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Cotton Statistics And News

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Cotton Area May be an All-Time Record in 2009-10 - CAB Estimates

Based on the information provided by the Directorate of Cotton Development, the Cotton Advisory Board (CAB) which met in Mumbai on August 29, 2009, has estimated that cotton area may be an all-time record at close to 100 lakh hectares in the coming season. While plantings so far have touched about 97 lakh hectares, additional two-three lakh hectares are expected to be covered in the south zone where sowings are yet to be completed. The highest area reached so far was 94.14 lakh hectares in 2007-08 and the increase in 2009-10 may be about six per cent if the area touches 100 lakh hectares as expected now.

While the CAB has made revisions in its earlier estimates of area and production during 2007-08, no change has been made in regard to 2008-09. The State-wise details of the estimates of area and production are given in the accompanying table.

As for 2009-10, mainly two factors have apparently pushed up the area to record level. One is that combined with high prices and high yield due to larger coverage by Bt cottons, farmers were able to realise much better net returns from cotton this year encouraging them to bring larger area under the crop. The other that due to erratic monsoon rains, several farmers could not plant some other crops normally grown by them, and they switched on to cotton. Although there is a sizeable increase in area, production may not necessarily be commensurately higher during 2009-10. This is because of the fact that although higher coverage by Bt cotton may be a plus factor for good yields,

State	2007-08		2008-09	
	Area	Production	Area	Production
Punjab	6.04	20.10	5.27	17.50
Haryana	4.83	15.00	4.56	14.00
Rajasthan	3.69	9.00	3.02	7.50
North Zone	14.56	44.00	12.85	39.00
Gujarat	24.22	110.00	23.54	90.00
Maharashtra	31.95	62.00	31.42	62.00
Madhya Pradesh	6.30	20.10	6.25	18.00
Central Zone	62.47	192.00	61.21	170.00
Andhra Pradesh	11.33	46.00	13.99	53.00
Karnataka	4.03	8.00	4.08	9.00
Tamil Nadu	0.99	4.00	1.09	5.00
South Zone	16.35	58.00	19.16	67.00
Other States	0.76	1.00	0.84	2.00
Loose Production	-	12.00	-	12.00
All-India	94.14	307.00	94.06	290.00

Area in lakh hectares; Production in lakh bales

there is also a negative factor in that rains have been insufficient in some tracts, especially in the Central Zone. Much will thus depend on receipt of further rains. Meanwhile, based on the present situation, discussions at the CAB pointed to a crop of about 305 lakh bales as against 290 lakh bales this year.

Besides area and production, CAB has made revisions in exports and imports also during the last two seasons. Based on the latest data from the Directorate General of Commercial Intelligence and Statistics, estimate of exports during 2007-08 has been raised to 88.5 lakh bales from the earlier 85 lakh bales, while it has been reduced to 35 lakh bales in 2008-09 as against 50 lakh bales projected earlier. Exports this year have been hit by both the high prices of Indian cotton and the shrinkage in cotton consumption by the world textile industry.

Consequent on the revisions now made, CAB has drawn up fresh balance sheets for the last two years. These are given below :

Cotton Balance Sheet		
(In lakh bales)		
	2007-08	2008-09
Opening Stock	47.50	35.50
Production	307.00	290.00
Imports	6.38	10.00
Total Supply	360.88	335.50
Mill Consumption	195.67	190.00
Consumption by SSUs	22.08	20.00
Non-mill Consumption	19.13	19.00
Exports	88.50	35.00
Total Demand	325.38	264.00
Carryover Stock	35.50	71.50

It may be noticed that the carryover stock is expected to be more than double the opening stock.

Textile Industry Yet to See Resurgence - ASSOCHAM

Although Indian economy has begun to come out of the slowdown in growth, and major industrial sectors like cement and steel are showing signs of recovery, India's second largest employment provider, the Textile Sector, has not yet given any indication of recovery, according to a study made by the Associated Chamber of Commerce (ASSOCHAM). The study, titled "India Textile Scenario" is stated to have elaborated that this second highest employment generator after agriculture, which provides employment to about 91 million people, contributing about 13 per cent in export earnings and 4 per cent in the country's GDP, is still suffering the heat of global slowdown as indicated by declining exports and massive layoffs.

The study is reported to have pointed out that the economic meltdown in the major export markets of Europe and the US has led to a substantial fall in foreign orders resulting in an estimated loss of about one million jobs during the last few months. Total exports during 2008-09 fiscal registered a decline of 1.7 per cent from

\$22.13 billion to \$21.75 billion with handicraft segment being the worst affected suffering of fall of 48.4 per cent to \$1.80 billion from \$3.5 billion in 2007-08. Although the textile sector saw an increase in investment from Rs. 31,161 crore in 2007-08 to Rs. 49,613 crore in 2008-09, it was 45 per cent lower than the investment of Rs. 90,369 crore in 2006-07.

ASSOCHAM study is quoted to have stated that although there has been a marked improvement in financial position, the sector continues to face serious issues involving transaction and raw material cost. The Government thus needs to focus on infrastructure facility related to the supply chain and provide low cost logistics service to the sector.

Since the sector needs further higher technology induction, the Government has to enhance the allocation under the Technology Upgradation Fund Scheme (TUFS) from Rs. 3140 crore to Rs. 4500 crore and release appropriate funds to clear the existing backlog of subsidy payments under the Scheme.

87th Annual General Meeting of CAI

The 87th Annual General Meeting of the Cotton Association of India will be held on Thursday, the 24th September 2009 at 3.00 p.m. in the Conference Room of the Association, 2nd Floor, Cotton Exchange Building, Cotton Green, Mumbai 400 033.

