Weekly Publication of

Cotton Association of India

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Cotton Statistics And News

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A Crucial Week Ahead for Kharif Crops

While sowing of kharif crops has picked up on improved rains over the past 10 days, it is yet to ease concerns over the impact on growth in agriculture.

Rain in the next few weeks will be crucial in determining the kharif crop output, though it is too early to arrive at any conclusion. Rains in July have always been a defining feature for drought in the country.

The South-West monsoon, the lifeline of the country's agriculture, arrived late by five days and its subsequent progress has been sluggish, resulting in a deficit of 23 per cent so far.

Though the entire country was covered by the monsoon four days in advance, the deficit has delayed sowing of key crops such as rice, pulses, coarse cereals and oilseeds. However, the planting of cash crops such as sugarcane, cotton and jute has largely been normal.

In the past 10 days, the actual rainfall has been one per cent higher compared with the normal of 63.4 mm, with large parts of the country ranging from Gujarat across Madhya Pradesh, Rajasthan, Uttar Pradesh, Chhattisgarh, West Bengal, Jharkhand and Orissa receiving good showers, resulting in a pick up of kharif planting.

The India Meteorological Department has forecast that dry conditions will prevail, considered crucial for the kharif crops. But it depends on the actual rainfall that may occur during the period. The weather body has predicted that El Nino, which creates drought-like conditions in India, may emerge sometime towards the end of August, by which time sowing should be complete.

However, cash crops such as cotton and sugarcane have witnessed a rise in acreage. Cotton acreage has increased in Andhra Pradesh and Maharashtra, while in Punjab, Haryana and Rajasthan it has dipped as farmers have shifted to more lucrative crops such as guar.

Cotton Sowing (in lakh Ha)

State	NormalArea**	This Year	Last Year
Maharashtra	24.63	25.11	17.51
Gujarat	13.23	8.57	7.70
Andhra Pradesh	9.94	10.94	9.83
Total*	**70.43**	**65.22**	**59.22**

* Includes other States
** *Avg.of 3 years*

Overall Kharif Acreage (in lakh Ha)

Crops	Normal Area	This Year	Last Year	Change
Rice	111.63	96.79	120.4	-23.61
Coarse Cereals	79.82	39.76	74.39	-34.63
Pulses	32.88	20.54	32.83	-12.29
Oilseeds	78.33	67.70	86.97	-19.27
Sugarcane	46.97	52.85	50.77	2.08
Cotton	**70.43**	**65.22**	**59.22**	**6.00**
Jute+Mesta	8.00	8.18	8.79	-0.61
Total Kharif Acreage	**428.06**	**351.04**	**433.37**	**-82.34**

(Source: Business Line - 15.07.2012)

ICAC Preliminary Agenda for 71st Plenary Meeting

The ICAC has approved the preliminary agenda for its 71st Plenary Meeting to be held from 7-12 October 2012 in Switzerland. The meeting will focus on developing an understanding within the cotton value chain of the meaning of "Sustainability," a term that is often used but rarely defined. The role of the ICAC in the discussion of sustainability is to showcase best practices, enable information exchange and to facilitate cooperation so as to provide options for more sustainable farming, ginning and spinning methods.

Additional sessions will be held on the outlook for world fiber supply, use and prices, demand enhancement, contract fulfillment and biotechnology, among other topics. Meetings of the Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP), the Private Sector Advisory Panel (PSAP), the Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC), the International Forum for Cotton Promotion (IFCP) and the Roundtable on Biotechnology in Cotton will be held adjacent to the plenary meeting.

The 71st Plenary Meeting of the ICAC will provide an opportunity for government officials, members of the Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP), and representatives of the private sector to engage in a structured discussion of the concept of sustainable development and how this concept can be applied to the world cotton industry. The entire supply chain will be considered, not just the agricultural segment. Due regard for the differences between developed and developing countries and between producing and consuming countries will be considered.

Plenary meeting participants will be able to discuss different technologies and techniques and their impacts on yields, resource use, the local environment, and profitability. The objective of the plenary meeting is not to determine which techniques are better. Rather, choices will be left to farmers, ginners, merchants and textile mills based on their local conditions and priorities.

