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**Cotton
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Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 3006 3400
Fax: 2370 0337
Email: cai@caionline.in
www.caionline.in

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Cotton Statistics And News

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Cotton Area may Go Up Significantly in 2011-12 - Report

A report quoting the data available with the Cotton Corporation of India (CCI) states that the area under cotton is set to show a significant increase in 2011-12 compared to 2010-11. It is stated that the north zone comprising the States of Punjab, Haryana and Rajasthan has witnessed a sharp rise of 20 per cent from the 2010-11 area of 13.6 lakh hectares. During 2010-11, the area had witnessed a 7.6 per cent fall from the previous year's 14.6 lakh hectares. Sowings are almost complete in this zone.

The recent revival of rains is reported to have facilitated the resumption of cotton sowings in the central zone comprising the States of Gujarat, Maharashtra and Madhya Pradesh. This zone is expected to see an increase of 8-10 per cent in cotton area from the 2010-11 area of 72.6 lakh hectares. In this zone, the area had gone up by 7.7 per cent in 2010-11 to 72.6 lakh hectares from the previous year's 67.4 lakh hectares. Sowings in this zone can extend upto the end of July. About 60-65 per cent of the country's total cotton production emanates from this zone.

Bulk of the sowings are yet to take place in the south zone comprising the States of Andhra Pradesh, Karnataka and Tamil Nadu where sowings may go up to October-November.

The main reasons for the expected sharp increase in cotton area during 2011-12 are two. One is the high cotton prices obtained by farmers in 2010-11 which enabled them to realise higher net returns per hectare from cotton compared to most other competing crops. The second is hike of the minimum support price (MSP) recently announced by the Government for 2011-12. The increase comes to Rs. 300 per quintal of kapas with the price fixed at Rs. 2,800 and Rs. 3,300 per quintal for medium and long staple cotton respectively.

All in all, the expectation is that the area under cotton may reach 120 lakh hectares in 2011-12 as compared to 111.6 lakh hectares in 2010-11.

(Source: *Business Standard* 14.07.2011)

Bill on Cotton Exports to be Introduced

The Government is set to introduce the Cotton Development Bill in the winter session of Parliament. The legislation will outline the strategy for cotton exports with a proposal to establish the office of director general for cotton intelligence.

Commerce, Industry and Textile Minister has said that there would be inter-ministerial talks next month to take a comprehensive view on cotton exports. The inter-ministerial talk will review the cotton arrivals data, including the surplus, before allowing exports beyond the ceiling of 65 lakh bales for the current cotton season. Also, cotton arrival data maintained by the Cotton Advisory Board will be studied. The Minister added that he would recommend the restoration of tax refunds on cotton yarn exports with effect from April 1, 2011. The tax benefit was withdrawn in April 2010 after which the industry has been emphasising on an estimated loss of Rs.11,000 crore in the sector due to measures like withdrawal of export incentives, restrictions on exports, and imposition of excise duty.

The Minister also indicated that after the expiry of the tax incentive DEPB scheme on September 30, a robust form of the duty drawback would be introduced to compensate losses of the exporters due to withdrawal of DEPB scheme.

Source: *Financial Express* - 16.07.2011

Cotton Exporters of India Bullish - Report

Even as the international demand for cotton weakens, exporters who have been given export allocation for over 9.3 lakh bales are reported to be bullish about the market. This is said to be mainly because of the domestic cotton prices which are about 10 per cent lower than the world cotton prices. The Association's President has also shared the same view stating that export was good since international cotton prices are bearish but Indian exporters have an advantage owing to cheaper domestic prices.

The Directorate General of Foreign Trade has recently published the data of the quantity allocated to over 227 applicants for export. Out of the total export quota of 1.70 lakh tonnes (10 lakh bales) for the season ending September, the Government has allocated 1,58,461 tonnes (about 9.32 lakh bales). The remaining quantity of 11,539 tonnes (about 67,849 bales) is said to have been sequestered because 84 exporters have moved the Court against, what they claim, the stringent export norms.

It is stated that once the final orders are received,

further action will be taken either to allot the same as per orders of the High Court or, in the alternative, allot the quantity (or the balance quantity as the case may be) among the two public sector applicants to the DGFT, viz, Cotton Corporation of India (CCI) and the Minerals and Metals Trading Corporation (MMTC). Such contingent allotment becomes necessary because the Government has mandated export of these additional 10 lakh bales in the current cotton year and neither there would be time to go through another round of allocation by inviting fresh applications, nor such a small quantity be commercially viable for a fresh round of allocation, according to the DGFT notification.

