Inconclusive Price Structure of Indian Textile Fibres: An Analysis

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and also in the segment of cotton yarn and fabric manufacturing in the country.

GUEST COLUMN

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Cotton in India has been cultivated largely by resource-poor small and medium farmers with fragmented small landholdings with various biotic and abiotic stresses. Any small disturbances in the price of the raw cotton would adversely affect millions of cotton farmers and also the processing industries.

The quantum of cotton produced annually and the fortunes of the cotton farmers of India are closely linked to the mercy of nature. Seemingly, nature has disturbed its course of action either by its own or through man-made destructions. Producing a natural fibre like cotton and other agro-products with available natural resources has been seen as a phenomenal task. The price of raw cotton produced has played a pivotal role in the livelihoods of millions of cotton farmers

Historical Policy Decisions

The decisions made in the Indian textile policy since independence has made the textile fibre price scenario under moderate control. Use of man-made fibres such as viscose filament yarn and staple fibre in the early 1950s and subsequently introduced polyester and other synthetic fibres were either prohibited or

restricted for use by industries to ensure that the production and price of cotton was not hampered.

To attain export earnings and development in the overall economy of the country, partial liberalisation in the mid-1980s permitted the use of man-made as well as other synthetic fibre liberally by Indian textile industries. The country has attained a significant position in the global market as a major producer and exporter of the diverse textile and apparel products in the liberalised era.

Export promotion has always remained a focal point of the textile industrial policy. Measures like reduction in excise duty, customs duty, removal of ceiling on the export of cotton yarn and cotton waste, fund flow to the industries, and import of various raw materials for producing textile products, has made a sea-change in the export of Indian textile in the global market.

The global crisis in the late 2000s due to a fall in the demand for textile and apparel products in the international market disturbed the growth pattern of textile exports of the country. However, the numerous incentives and packages provided by the government have succeeded in maintaining the growth and vibrancy of the Indian textile industries in the highly volatile global economic scenario.

Subsequently, from 2014 to 2016, reforms like modernisation of the textile industry by providing credits at reduced rates, creation of textile parks, warehouses, training centers and employment generation, helped the country to regain its position in the global market.

Supply and Demand Periods

Cotton farmers sell their produce in the market through an open auction or tender system following the prevalent market practices in the various parts of the country. The main buyers are local ginneries, traders, and commission agents, as well as government agencies such as the Cotton Corporation of India. Farmers have the freedom to sell their produce to any of the above buyers or even the option of not selling at all, if they find the prices are not favourable.

The raw cotton arrival in the market spans over the period from October to April or even up to May, with peak arrivals from December to February. The months from June to September are the lean periods for cotton arrival. The cotton demand from the domestic textile industry is a crucial factor in stabilising cotton prices.

Most of the small and medium mills plan their purchase program taking into consideration the different cotton varieties to be procured from various cotton-growing areas. Progressive and rich buyers may make lucrative purchases if market conditions are favorable, whereas the medium and small mills meet out their cotton requirements for short intervals. Normally, the demand from the mill sector is more concentrated during peak cotton arrival season and is scaled down during the lean season. The price analyses show that raw cotton price between the year 2009 and 2018 is inexpensive during the arrival period, whereas the price of raw cotton was a little high during the lean periods and also in peak arrival periods (Table 1).

Table 1: The average price of raw cotton (Rs. /kg)

Year	Total Period	Arrival Period	Peak Arrival period	Lean Period
2009	63.51	64.11	65.53	62.30
2010	84.16	85.70	83.67	81.07
2011	113.75	122.14	123.89	96.96
2012	93.94	92.77	96.15	96.28
2013	106.83	103.00	99.60	114.50
2014	105.46	104.58	107.77	107.22
2015	88.85	88.05	85.89	90.44
2016	100.51	94.71	94.56	112.12
2017	109.85	110.28	112.37	108.97
2018	116.94	113.82	113.11	123.18

The Price Trends of Textile Fibres

The remarkable development in the textile raw material market due to the augmentation

of man-made and other synthetic fibres in the manufacturing by the textile industries resulted in highly fluctuating raw material - including cotton - price scenario in the country. There has been a two-person-zero-sum game situation made among cotton and its competing fibres.