The role of the ICAC in the discussion of sustainability is to showcase best practices, enable information exchange and to facilitate cooperation so as to provide options for more sustainable farming, ginning and spinning methods.

Approximately 500 participants from 40 countries and 8 international organizations will be participating in the meeting. The preliminary agenda, registration for the meeting and hotel information are available on the web at www.icac.org

(Source: ICAC)

Relaunched Textile Upgrade Fund Scheme Gets Good Response

The relaunched Technology Upgradation Fund Scheme (TUFs) for the textile sector, offering subsidised funding for modernisation, has received an encouraging response so far, unlike last year, Shri A B Joshi, Textile Commissioner stated. The applications seeking subsidy for over Rs 3,500 crore, for 2,800 aspirants. In all of last year, subsidy worth only Rs 1,018 crore was sanctioned, due to poor response.

A sum of Rs 7,052 crore has been sanctioned under the restructured TUFs, relaunched last month in its third phase. The money was to be used in the 12th five-year Plan (2012-17), though this is yet to be officially finalised.

The scheme provides reimbursement of five per cent of the interest charged by lending agencies for facilitating investment in modernisation of textile and jute industries. It is being operated through major government banks, the Small Industries Development Bank of India and the Industrial Finance Corporation of India.

The ministry had allocated Rs 1,972 crore for this in 2011-12 but was able to approve a subsidy value of only Rs 1,018 crore, or a little over 50 per cent only. However, the remaining amount of Rs 954 crore was added to the Rs 3.614 crore earmarked for this year.

The scheme was hugely successful in its first phase, 1999-2010, when Rs 11,200 crore of subsidy was given, generating investment of Rs 2,08,000 crore.

The President of The Clothing Manufacturers Association of India, attributed the weak response in 2011-12 to the restructured TUFs to poor investment in the sector due to a general economic slowing. Apparel demand was hampered due to weak global economic sentiment, with reduced orders from the home market and those in the European Union and America. The EU accounts for 49 per cent of India's overall apparel export.

(Source: Business Standard - 13.07.2012)

Australian Cotton

Although production of cotton in Australia is relatively small in volume compared to many other major cotton producing countries of the world, Australian cotton has established a reputation for its purity and quality. Production of cotton in the country has been estimated to be just above one million tonnes in 2011-12 by the International Cotton Advisory Committee (ICAC), just about 3.9 percent of the world total production of 26.96 million tonnes (mt). In contrast, China produces about 7.4 mt., India about 5.7 mt., US about 3.39 mt. and Pakistan about 2.35 mt. In the average yield per hectare, however, Australia is far ahead of these countries with an yield of 2045 kg, as against 1339 kg in China, 858 kg in USA, 783 kg in Pakistan and 467 kg in India. The closest to Australia in yield is Brazil with 1420 kg.

It is claimed that farmers' decision to plant cotton in Australia is linked predominantly to water availability and seasonal conditions, rather than price. Profitability from cotton is said to far exceed that from other alternative crops owing to the exceptionally high yields. In fact, yields of about 2250 to 2500 kg are said to be achievable with irrigated cotton production in Australia.

Virtually, all of Australia's cotton crop was being exported and it may continue to be so. The peak shipments of around 1,35,000 to 1,40,000 tonnes per month are expected to run from May through September-October. This peak shipment period incidentally is said to be well timed for China's raw cotton import requirements. This is stated to be one of the key reasons why Australian cotton is so highly favoured by Chinese spinners. A very large share of total exports from Australia is shipped to China. The other major markets for Australian cotton are said to be Indonesia (18 percent) and Thailand (9 percent). The transit time to these markets is also very short, being less than two weeks from place of origin to Chinese main ports.

In regard to quality, most of the Australian cotton, it is stated, is typically shipped against Strict Middling quality parameters with micronaire value in the range of 3.5 to 4.9. Although Australian crop is increasingly producing fibre of 1 5/32" and longer, it is sold and shipped as 1 1/8" staple. According to survey of the spinning mill customers of Australian cotton, it is claimed to be the most contamination free growth in the world and the quality is extremely consistent throughout shipments.

