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# Cotton Statistics And News

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## Cotton Prices Escalate in July

After a sharp uptrend in the two-month period from April to May, cotton prices had moved down in June. However, the easy trend was reversed in July with prices escalating significantly, breaching even the high levels reached in May. The relevant data giving the monthly average prices during the last ten months of the season from October to July in respect of a few representative varieties are given in the accompanying table.

The average prices of the varieties listed above have gone up by Rs. 200 to Rs. 1000 per candy in July compared to June averages, the maximum being in the case of the extralong staple cotton, DCH-32, and the minimum in the case of the medium staple cotton J-34. It is also significant that the average prices in July in most cases exceeded even the higher levels reached in May when the prices were rising.

The spurt in prices during July is apparently because of the rise in demand from mills. With the festive season approaching, the mill activities have gathered momentum and mills have been keen to replenish their raw material inventory. The increase in demand has made the prices dearer. One other reason which might have fuelled price rise seems to be the initial reports about the fall in cotton area in Maharashtra and Gujarat, the two leading cotton producing States. The possibility of lower production because of this fall, on top of a lower production estimate for the current season, might also have prompted mills to go in for larger purchases now.

Reports on progress of sowings had indicated that by the first week of July, the coverage in these two States had been lower by nearly 13 lakh hectares as compared to last year. However, later reports have been that there had been revival of monsoon

rains which have enabled the gap to be considerably narrowed.

Month	Avg. Spot Rate (Rs/Candy)			
	J-34	H-4	S-6	DCH-32
October '08	22500 (17200)	23100 (19100)	23300 (19700)	31900 (29800)
November '08	20400 (18000)	21900 (19100)	22200 (19700)	30600 (28500)
December '08	20400 (18400)	21600 (18900)	21800 (19700)	29000 (28500)
January '09	21000 (19300)	21000 (19800)	21500 (20800)	28200 (29100)
February '09	20100 (19700)	20100 (20500)	20600 (21300)	26800 (30000)
March '09	20600 (20200)	20100 (21200)	20700 (22300)	26500 (31000)
April '09	22400 (20400)	21100 (21600)	22400 (22300)	32100 (31000)
May '09	23100 (22300)	21800 (22700)	23600 (23500)	32200 (31900)
June '09	22900 (25300)	21800 (24700)	23200 (25600)	32000 (32600)
July '09	23100 (27300)	22500 (27800)	23800 (27900)	33000 (33100)

Note : Figures in brackets are prices during 2007-08.

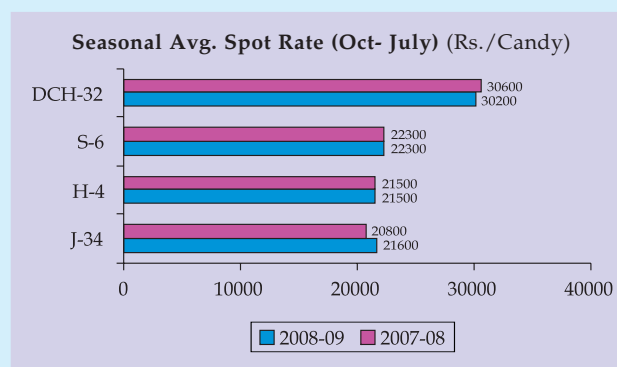
Hitherto, seasonal average prices this year have been higher than last year. This equation has now

changed in the case of some varieties as may be observed from the following data :

Seasonal Avg. Spot Rate (Oct- July) (Rs. / Candy)			
Variety	2007-08	2008-09	Difference
J-34	20,800	21,600	800
H-4	21,500	21,500	-
S-6	22,300	22,300	-
DCH-32	30,600	30,200	(-) 400

While the seasonal average price of J-34 has continued to remain higher, price of DCH-32 has

been lower while the seasonal average prices this year have been the same as last year in the case of H-4 and S-6.



## Sharp Rise in Per Capita Availability of Cloth

The Indian textile industry indeed had a chequered past with frequent ups and downs but it did make commendable progress in expansion. In recent years, particularly after the introduction of the Technology Upgradation Fund Scheme in 1999 and the industry going for exports in a big way, it has also undergone considerable modernisation which was imperative for competing in the international markets. Resultantly, the industry's output has risen remarkably both in quantity and quality and the per capita availability of cloth in the country rose substantially in spite of a rapid growth in population.

