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# Cotton Statistics And News

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## Raw Cotton Exports During June Plummet

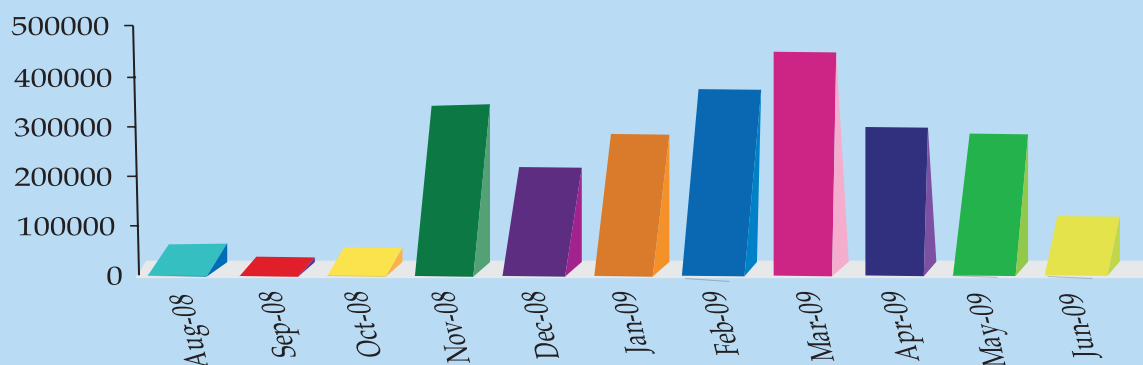
While there was a steep fall in raw cotton exports from about three lakh bales in April to about 92000 bales in June. The monthly data on registrations and shipments of raw cotton since August 2008, as available from the office of the Textile Commissioner are given below.

Month	Quantity Registered	Quantity Shipments
August 2008	44,701	36,305
September 2008	9,686	8,505
October 2008	1,85,724	29,397
November 2008	3,02,888	3,17,841
December 2008	1,57,155	1,91,907
January 2009	2,64,976	2,59,436
February 2009	4,35,256	3,49,518
March 2009	5,66,527	4,49,207
April 2009	3,23,330	2,97,518
May 2009	5,41,086	2,56,552
June 2009	3,64,235	92,071
<b>Total</b>	<b>31,95,567</b>	<b>22,88,257</b>

As may be noticed, as against a registration of 31.95 lakh bales, the actual shipments upto June aggregate to 22.9lakh bales only. The maximum registrations (5.67 lakh bales) and shipments (4.49 lakh bales) were in March. There was a decline in shipments to 2.97 lakh bales in April and they plummeted to just 92000 bales in June although registrations during the month was much higher at 3.64 lakh bales.

Besides overseas demand, exports depend on other factors such as domestic price, rupee-dollar rate etc. According to reports, overseas demand is being almost substained while domestic prices have shown signs of weakness. The exchange rate is fluctuating with rupee showing both depreciation and appreciation. In any case, it seems doubtful whether actual exports this year will reach the lowered estimate of 40 lakh bales as only three months are now left.

**Cotton Exports (in lakh bales) - Aug.08 to Jun.09**



## FICCI Pleads for Full Tax Exemption on Export Earnings

A delegation led by the President of the Federation of Indian Chambers of Commerce and Industry (FICCI) is reported to have suggested to the Union Minister for Textiles that while there should be a temporary 100 percent tax exemption for the textile industry from export earnings, the drawback rate should be hiked by five percent and export credit should be provided at seven percent till 2010.

The delegation is stated to have further pleaded that exporters should be exempted from the Service Tax, the Terminal Excise Duty and the Fringe Benefit Tax. Another submission made by FICCI is said to have been that export incentives for cotton should be withdrawn and that the Minimum Support Price should not be raised any further. These suggestions have been made in the context of a significant fall in India's exports to US and other major markets during January - April 2009.