Most of Australian cotton is used in the production of Combed Cotton Yarn (both knitting and weaving yarn) of 30 Ne and finer counts. Further, spinning mill customers from China, Thailand, Indonesia, Korea, Japan and India are stated to have revealed that Australian cotton was the main fibre in production of yarns in the 40-59 Ne count range. Around 5 percent of Australian Upland Cotton is claimed to fall into the "Australian Long Staple" category of 1 1/4" and longer, with commercial trials indicating that this is suitable for production of 60-70 Ne yarns. Although the small quantity of Pima cotton grown in Australia shows outstanding fibre characteristics when compared with other ELS growths, Australia is not able to expand its production due to lack of large scale roller ginning infrastructure.

Increasing volumes of Australian cotton are shipped with "Best Management Practices (BMP)" certification. This certifies that cotton is grown on "BMP" farms that have been independently audited to comply with certain environmental and social standards. An increasing number of brands are claimed to be becoming aware of the BMP programme, and the benefits of Australian cotton in general. When combined with high quality of yarns and fabrics produced, this becomes a unique selling point for 100 percent Australian BMP Cotton Yarns. To obtain a BMP certificate as part of their shipping documents, mills have to ensure that "BMP Cotton" is specified throughout the bid process and is included as a specific term in their purchase contract.

India cotton seen rising on strong demand, lower rains

Cotton prices are rising across India on concerns that the fibre output in the next season could be lower, which prompted yarn makers to buy aggressively from the spot market, a trader based in western Gujarat stated.

Cotton cultivation in India, the world's second-biggest producer, is likely to fall in 2012/13 from last year, as patchy rains in key growing areas and better returns from competing crops like soybeans could prompt farmers to reduce areas under the fibre cultivation.

The country has so far received 22 percent lower rainfall since the beginning of the monsoon season on June 1, weather department data showed. Most farmers in India plant cotton in June-July with the arrival of monsoon rains and begin harvesting after October-November.

UPCOUNTRY SPOT RATES

(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
July 2012

Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	16th	17th	18th	19th	20th	21st
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	12120 (43100)	12176 (43300)	12176 (43300)	12176 (43300)	12176 (43300)	12176 (43300)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	12485 (44400)	12513 (44500)	12513 (44500)	12513 (44500)	12513 (44500)	12513 (44500)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	8211 (29200)	8492 (30200)	8492 (30200)	8492 (30200)	8520 (30300)	8520 (30300)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	8830 (31400)	9111 (32400)	9111 (32400)	9111 (32400)	9139 (32500)	9139 (32500)
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	9814 (34900)	9954 (35400)	9814 (34900)	9926 (35300)	10011 (35600)	10011 (35600)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	9505 (33800)	9786 (34800)	9786 (34800)	9673 (34400)	9729 (34600)	9729 (34600)
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	10095 (35900)	10179 (36200)	10067 (35800)	10179 (36200)	10264 (36500)	10264 (36500)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	9758 (34700)	10039 (35700)	10039 (35700)	9926 (35300)	9954 (35400)	9954 (35400)
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	10095 (35900)	10236 (36400)	10123 (36000)	10236 (36400)	10348 (36800)	10348 (36800)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	10292 (36600)	10573 (37600)	10573 (37600)	10461 (37200)	10461 (37200)	10461 (37200)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	10264 (36500)	10601 (37700)	10601 (37700)	10489 (37300)	10517 (37400)	10517 (37400)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	10489 (37300)	10770 (38300)	10770 (38300)	10657 (37900)	10657 (37900)	10657 (37900)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	10376 (36900)	10714 (38100)	10714 (38100)	10601 (37700)	10601 (37700)	10601 (37700)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	10686 (38000)	10967 (39000)	10967 (39000)	10854 (38600)	10854 (38600)	10854 (38600)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	11192 (39800)	11473 (40800)	11473 (40800)	11360 (40400)	11417 (40600)	11417 (40600)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	11332 (40300)	11473 (40800)	11473 (40800)	11332 (40300)	N.Q.	N.Q.
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	14763 (52500)	14904 (53000)	14904 (53000)	14763 (52500)	14904 (53000)	14904 (53000)

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