The official data for the last two decades or so indicate that between 1991-92 and 2007-08, the per capita availability rose by a hefty 83 per cent. Even during the last five years, the increase has been a substantial 35 per cent. The relevant data are given below :

Per Capita Cloth Availability (sq. mtrs.)				
Year	Cotton	Non-Cotton	Blended	Total
1991-92	13.71	6.26	2.90	22.87
2001-02	14.82	12.46	4.69	31.97
2002-03	14.40	12.59	4.38	31.37
2003-04	13.41	13.09	4.51	31.01
2004-05	14.08	15.32	4.11	33.51
2005-06	16.37	15.41	4.32	36.10
2006-07	17.90	17.01	4.69	39.60
2007-08	19.01	18.03	4.81	41.85

Apart from the overall availability, the fibre-wise break-up reveals some interesting facts. For instance, while the total availability between 1991-92 and 2007-08 rose by 83 per cent, the availability of cotton cloth rose by only 39 per cent. In contrast,

the availability of 100% non-cotton cloth increased by as much as 188 per cent. In other words, the synthetic cloth availability almost nearly tripled between 1991-92 and 2007-08. The synthetics, especially polyester, with their gloss and durability, eclipsed the natural fibre's attractiveness. This is borne out by the fact that the per capitability of cotton cloth showed a decline from 16.32 metres in 1995-96 to 13.41 metres in 2003-04 before it started moving up from 2004-05. On the other hand, availability of synthetics made a steady and remarkable growth from 6.72 metres in 1993-94 to 18.03 metres in 2007-08.

It is also significant to note that there has been a reversal of this trend during the last five years. For instance, while cotton cloth availability recorded a rise of 42 per cent during this period, the availability of synthetic cloth made a lower growth of 38 per cent. This is indicative of the successful competition offered by the natural fibre in regaining its popularity among consumers, although the relative price factor also might have played a role. In fact, it has been evident that cotton is coming back in favour mainly because of its wearing comfort. Reports go to show that several consumer surveys have indicated that cotton is the preferred fibre for next-to-skin wear including sportswear, kidwear, etc. Additionally, cotton has been making its way to the fashion wear segment also.

It is to be noted that a major breakthrough in cotton production in India has occurred since 2002-03 after the introduction of Bt cottons coinciding with the period of the natural fibre coming back to favour. What is now needed is apparently the sustained production of cotton to meet the rising demand and to maintain its price at a competitive level with synthetics.

