching steady heat waves from last couple of weeks. This might result to some yield damage to cotton crop during the maturity stage. The day's temperature in Punjab has been hovering between 42 to 45 degree Celsius, which is five degrees above normal and such extreme warm conditions have hit the germination process of cotton crops, which are at a vegetative stage.

As it is the cotton growing season, it normally requires rainfall for crop formation. But there is no rainfall as such the situation of crop is very critical. Moreover, the farmers are having a tough time due to the water crisis, which has become severe due to unscheduled and prolonged power cuts. The cotton sowing should be complete in Punjab by May 15. But so far Punjab has covered only 70% of the total area due to insufficient water supplies.

The sowing acreage of cotton in Punjab is ranges between 5.5-6.0 lakh hectares. This year cotton acreage sowing is expected to gain 10-12% due to study returns by farmers last year.

Cotton Exports under Licensing Region

As per Notification dated 21st May 2010 of the Ministry of Commerce and Industry of the Government of India, all varieties of cotton as also cotton waste have been placed under restricted list for exports and thus cotton exporters will now have to undertake the export operations under licensing region. With the issue of the present Notification, the earlier procedure requiring registration of export contracts of cotton and cotton waste has been dispensed with. However, it is not clear whether cotton bales lying at ports can be shipped from the country. As per reports, after suspension of registration came into force, containers lying in ports ready for shipment got stuck and were not cleared for exports.

Increase in Global Fibre Consumption

The global fibre consumption in 2009 reportedly rose by 4.2 per cent to 70.5 million tonnes. The consumption of man-made fibres rose by 4.0 per cent to 44.1 million tonnes and that of natural fibres by 4.5 per cent to 26.4 million tonnes. Thus, the share of cotton in the total fibre consumption came to 37.4 per cent.