The data from the Office of the Textile Commissioner, Mumbai from the year 2009 to 2019, shows that prices of the textile fibres (raw cotton, viscose, and polyester) have increased on an average of 81% (Table 2). On the other hand, the textile yarn prices increased just 63% from the year 2009 to 2019. Notably, the price of cotton yarn (Hanks) increased to 143%, and competing yarn especially polyesterincreased just 6.49%.

Table 2: Percent Increase in Price of Textile Fibres From the Year 2009 to 2019

Items	% increase from 2009 to 2019
Fibres	
Raw Cotton	86.01
Viscose	78.21
Polyester	79.00
Yarn	
Cotton yarn (Hanks)	143.37
Cotton yarn (Cones)	68.86
Cotton yarn(Hosiery Cones)	80.46
Viscose filament yarn	55.95
Polyester filament yarn	6.49
Polyester-viscose blend yarn	58.60
Polyester-cotton blend yarn	20.60

The price trend analyses (Figure 1) show that the price of raw cotton fibre increased on an average of 3.52 rupees per kg. The average price of viscose and polyester fibre increased on an average of 7.30 and 3.52 rupees per kg respectively. Value addition of raw cotton by making yarns including hanks, cones, and hosiery cones fetches over 100% profit. Especially, making yarn-hanks fetches 135% profit in recent years (Table 3). Besides this, additional value is also earned from the by-product of the

Figure 1: Trend in the Price of the Textile Fibre

cottonseed obtained after the ginning process. It is another matter that these benefits seldom go to the farmers.

Table 3: Value Addition (%) from Raw Cotton for Different Yarns

Items	Yarn (Hanks)	Yarn (Cones)	Yarn (Hosiery cones)
2009	76.23	100.28	103.52
2010	78.57	74.44	110.10
2011	94.29	53.64	82.90
2012	126.81	108.42	115.54
2013	116.35	96.33	105.46
2014	133.56	91.75	110.94
2015	152.40	107.21	130.17
2016	134.57	86.32	104.66
2017	132.23	77.31	96.03
2018	129.61	80.56	96.66
2019	130.57	81.81	97.46

Price Confrontation Among Fibres

Indeed, we can not change the course of nature that sometimes hampers the development and

Table 4: Price of Polyester Over Raw Cotton Seasons (in %)

Periods	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Arrival	4.89	-8.82	-9.42	11.02	11.94	3.08	5.53	-5.92	-8.25	7.17
Peak arrival	0.08	-5.71	-15.46	5.87	26.89	0.92	3.91	-6.39	-8.80	6.53
Lean arrival	9.74	-7.19	7.35	6.31	-2.66	6.14	7.74	-20.63	-12.91	-1.68
Total in year	6.51	-8.28	-3.83	9.45	7.07	4.10	6.26	-10.82	-9.80	4.22

delivery of cotton fibre in the stipulated climatic season, but this can be well managed for man-made fibres. The price trend analysis of polyester and raw cotton during different periods of cotton arrivals in the market was found to alter the price of both fibres as can be seen from the data from 2009 to 2018 (Table 4). It was expected that during the peak arrival season of cotton in the market between December to February, the price of polyester would be costlier due to the glut in cotton arrival. But in the years 2010, 2011, 2016, and 2017 it was less expensive than the cotton price. Similarly, during the lean period of cotton arrival between June and September, it was expected that the price of polyester would be less expensive, but in the years 2009, 2011, 2012, 2014, and 2015 it was more expensive than the cotton price. This may be attributed to the demand in the market due to the needs of the industry in both cases. It is evident that in both cases that two-person-zero-sum scenario has been created.

To stabilise the price of both the fibres, there needs to be a policy framework that rationalises market price and the availability of both fibres to the stakeholders during the stipulated periods. This would ensure that cotton produced by farmers and man-made fiber by the respective industries could realise adequate returns. While this may not be ideal for the export situation, it would certainly work for the domestic market. In the mission of the Government for doubling the farmers' income, the points suggested in this article would at least enhance farmers' income to some extent.