Trade Policy 2009-14 Provides Fillips to Boost Exports

The trade policy 2009-14 announced by the Government on August 27, provides fillips to exporters in a bid to bring the country's exports back on the growth path. The fillips include a number of measures like tax sops, interest subvention and dollar credit for exporters. Some of the measures are as under :

- To beat the recession in developed countries like the US and Europe, which has seriously affected India's exports, it has been decided to add 26 additional countries in Africa, South America and CIS under the Focus Market Scheme (FMS). Incentives on products under FMS has been increased to 2 per cent from 1.25 per cent of value of exports.
- The Duty Entitlement Passbook Scheme (DEPB) has been extended till December, 2010.
- Two percentage point interest subvention on export finance will continue till March, 2010.
- Banks will now extend dollar credit to exporters.
- Export Oriented Units can import capital goods at zero duty. These units can sell 90 per cent of the output in the domestic market instead of 75 per cent, but over a period of time, 50 per cent of the production has to be exported.
- Limit on value of goods carried for participation in overseas exhibition has been raised to \$5 million from \$2 million. That on samples has been increased to \$1 million from \$0.1 million.

It is proposed to achieve an export figure of \$200 billion in 2010-11 as against \$168 billion in 2008-09, as per reports.

GROWTH OF THE COTTON/MAN-MADE FIBRE TEXTILE MILLS (NON – SSI & SSI)

ITEM	2004-05	2005-06	2006-07	2007-08	2008-09	MAY	
						2008-09	2009-10
<i>No. of Spg. Mills</i>							
Non SSI	1566	1570	1808	1597	1653	1602	1654
SSI	1161	1173	1236	1219	1247	1219	1247
Total	2727	2743	3044	2816	2900	2821	2901
<i>Composite</i>							
Exclusive	223	210	200	176	177	177	177
Total	202	204	204	179	184	184	184
Total	425	414	404	355	361	361	361
<i>Installed Capacity Spindles (Mn. No.)</i>							
Non SSI	34.24	34.14	35.61	35.01	37.03	35.16	37.06
SSI	3.22	3.37	3.89	4.06	4.31	4.05	4.31
Total	37.46	37.51	39.50	39.07	41.34	39.21	41.37
<i>Installed Capacity Rotors (000' No.)</i>							
Non SSI	385	395	448	461	485	460	485
SSI	115	125	153	160	174	161	174
Total	500	520	601	621	659	621	659
<i>Installed Capacity Looms (000'No.)</i>							
Composite	86	73	69	56	57	56	57
Exclusive	18	19	19	15	14	16	14
Total	104	92	88	71	71	72	71
<i>Employment (000 Nos.)</i>							
Spinning – Non SSI	576	580	585	570	585	571	585
Composite	301	283	268	223	222	225	221
Total (Spg. + Comp) Non SSI	877	863	853	793	806	796	806
Spinning –SSI	41	42	47	48	51	48	50
Weaving	30	34	33	31	32	32	32
Total	948	939	933	872	889	876	888

Note : Non SSI Spinning, Composite and Exclusive weaving units mentioned above is inclusive of 94, 100% EOU units

Source: O/o. Textile Commissioner, Mumbai - May 2009

S N I P P E T S

Growth of six core infrastructure sector, viz. petroleum refinery, crude oil, coal, electricity, cement and finished steel reportedly slipped to 1.8 per cent in June 2009 from 6.8 per cent in June this year and 5.1 per cent in July 2008. The core sector accounts for 26.7 per cent of the country's industrial production.



Hope for an early revival of the country's economic growth is seen in the Government's latest data which indicated that economy grew by 6.1 per cent year-on-year during the first quarter (April-June) of the current fiscal. This has been the fastest growth for any quarter since the global financial crisis began almost a year ago. It is now expected that economy may clock a growth of 6.5 per cent during 2009-10. Significantly, the growth during April-June is an improvement over the 5.8 per cent growth registered in the previous quarter and 5.3 per cent in the quarter before that.



Amid the gloom surrounding kharif acreage this year because of low rains there is some good news, area under cotton in Gujarat, the country's largest cotton producer, is tipped to swell to 25.84 lakh hectares this year as against 24.22 lakh hectares last year.

According to experts, Gujarat has witnessed a change in cotton cultivation this year with conventional seeds being planted in a larger area than Bt cotton seeds. Conventional seeds are more likely to be successful in rainfed regions of the state, which include parts of Central and North Gujarat, where initial monsoon rains have been patchy. According to unofficial estimates, last year out of 24.22 lakh hectares under cotton, about 8 lakh hectares was covered under conventional seeds, while the rest was under Bt seed. This year the situation indicates that the acreage under conventional seed would rise while that of Bt seed would remain almost flat.



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 - September 2009					
					29th	31st	1st	2nd	3rd	4th
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15	23300	23300	23300	23300		23300
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15	23800	23800	23800	23800	H	23800
03.	ICS-102	22mm	V-797	4.5-5.9 19	18200	18200	18200	18200	O	18200
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19	18200	18200	18200	18200		18200
05.	ICS-104	24mm	Y-1	4.0-5.5 20	21500	21500	21500	21500	L	21500
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23	22700	22700	22700	22700		22700
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	21300	21300	21300	21300	I	21300
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24	21600	21600	21600	21600		21600
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	22200	22200	22200	22200	D	22000
10.	ICS-105	29mm	S-6	3.5-4.9 26	23300	23100	23100	23100		22900
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	23500	23500	23500	23500	A	23400
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28	24200	24200	24200	24200	Y	24200
13.	ICS-107	35mm	DCH-32	2.8-3 .6 31	33100	33100	33100	33100		33100
14.	ICS-301	26mm	ICC	3.7-4.3 25	22400	22400	22400	22400		22200