## UPCOUNTRY SPOT RATES

2008-09

JULY 2009	BD(RG) A.Commla	BD SG	V-797	Jayadhar	Y-1	J-34	NHH-44	LRA-5166	H-4 / MECH-1	Shankar-6	Bunny/ Brahma	MCU-5 / Surabhi	DCH-32	ICC
	ICS-101 22 mm 5.0-7.0 15	ICS-201 22 mm 5.0-7.0 15	ICS-102 22mm 4.5-5.9 19	ICS-103 23 mm 4.0-5.5 19	ICS-104 24 mm 4.0-5.5 20	5CS-202 27 mm 3.3-4.9 23	IICS-105 25 mm 3.5-4.9 22	ICS-105 27 mm 3.5-4.9 24	ICS-105 28 mm 3.5-4.9 25	ICS-105 29 mm 3.5-4.9 26	ICS-105 31 mm 3.5-4.9 27	ICS-106 33 mm 3.3-4.5 28	ICS-107 35 mm 2.8-3.6 31	ICS-301 26 mm 3.7-4.3 25
1	23400	24100	17800	18200	21000	23200	21000	21300	21900	23200	23100	23900	32400	22000
2	23300	24000	17900	18200	21000	23100	21200	21500	22200	23300	23200	23900	32900	22200
3	23300	24000	18000	18200	21000	23100	21200	21500	22200	23400	23200	23900	32900	22200
4	23200	23900	18000	18200	21000	23000	21200	21500	22200	23400	23200	23900	32900	22200
6	23200	23900	18000	18200	21000	23000	21200	21500	22200	23400	23200	23900	32900	22200
7	23200	23900	18000	18200	21200	23000	21200	21700	22400	23800	23200	23900	32900	22400
8	23200	23900	18000	18200	21200	23000	21200	21700	22400	23800	23200	23900	32900	22400
9	23200	23900	18000	18200	21200	23000	21200	21700	22500	23900	23500	24000	32900	22500
10	23200	23900	18000	18200	21200	23000	21200	21700	22500	23900	23500	24000	32900	22500
11	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....	.....
13	23300	24000	18200	18300	21400	23200	21400	21800	22600	24000	23600	24100	33000	22600
14	23300	24000	18200	18300	21400	23200	21400	21800	22600	24000	23600	24100	33000	22600
15	23300	24000	18300	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
16	23300	24000	18300	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
17	23300	24000	18300	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
18	23300	24000	18300	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
20	23300	23800	18500	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
21	23300	23800	18500	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
22	23300	23800	18500	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
23	23300	23800	18500	18400	21500	23200	21500	21900	22700	24100	23700	24200	33100	22700
24	23300	23800	18600	18400	21500	23200	21500	21900	22900	24300	23700	24200	33100	22700
25	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....	.....
27	23300	23800	18600	18400	21500	23200	21500	21900	22500	23800	23700	24200	33100	22700
28	23300	23800	18600	18400	21500	23200	21500	21900	22500	23800	23700	24200	33100	22700
29	23300	23800	18400	18400	21500	23200	21500	21900	22500	23800	23700	24200	33100	22700
30	23300	23800	18400	18400	21500	23200	21500	21900	22500	23800	23700	24200	33100	22700
31	23300	23800	18300	18400	21500	23100	21500	21900	22500	23600	23700	24200	33100	22700
H	23400	24100	18600	18400	21500	23200	21500	21900	22900	24300	23700	24200	33100	22700
L	23200	23800	17800	18200	21000	23000	21000	21300	21900	23200	23100	23900	32400	22000
A	23300	23900	18200	18300	21300	23100	21400	21800	22500	23800	23500	24000	33000	22500

H = Highest L = Lowest A = Average

## S N I P P E T S

The Government would be announcing a new foreign trade policy during the second half of August, the Union Minister for Commerce is reported to have stated. The policy is expected to address the various problems faced by exporters, it is stated. Consultations with all stakeholders in this regard are said to be in progress now.



It has reportedly been a 50 per cent rise in investments in the textile industry during 2008-09 compared to the previous fiscal, in spite of the problems faced by the industry. The sector is stated to have attracted an investment of Rs. 46,313 crore in 2008-09 as against Rs.31,161 crore in 2007-08, according to the information given to the Lok Sabha by the Minister of State for Textiles.



With India's export-oriented textiles industry among the worst hit by the global economic

downturn, the Government has thrown it a lifeline by promising to release within three days Rs. 2,546 crore in overdue subsidies under the Technology Upgradation Fund Scheme (Tufs). This is the single-largest subsidy tranche released under the scheme to date and will reimburse textile firms for investments made upto June 30 this year.

According to the Ministry's data, apparel exports have been dwindling in the last seven months. In the first quarter of 2009-10, they dropped 15.4% to \$2.41 billion, compared with \$2.85 billion in the same period last year.

Under Tufs, the Government subsidises new machinery and equipment for textile companies. In Budget 2009-10, allocation to the scheme was raised 188% to Rs. 3,140 crore.



### 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 August 2009						
					1st	3rd	4th	5th	6th	7th	
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	23300	23300	23300	23300	23300	23300
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15	23800	23800	23800	23800	23800	23800
03.	ICS-102	22mm	V-797	4.5-5.9	19	18300	18300	18300	18300	18300	18300
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19	18400	18400	18400	18400	18400	18400
05.	ICS-104	24mm	Y-1	4.0-5.5	20	21500	21500	21500	21500	21500	21500
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23	23100	23100	23100	23100	23100	23100
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	21500	21500	21500	21500	21500	21500
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	21900	21700	21700	21700	21700	21700
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	22500	22500	22500	22500	22500	22500
10.	ICS-105	29mm	S-6	3.5-4.9	26	23600	23400	23400	23400	23400	23400
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	23700	23500	23500	23500	23500	23500
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	24200	24200	24200	24200	24200	24200
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	33100	33100	33100	33100	33100	33100
14.	ICS-301	26mm	ICC	3.7-4.3	25	22700	22400	22400	22400	22400	22400