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# Cotton Statistics And News

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## **Monsoon revival in Central Zone Takes Cotton Area Past Last Year's Level**

Normally, the expectation was that cotton plantings for the 2009-10 season would exceed those of the current season mainly because of the higher prices realised by farmers this year. An indication of this was also given by the plantings of irrigated cotton in the north zone. However, the delayed onset of monsoon and deficiency of rains in the central zone had put a question mark over the area that may be finally planted to cotton. There were doubts whether the area may reach even this year's level. These doubts have now been set at rest with the revival of monsoon and receipt of good rains during the latter half of July. The overall cotton plantings in the country are now reported to be quite encouraging. The State-wise figures of progress in plantings by the first week of August, as available from the Directorate of Cotton Development, which obtains and compiles the data from the State Agriculture Departments are given in the accompanying table:

When the final data on sowings, especially in the South Zone are available, the all-India cotton area is bound to exceed this year's level and may touch about 95 lakh hectares. Another noteworthy fact is that the coverage by Bt cotton during 2009-10 which has already reached 74.35 lakh hectares, can be expected to exceed this year's level of 69 lakh hectares quite significantly. Percentage-wise, this year's coverage was 73 per cent while in 2009-10, the share has already reached 80 per cent.

Although the total planted area under cotton is higher in 2009-10 and the coverage by Bt. cotton is also higher, production may not be higher commensurately. The reason is the deficiency in rainfall. Even now, reports indicate that plants are feeling severe moisture stress and such adverse

State	(in lakh ha)			Area in 2008-09
	Bt	Non-Bt	Total	
Punjab	5.14	0.22	5.36	5.37
Haryana	4.84	0.36	5.20	4.55
Rajasthan	2.35	1.30	3.65	2.23
<b>North Zone</b>	<b>12.33</b>	<b>1.88</b>	<b>14.21</b>	<b>12.15</b>
Gujarat	15.39	9.35	24.74	24.17
Maharashtra	29.40	4.43	33.83	31.33
Madhya Pradesh	6.11	0.33	6.44	6.55
<b>Central Zone</b>	<b>50.90</b>	<b>14.11</b>	<b>65.01</b>	<b>62.05</b>
Andhra Pradesh	9.26	1.00	10.26	13.45
Karnataka	1.77	0.85	2.62	3.90
Tamil Nadu	0.09	0.01	0.10	1.20
<b>South Zone</b>	<b>11.12</b>	<b>1.86</b>	<b>12.98</b>	<b>18.55</b>
Other States	0.0	0.73	0.73	0.98
<b>All-India</b>	<b>74.35</b>	<b>18.58</b>	<b>92.93</b>	<b>93.73</b>

effect at the present stage of crop growth may bring down productivity. Also, with moisture stress, farmers are not likely to apply the needed full dose of fertilisers for optimum productivity, especially in the case of Bt cotton hybrids. It may thus be hazardous to project the crop size with any degree of accuracy at this stage.

### **No Increase in Cotton MSP**

The Cabinet Committee on Economic Affairs, on the recommendations of the Commission for Agricultural Cost & Prices (CACPC), maintained the Minimum Support Price for Cotton for 2009-10 season.

## Backlog Under TUFS Being Cleared

The Textile Ministry has reportedly started clearing the pending backlog on interest subsidy against bank loans disbursed to textile mills under the Technology Upgradation Fund Scheme (TUFS). The Ministry is stated to have released Rs. 607.45 crores against arrears on interest subsidy to banks and other financial institutions (FIs) by the end of June. The amount, according to the Ministry officials, has accrued over the past two years, even after the Ministry clearing interest subsidy to the tune of Rs. 2,632 crore to banks and FIs against their advances in 2008-09 under TUFS. Banks and FIs were reportedly going slow on funding textile mills under TUFS apparently because of not getting reimbursement on interest subsidy from the Government in time.

To correct the situation, the Government has allocated Rs. 3,140 crore during fiscal 2009-10, with a directive that part of the money should be utilised to clear the pending backlog on interest subsidy by June 30, 2009. Of the total allocation, Rs. 250 crore is said to have been set aside exclusively for textile mills in the North-East, leaving a balance amount of Rs. 2,890 crore for mills in the rest of India.

Meanwhile, a related report states that according to the Textiles Minister, the Government has decided to provide some cash to the textile mills which have been reeling under falling demand ever since the global economic slowdown began last year. Accordingly, the Minister is quoted to have stated that the Government will immediately provide Rs. 2,546 crore under TUFS. This will clear dues to the industry under the scheme till June 30. The fund, it is stated, would be transferred electronically through more than 121 FIs and banks to the accounts of 12,514 beneficiaries.

The Textile Minister reportedly also announced the constitution of a 41-member Working Group under the Textiles Secretary to formulate a National Fibre Policy aimed at making the country self-sufficient in fibre consumption and export requirements. The Group is expected to submit its report within three months and the Policy would be announced by the Government by the year-end, as per reports. Reports add that the Textiles Ministry is also proposing roadshows in European countries in October to attract foreign direct investments (FDIs) in the sector.