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

All India Weather Summary and Forecast

Significant Weather Features

♦ The Low Pressure Area now lies over Northwest Bay of Bengal and neighborhood with the associated cyclonic circulation extending upto 7.6 km above mean sea level tilting southwestwards with height. It is very likely to move west-northwestwards during next 2-3 days and become more marked during next 24 hours. Under the influence of this Low Pressure Area:

i) Fairly widespread to widespread rainfall with Isolated heavy to very heavy rainfall with extremely heavy falls very likely over Odisha on 21st September; isolated heavy falls are also likely over Gangetic West Bengal, Jharkhand, Bihar, East Madhya Pradesh and Chhattisgarh on 21st & 22nd September.

ii) Fairly widespread to widespread rainfall with Isolated heavy falls likely over Coastal Andhra Pradesh & Yanam, Rayalaseema and Telangana on 21st September, 2020.

♦ An east-west shear zone runs roughly along Latitude 16°N across peninsular India in mid & upper tropospheric levels tilting southwards with height. Strengthening of lower level winds and its convergence along the west coast is very likely during next 2 days. Under its influence:

i) Widespread rainfall with heavy rainfall at a few places and very heavy rainfall with extremely heavy falls at isolated places very likely over Coastal Karnataka on 21st.

ii) Fairly widespread to widespread rainfall with isolated heavy to very heavy rainfall with extremely heavy falls very likely over south Konkan & Goa on 21st & 22nd September, 2020.

iii) Isolated heavy to very heavy rainfall also very likely over Kerala & Mahe, South Interior Karnataka, Vidarbha and Madhya Maharashtra on 21st September, 2020.

♦ Due to convergence of strong moist winds in lower tropospheric levels from Bay of Bengal, widespread rainfall with heavy to very heavy falls also likely over Sub-Himalayan West Bengal & Northeastern states during 21st-23rd September. Isolated extremely heavy falls are likely over Arunachal Pradesh and Assam & Meghalaya on 21st & 22nd and over Sub-Himalayan West Bengal & Sikkim on 22nd September, 2020.

♦ Moderate thunderstorm with lightning very likely at isolated places over Bihar, East Madhya Pradesh, south Rajasthan, Gujarat State, Odisha, Chhattisgarh, Sub-Himalayan West Bengal & Sikkim, Mizoram & Tripura, Interior Maharashtra, Telangana and Coastal Andhra Pradesh during next 12 hours.