China, Taiwan, Bangladesh and Pakistan would be the major markets for Indian cotton, according to exporters. Currently, the world cotton prices are said to be ruling at about 120 US Cents per pound. This is equivalent to about Rs. 41,500 per candy whereas the preferred cotton for export, Shankar-6 is priced at about Rs. 37,000 per candy, giving Indian exporters an edge, it is stated.

CONSUMPTION OF COTTON BY TEXTILE MILLS (COTTON YEAR – WISE) – Non SSI (lakh bales)

Months	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10(P)	2010-11(P)
NON SSI									
October	12.45	10.92	12.97	13.97	15.74	16.40	14.93	16.60	19.42
November	11.69	11.90	12.49	13.60	16.15	15.20	15.26	16.77	18.74
December	12.62	12.97	13.83	14.75	16.74	16.91	16.23	17.66	19.79
January	12.38	12.95	13.16	14.84	16.52	16.69	15.43	17.67	19.07
February	11.41	12.44	12.77	13.80	15.41	16.33	14.66	16.84	17.80
March	12.21	13.04	13.75	15.49	16.56	16.59	15.74	17.59	18.40
April	11.71	12.52	13.60	14.87	16.29	16.18	15.45	18.68	
May	12.37	12.75	14.05	15.30	16.08	17.05	16.12	19.03	
June	11.40	12.61	13.89	15.17	16.07	16.66	16.27	18.81	
July	11.80	12.94	14.04	15.78	16.52	16.63	17.26	20.04	
August	11.31	12.86	15.73	16.30	16.70	15.88	16.91	19.46	
September	11.07	12.49	13.70	16.23	16.13	15.15	16.68	19.21	
TOTAL									
(Oct-Ma)	142.42	150.39	163.98	180.10	194.91	195.67	190.94	218.36	113.22 (103.13)
SSI Units	11.63	12.99	16.57	18.85	21.27	22.08	20.22	21.23	
Non-Mill consumption*	14.78	13.71	14.40	20.00	15.88	19.13	19.00	20.00	
Total Consumption	168.83	177.09	195.03	218.95	232.03	236.88	230.15	257.76	
Cotton Production*	136.00	179.00	243.00	241.00	280.00	307.00	290.00	295.00	312.00

Note : * - As per CAB meeting P = Provisional .

Figures in the bracket indicate the corresponding figure of the previous year.

Source: Office of the Textile Commissioner, Mumbai.

Did You Know?

- The Indian textile and clothing industry contributes 4 per cent of the country's gross domestic product (GDP).
 - It has a share of 14 per cent in the country's industrial production.
 - It takes a share of 12 per cent in export earnings. With the value of textile and clothing exports surpassing the value of their import requirements, the textile and clothing industry is a net earner of foreign exchange for the country.
 - It provides direct employment to 35 million workers, the largest in manufacturing sector.
 - The organised mill industry in the Indian textiles sector has been making steady growth over the years. At present, it has 1960 spinning mills, 185 composite mills and 183 exclusive weaving mills. The number of spinning mills has gone up by 23 per cent during the last four years. The number of spindles and rotors has gone up by 14 per cent each.
 - Spinning mills in the organised sector are of world class in terms of both technology and production efficiency. This sector is highly capital intensive and therefore constitutes a major chunk of the total investments in overall textiles and clothing industry of India. Of the total investments of Rs. 67,000 crore after the inception of the Technology Upgradation Fund Scheme (TUFS) in 1999, over 50 per cent has been in this sector.
 - India's spinning capacity constitutes 20 per cent of world spindles and 9 per cent of world rotors.
- The share of Indian textile industry in the world production of spun yarn is over 13 per cent, the highest after China. There was huge expansion of spinning capacity in recent years with over two million spindles being added every year.
- Indian textile and clothing industry has a strong and diverse raw material base, with 14 per cent of world's production of textile fibres and yarn.
 - India is the second highest producer, consumer and exporter of cotton and cotton yarn. It has an 18 per cent share of world cotton yarn exports.
 - India's textile and clothing industry is a unique blend of tradition and technology.
 - Cotton is the mainstay of the Textile and Clothing industry of India. It has a share of 60 per cent as compared to 40 per cent share in global consumption.
 - Cotton consumption is increasing faster than production. India's cotton production and consumption is the second highest in the world, after China.
 - India has a share of 22 per cent in world cotton production touching 312 lakh bales in 2010-11.
 - The average cotton yield in India rose from about 300 kg per hectare during 2003-2008 to about 500 kg per hectare since then.
 - Shankar-6 is the preferred variety for cotton export. Out of the total export of 83 lakh bales in 2009-10, as much as 50 lakh bales were of Shankar-6.