Incidentally, textile industry contributes about 4 per cent to the country's GDP, 14 per cent to industrial production and 12 per cent to the export earnings.

## RBI Survey Sees Agriculture Growth Slowing Down

The latest survey of Professional Forecasters by the Reserve Bank of India (RBI) has reportedly indicated that agricultural growth during the current fiscal could slow down to 2.5 per cent from 3 per cent projected earlier. The survey is quoted to state that industrial growth could increase to 4.3 per cent from 4.1 while services could grow by 8.3 per cent from the earlier expectation of 7.5 per cent.

From 5.7 per cent in the last survey, the GDP growth has been revised upward to 6.5 per cent. The Central Government deficit is now placed at 6.8 per cent of GDP during 2009-10, the same as projected in the last survey. According to the latest survey, repo rate could be at 5 per cent as against 4.5 per cent in the last survey while reverse repo rate could be at 3.5 per cent compared to 3 per cent in last survey.

Profit growth in the corporate sector has now been revised downwards to 7.5 per cent from 9 per cent forecast earlier. The growth in profit is, however, expected to be higher at 15 per cent in 2010-11, the survey is quoted to have stated.

## Country's Economic Growth Pared to 6 percent

The errant monsoon has cast its shadow on the country's economic growth during 2009-10. As against 7 per cent growth projected at the time of the Budget, the Finance Minister has reportedly pared the growth to 6 per cent plus now. Although the global economy has started stabilising and early signs of recovery were visible in India's economic growth also, delayed and truant monsoon may pull down agricultural growth, it is apprehended.

## Independence Day Celebration by the Association

The Association celebrated 62nd Independence Day on Saturday, the 15th August 2009 in the premises of the Association Building. The Flag Hoisting was performed by Shri Shripatlal Bangdiwala, the seniormost member of the Association.



*CAI President addressing the membes present at the celebration*



*Shri Shripatlal Bangdiwala sharing his views with the members*



*A cross section of members and their families*

CAI President, Shri Dhiren N. Sheth along with Vice-President Shri Nayan C. Mirani and several other members of the Association attended the Flag Hoisting Ceremony and paid tribute to the Nation. National Anthem was sung by all.

Shri Dhiren N. Sheth addressed the gathering and highlighted the contribution of our forefathers to the cotton trade. He thanked Shri Shripatlal Bangdiwala for accepting our invitation to attend the ceremony.

A short patriotic film was also screened in the Conference Room of the Association which relived the freedom struggle of the people who sacrificed their lives to the Nation.



*Flag Hoisting Ceremony performed by Shri Shripatlal Bangdiwala*

## S N I P P E T S

Data released by the Apparel Export Promotion Council (AEPC) has reportedly shown that apparel exports during April-June 2009 amounted to \$2.41 billion, a fall of 15.4 per cent compared to exports worth \$2.85 billion during the corresponding quarter of 2008-09. Exports of cotton garments are stated to have slipped by 14.13 per cent from \$2.17 billion during the first quarter of 2008-09 to \$1.86 billion during the first quarter of 2009-10. The decline was maximum at 29.3 per cent in silk garments, followed by 27.2 per cent in garments from man-made fibres and 7 per cent in woollen garments. The main reason for the fall in garment exports in the continuing demand recession in the global markets.

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Recently released Government data reportedly show that industrial production has bounced back and clocked a healthy growth of 7.8 per cent in June, although predictions on growth had been pessimistic. Significantly, manufacturing activities, the worst affected, grew by an

impressive 7.3 per cent in June over 6.1 per cent last year. Manufacturing makes up about 80 per cent of the index of industrial production (IIP). Owing to the fall in growth in the previous two months, industrial growth during the first quarter (April-June) of the current fiscal was, however, lower at 3.7 per cent compared to 5.3 per cent during the corresponding quarter of 2008-09.

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The National Commodity Derivatives Exchange (NCDEX), it is reported, proposes to start a commodity spot exchange in Gujarat. The proposals in this regard are said to have been submitted to the State Government whose nod is awaited. The commodities to be traded in the proposed new spot exchange will include cotton. Currently, NCDEX operates spot exchanges in four States, viz. Madhya Pradesh, Rajasthan, Maharashtra and Kerala.

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### 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					
					15th	17th	18th	19th	20th	21st
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15		23300	23300		23300	23300
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15	H	23800	23800	M	23800	23800
03.	ICS-102	22mm	V-797	4.5-5.9 19	O	18300	18300	A	18300	18300
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19		18200	18200	R	18200	18200
05.	ICS-104	24mm	Y-1	4.0-5.5 20	L	21500	21500	K	21500	21500
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23		23100	23100	E	23100	23100
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	I	21500	21500	T	21500	21500
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24		21700	21700		21700	21700
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	D	22500	22500	C L	22500	22500
10.	ICS-105	29mm	S-6	3.5-4.9 26	A	23500	23500	O	23500	23500
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	Y	23500	23500	S E	23500	23500
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28		24200	24200	D	24200	24200
13.	ICS-107	35mm	DCH-32	2.8-3.6 31		33100	33100		33100	33100
14.	ICS-301	26mm	ICC	3.7-4.3 25		22400	22400		22400	22400