Extended range Model Guidance

Forecast Rainfall (mm/day)
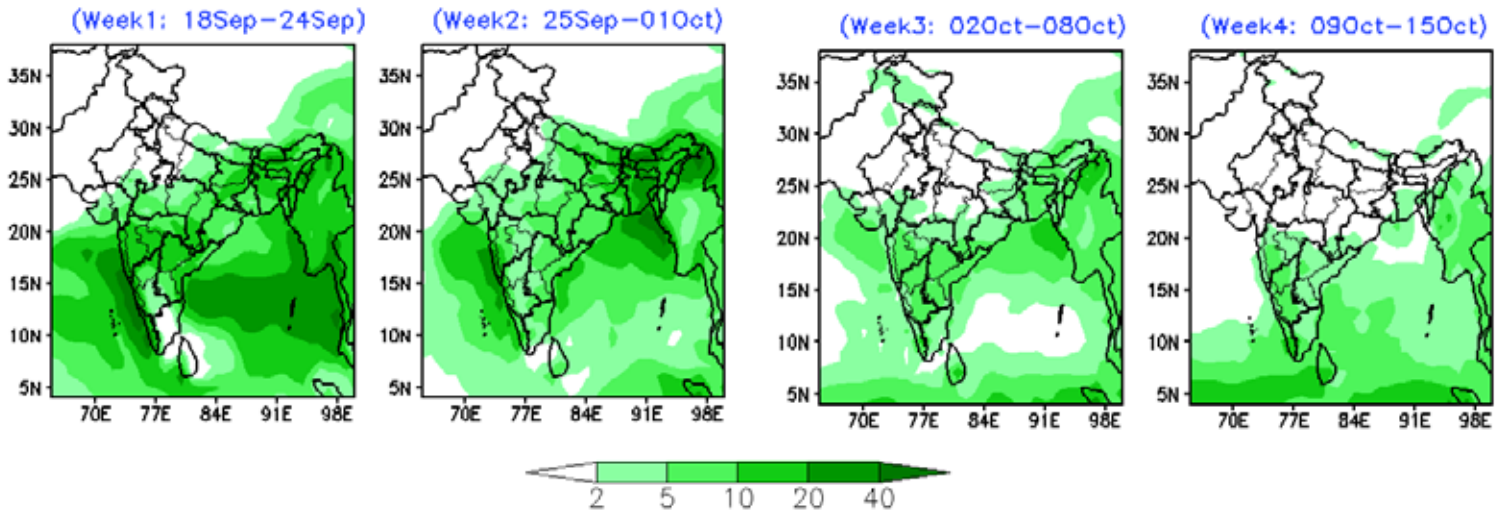
Forecast Rainfall Anomaly (mm/day)
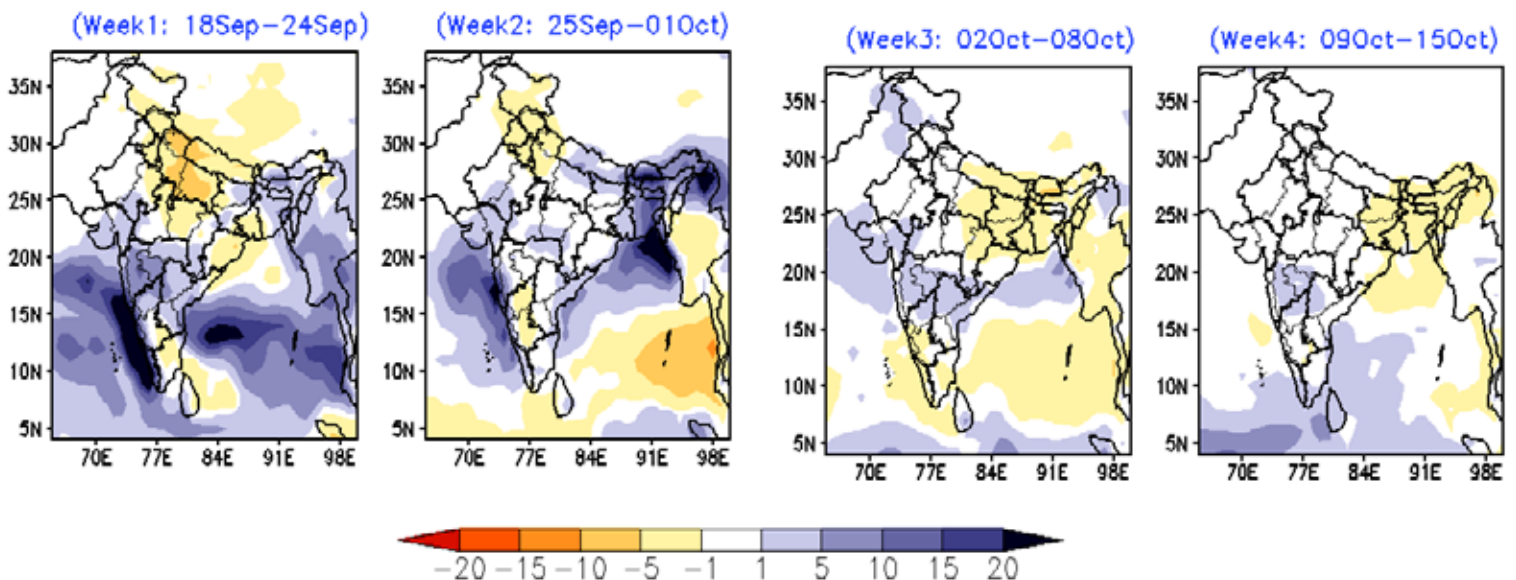
Weather Forecast for next 5 days* upto 0830 hours IST of 26th September, 2020

♦ Meteorological sub-division wise detailed 5 days precipitation forecast is given in Table-1.

♦ No significant change in temperatures very likely over most parts of the country during next 3-4 days.