World Cotton Prices

Monthly average Cotlook A Index (FE) from 2005-06 onwards
(Cotlook Index in US Cents per lb.)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
August	53.23	59.88	66.62	78.04	64.14	90.35
September	53.94	58.82	68.12	77.09	63.99	104.73
October	57.74	57.03	68.93	62.30	66.82	126.55
November	55.87	57.39	69.68	54.96	71.78	155.47
December	56.09	59.43	69.52	55.47	76.78	168.22
January	58.36	59.06	73.21	57.71	77.39	178.93
February	59.66	57.86	75.05	55.21	80.05	213.18
March	57.59	58.42	80.18	51.50	85.80	229.67
April	56.23	57.13	75.44	56.78	88.08	216.52
May	54.35	55.57	74.12	61.95	90.07	165.52
June	55.14	60.61	77.04	61.39	93.04	167.16
July	55.42	67.84	77.29	64.80	--	--

Source: CCI

SNIPPETS

The country's industrial growth is reported to have slowed down to 5.6 per cent in May as against 8.5 per cent growth recorded in the same month last year. The growth in April has been now revised downwards to 5.8 per cent. The cumulative growth rate during the first two months of the current fiscal is placed at 5.7 per cent. The growth during the same period during the previous fiscal was 10.8 per cent. The manufacturing sector, which accounts for over 75 per cent of industrial output, reportedly slowed to 5.6 per cent in May this year compared to 8.9 per cent recorded in the same month a year ago.



The Textile Ministry has fixed a target of \$ 30 billions for exports of textiles and clothing during 2011-12. Although considered to be somewhat ambitious, the Textile Secretary is quoted to have stated that it is quite pragmatic taking into current account the recent trends as the global markets have emerged from the economic downturn. Since the third quarter of 2010-11, overseas buyers are said to be turning to India more and more to meet their requirement, and statistics support substantial growth in exports of textiles and clothing. The exports crossed the target of \$ 25m, billion in 2010-11 with every segment of the industry contributing, especially sectors like cotton yarn.



UPCOUNTRY SPOT RATES

(Rs./Qtl)

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) 2010-11 CROP						
					July 2011						
					16 th	18 th	19 th	20 th	21 st	22 nd	
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	12176N (43300)	12176N (43300)	11895N (42300)	11895N (42300)	11895N (42300)	11895N (42300)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	12317N (43800)	12317N (43800)	12035N (42800)	12035N (42800)	12035N (42800)	12035N (42800)
03.	ICS-102	22mm	V-797	4.5-5.9	19	5343 (19000)	5343 (19000)	5343 (19000)	5343 (19000)	5343 (19000)	5343 (19000)
04.	ICS-103	23mm	Jayadhar	4.0-5	19	7311 (26000)	6749 (24000)	6749 (24000)	6749 (24000)	6749 (24000)	6749 (24000)
05.	ICS-104	24mm	Y-1	4.0-5.5	20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9	23	8717 (31000)	8717 (31000)	8577 (30500)	8577 (30500)	8577 (30500)	8577 (30500)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	7114 (25300)	7311 (26000)	7311 (26000)	7311 (26000)	7311 (26000)	7311 (26000)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	7536 (26800)	7733 (27500)	7592 (27000)	7592 (27000)	7592 (27000)	7592 (27000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	8436 (30000)	8155 (29000)	8155 (29000)	8155 (29000)	8155 (29000)	8155 (29000)
10.	ICS-105	29mm	S-6	3.5-4.9	26	9280 (33000)	8998 (32000)	8858 (31500)	8717 (31000)	8717 (31000)	8717 (31000)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	9983 (35500)	9842 (35000)	9280 (33000)	9139 (32500)	9139 (32500)	9139 (32500)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	12373 (44000)	12373 (44000)	12373 (44000)	12373 (44000)	12373 (44000)	12373 (44000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	16169 (57500)	16169 (57500)	15888 (56500)	15888 (56500)	15888 (56500)	15888 (56500)

Note: Figures in bracket indicate prices in Rs./candy N - Nominal