FICCI delegation is further reported to have

pointed out that textile industry is the second largest employer in the country after agriculture and would require skill development in the "Mission Mode" approach to absorb 10 million people in the next five years. With weak demand from traditional markets in the US and EU, FICCI reportedly suggested that the Government provide 100 percent risk coverage through cheaper ECGC (Export Credit Guarantee Corporation) schemes for exports to countries in Latin America and West Asia.

Other measures suggested by FICCI appear to have included changes in labour laws, encouragement for foreign direct investment in the textile sector, exports to non-traditional markets besides an early implementation of the Goods and Services Tax. It is also stated to have pleaded for an extension of working hours and that units employing up to 1000 people should be outside the purview of the Industrial Disputes Act.

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## Organic Cotton Production and Markets Continue to Grow

According to Organic Exchange (OE), the demand for, and supply of, organic cotton grew dramatically in 2008, indicating strong interest from the global retail markets and interest from farmers in growing cotton organically. OE's October 2008 report, Organic Cotton Farm and Fiber Report 2008, shows that the amount of organic cotton grown worldwide in 2007/08 increased to 145,872 metric tons (MT), or 668,581 bales, a 152% increase from 2006/07. Organic cotton now represents 0.55% of total global cotton production, a staggering increase considering the relative infancy of the industry.

### Organic Market Growth

Some of the world's largest companies are now committed to organic cotton, including Walmart, Nike and C&A. In fact, the incorporation of organic fiber into product lines has become the norm, rather than the exception. Demand particularly in the North American and European markets has driven this trend and will likely continue to do so. The market has experienced exponential growth for a number of reasons. The foremost reasons are improved consumer awareness of sustainability issues and innovative

thinking on the part of brands and manufacturers about the social and environmental impact of their products. Companies are making sustainability a core part of their business models.

### Future Challenges

Despite the explosive growth of the organic cotton industry during the last decade, the industry faces challenges in the years to come. The most speculated about is the slowing global economy. To be certain, the rapid growth of the organic cotton industry will slow, but many companies believe that the organic cotton industry will nonetheless continue to get stronger.

The research suggests that when faced with economic uncertainty, consumers were likely to reach for products that demonstrated greater value, even when more expensive. It is clear that the organic cotton market, with global production increasing and renewed commitment to organic fiber use from companies representing all different focuses and demographics, will likely continue to grow.

## Yarn Export from India - Some facts

Spun Yarn constitutes a major item in the country's export basket. Of the various kinds of yarn exported, cotton yarn takes a leading share. Some facts about yarn export are mentioned below.

— During 2008-09, 450 million kg of spun yarn valued at \$1.30 billion was exported. Out of the total, 40 percent was shipped during the first four months of the fiscal whereafter there had been a steady decline owing to the fall in demand from major markets.

— The major items of spun yarn exported were Cotton, viscose, polyester, polyester-cotton and polyester-viscose yarns. Cotton yarn exports during the year amounted to 350 million kg valued at \$ 1.02 billion. Viscose yarn came next with 27

million kg worth \$ 86 million. PC yarn exports came to 24 million kg valued at \$59 million and that of PV yarn to 18 million kg valued at \$ 53 million with polyesters yarn coming next at 18 million kg valued at \$ 48 million.

— As many as 200 counts of cotton yarn was exported in 2008-09, the major ones being 30/1, 40/1, 20/1, 24/1, and 50/1 which accounted for half of the total cotton yarn exports. The average unit price realisation was \$ 2.88 per kg.

— Cotton yarn was exported during 2008-09 to as many as 105 countries, the major destinations being Bangla Desh, South Korea, Brazil, Egypt, Italy and China. Exports to these countries amounted to 170 million kg valued at \$ 480 million.

### PRODUCTION OF SPUN YARN (SSI & NON-SSI)

(Million kg.)