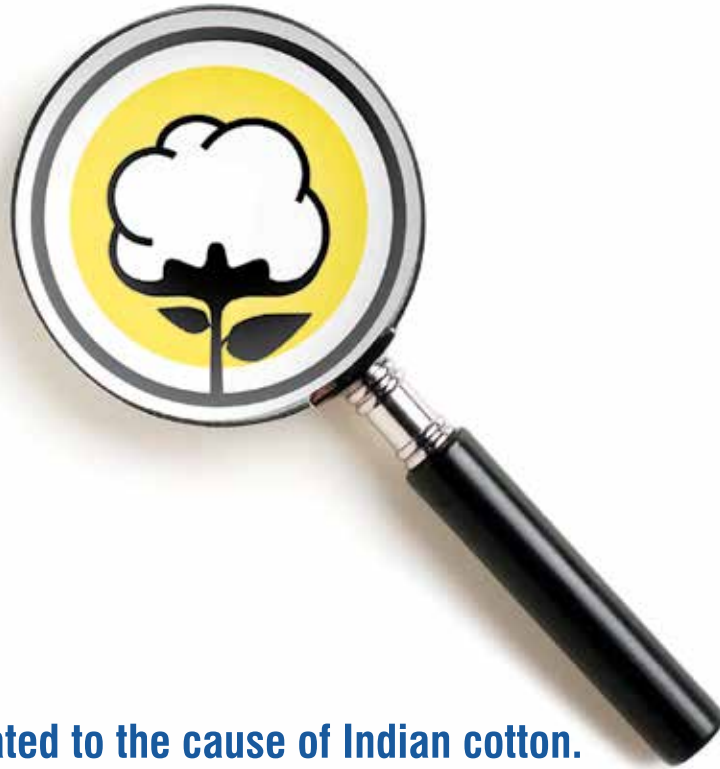**Weather Outlook for subsequent 2 days from 26th September, 2020 to 28th September, 2020.**

♦ Fairly widespread to widespread rainfall over Northeast & adjoining East India and Maharashtra with isolated heavy to very heavy falls likely over Northeast India and adjoining East India. Isolated to scattered rainfall activity rest parts of the country except parts of northwest India where mainly dry weather is likely.

Table-1

5 Day Rainfall Forecast (MORNING)
21-September-2020

Met-Sub-Division	21-Sep Today	22Sep Tue	23Sep Wed	24Sep Thu	25Sep Fri
1. Andaman & Nicobar Islands	FWS	SCT	SCT	FWS	FWS
2. Arunachal Pradesh	WS	WS	WS	WS	WS
3. Assam & Meghalaya	WS	WS	WS	WS	WS
4. N. M. M. & T.	WS	WS	WS	WS	WS
5. S.H. West Bengal & Sikkim	WS	WS	WS	WS	WS
6. Gangetic West Bengal	WS	FWS	SCT	FWS	FWS
7. Odisha	WS	FWS	SCT	SCT	SCT
8. Jharkhand	FWS	WS	FWS	SCT	SCT
9. Bihar	SCT	WS	WS	WS	WS
10. East Uttar Pradesh	ISOL	FWS	WS	WS	WS
11. West Uttar Pradesh	ISOL	SCT	DRY	DRY	DRY
12. Uttarakhand	ISOL	SCT	SCT	SCT	SCT
13. Haryana, Chd & Delhi	ISOL	SCT	ISOL	ISOL	ISOL
14. Punjab	DRY	ISOL	ISOL	DRY	DRY
15. Himachal Pradesh	DRY	DRY	DRY	DRY	DRY
16. J & K and Ladakh	DRY	DRY	DRY	DRY	DRY
17. West Rajsthan	ISOL	DRY	DRY	DRY	DRY
18. East Rajasthan	ISOL	ISOL	SCT	SCT	SCT
19. West Madhya Pradesh	FWS	WS	WS	FWS	FWS
20. East Madhya Pradesh	WS	WS	FWS	FWS	FWS
21. Gujarat Region	SCT	SCT	FWS	SCT	SCT
22. Saurashtra & Kutch	ISOL	ISOL	ISOL	ISOL	ISOL
23. Konkan & Goa	WS	WS	WS	WS	WS
24. Madhya Maharashtra	WS	FWS	FWS	SCT	SCT
25. Marathawada	WS	FWS	FWS	SCT	SCT
26. Vidharbha	WS	WS	SCT	SCT	SCT
27. Chhattisgarh	WS	FWS	SCT	SCT	SCT
28. Coastal A. P. & Yanam	FWS	SCT	SCT	SCT	SCT
29. Telangana	WS	FWS	FWS	SCT	SCT
30. Rayalaseema	SCT	SCT	ISOL	ISOL	ISOL
31. T.N.,Puducherry & Karaikal	SCT	ISOL	ISOL	ISOL	ISOL
32. Coastal Karnataka	WS	WS	WS	FWS	FWS
33. North Interior Karnataka	WS	WS	SCT	SCT	SCT
34. South Interior Karnataka	WS	FWS	WS	WS	WS
35. Kerala & Mahe	WS	FWS	FWS	FWS	FWS
36. Lakshadweep	WS	FWS	FWS	FWS	FWS

% Station Reporting Rainfall

% Stations	Category	% Stations	Category
76-100	Widespread (WS/Most Places)	26-50	Scattered (SCT/ A Few Places)
51-75	Fairly Widespred (FWS/ Many Places)	1-25	Isolated (ISOL)
No Rain	Dry		

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	Spot Rate (Upcountry) 2019-20 Crop September 2020					
								14th	15th	16th	17th	18th	19th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	10067 (35800)	10011 (35600)	10011 (35600)	10011 (35600)	10011 (35600)	10011 (35600)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	10264 (36500)	10208 (36300)	10208 (36300)	10208 (36300)	10208 (36300)	10208 (36300)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	6411 (22800)	6327 (22500)	6327 (22500)	6327 (22500)	6327 (22500)	6327 (22500)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	6917 (24600)	6946 (24700)	6946 (24700)	6946 (24700)	6946 (24700)	6946 (24700)
5	M/M (P)	ICS-104	Fine	24mm	4.0 – 5.5	4%	23	8548 (30400)	8577 (30500)	8577 (30500)	8577 (30500)	8577 (30500)	8577 (30500)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	9870 (35100)	9926 (35300)	9926 (35300)	9926 (35300)	9926 (35300)	9954 (35400)
7	M/M(P)/ SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	7902 (28100)	7930 (28200)	7930 (28200)	7930 (28200)	7930 (28200)	7930 (28200)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	10123 (36000)	10179 (36200)	10179 (36200)	10179 (36200)	10179 (36200)	10208 (36300)
9	M/M(P)/ SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	8183 (29100)	8211 (29200)	8211 (29200)	8211 (29200)	8211 (29200)	8211 (29200)
10	M/M(P)/ SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	9392 (33400)	9420 (33500)	9420 (33500)	9420 (33500)	9420 (33500)	9420 (33500)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	10208 (36300)	10264 (36500)	10264 (36500)	10264 (36500)	10264 (36500)	10292 (36600)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	9983 (35500)	10011 (35600)	10011 (35600)	10011 (35600)	10011 (35600)	10011 (35600)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	10067 (35800)	10095 (35900)	10095 (35900)	10095 (35900)	10095 (35900)	10095 (35900)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	10039 (35700)	10067 (35800)	10067 (35800)	10067 (35800)	10067 (35800)	10067 (35800)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	10264 (36500)	10320 (36700)	10320 (36700)	10320 (36700)	10320 (36700)	10348 (36800)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	10264 (36500)	10292 (36600)	10292 (36600)	10292 (36600)	10292 (36600)	10292 (36600)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	10320 36700	10348 36800	10348 36800	10348 36800	10348 36800	10348 36800
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	10320 (36700)	10348 (36800)	10348 (36800)	10348 (36800)	10348 (36800)	10348 (36800)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	10461 (37200)	10489 (37300)	10489 (37300)	10489 (37300)	10489 (37300)	10489 (37300)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	10545 (37500)	10573 (37600)	10573 (37600)	10573 (37600)	10573 (37600)	10573 (37600)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	10601 (37700)	10629 (37800)	10629 (37800)	10629 (37800)	10629 (37800)	10629 (37800)
22	SA/TL/ K / TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	10686 (38000)	10714 (38100)	10714 (38100)	10714 (38100)	10714 (38100)	10714 (38100)
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	10770 (38300)	10798 (38400)	10798 (38400)	10798 (38400)	10798 (38400)	10798 (38400)
24	M/M(P)	ICS-107	Fine	34mm	3.0 - 3.8	4%	33	14819 (52700)	14847 (52800)	14847 (52800)	14847 (52800)	14847 (52800)	14847 (52800)
25	K/TN	ICS-107	Fine	34mm	3.0 - 3.8	3.5%	34	15100 (53700)	15129 (53800)	15129 (53800)	15129 (53800)	15129 (53800)	15129 (53800)

Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]

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