#### PRODUCTION OF YARN

YEAR/ MONTH	COTTON	BLENDED	100% NON-COTTON	TOTAL
2000-01	2266.87	645.80	247.55	3160.22
2001-02	2211.88	609.03	280.15	3101.06
2002-03	2177.16	584.61	319.61	3081.37
2003-04	2120.71	589.33	341.76	3051.80
2004-05	2272.26	584.97	366.29	3223.52
2005-06	2520.87	588.11	349.31	3458.29
2006-07	2823.59	635.10	354.60	3813.39
2007-08	2948.36	677.11	377.75	4003.22
2008-09	2897.82	655.05	359.12	3911.99
<b>2008-09 (P)</b>				
Apr-08	242.26	54.55	31.02	327.83
May-08	257.51	56.86	29.59	343.96
June-08	253.65	58.36	29.74	341.75
July-08	250.28	58.08	30.23	338.59
August-08	242.32	55.27	28.28	325.87
September-08	233.56	53.61	30.42	317.59
October-08	225.51	51.93	29.27	306.72
November-08	235.07	49.60	28.45	313.12
December-08	251.88	52.24	29.20	333.32
January-09	238.91	54.93	31.04	324.88
February-09	225.17	53.60	30.21	308.98
March-09	241.70	56.02	31.67	329.39
<b>2009-10 (P)</b>				
April-09	245.00	48.00	31.00	324.00

P= Provisional

Source: Office of the Textile Commissioner

## S N I P P E T S

The Environment Ministry and its arm, the Genetic Engineering Approval Committee (GEAC) have reportedly give green signal for the export of Bollgard II Bt cotton by two private companies in India to two private companies in Pakistan. The seeds are meant for multilocation field trials in Pakistan which is said to be keen to raise its cotton production through Bt technology. The export is subject to the conditions set by the Pakistan National Biosafety Committee, as clarified by the GEAC.



The Union Minister for Textiles is quoted to have stated that the Textile Ministry would be formulating a national fibre policy before the year end with a view to boosting the exports of textiles and clothing as well as domestic demand for them. He reportedly added that the Ministry would endeavour to create 10 million jobs within the textile and clothing sector and also work towards building world class state-of-the-art manufacturing capacities in order to achieve a dominant,

global standing in the manufacture and exports of textiles and clothing.



Cotton arrivals by mid-June have come to 281 lakh bales against the production estimate of 290 lakh bales, according to the Cotton Corporation of India. Last year, arrivals by the same period had amounted to 309.7 lakh bales and the production was estimated at 315 lakh bales.



The latest report by the World Bank is quoted to have warned that the world is entering an era of slower growth and that more effective oversight of the financial system will be required. The Bank now expects a contraction of 2.9 percent in global GDP. As for India, the report is quoted to have stated that India's prospects will improve significantly with growth touching 8 percent in 2010, moving up further to 8.5 percent in 2011.



### UPCOUNTRY SPOT RATES

(Rs./Candy)

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) 2008-09 CROP June - July 2009					
					27th	29th	30th	1st	2nd	3rd
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15	H	23400	23400	23400	23300	23300
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15	O	24100	24100	24100	24000	24000
03.	ICS-102	22mm	V-797	4.5-5.9 19		17800	17800	17800	17900	18000
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19		18200	18200	18200	18200	18200
05.	ICS-104	24mm	Y-1	4.0-5.5 20	L	21000	21000	21000	21000	21000
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23		23200	23200	23200	23100	23100
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	I	21000	21000	21000	21200	21200
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24		21300	21300	21300	21500	21500
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	D	21900	21900	21900	22200	22200
10.	ICS-105	29mm	S-6	3.5-4.9 26		23200	23200	23200	23300	23400
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	A	23100	23100	23100	23200	23200
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28		23900	23900	23900	23900	23900
13.	ICS-107	35mm	DCH-32	2.8-3 .6 31	Y	32400	32400	32400	32900	32900
14.	ICS-301	26mm	ICC	3.7-4.3 25		22000	22000	22000	22200	22200