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# Cotton Statistics And News

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## **CAI Estimates 2009-10 Cotton Crop at 312.25 Lakh Bales**

In its latest estimate, the Association has placed the cotton crop at 312.25 lakh bales as on 31st August 2009, significantly higher than the production in 2008-09 which is placed at 292.75 lakh bales. The projected Balance Sheet drawn up by the Association for 2009-10 has estimated the total cotton supply at 386.50 lakh bales, while the domestic consumption has been placed at 250 lakh bales, leaving a surplus of 136.50 lakh bales. Cotton exports have been estimated by the Association at 65 lakh bales during 2009-10.

With the revival of the monsoon in most of the regions, the Association has stated that the present condition of the crop is extremely good. While plantings so far have reached about 97 lakh hectares, an additional 2-3 lakh hectares are expected to be covered in the South zone where sowings are yet to be completed. Thus, it is likely that the area may touch 100 lakh hectares. The Association hopes that with record acreage under cotton in 2009-10, cotton production and consumption will also be significantly higher. The State-wise production estimates and the Balance Sheet as drawn up by the Statistics Committee of the Association for 2008-09 and 2009-10 are given in the accompanying table.

In this connection, it may be stated that mainly two factors have boosted the cotton area to all-time record in 2009-10. One is the much higher net returns realised by cotton farmers in 2008-09 due to good yields and higher prices. The second is that due to the delay and deficiency of monsoon rains earlier, farmers preferred to grow cotton in place of some other crops as cotton's water requirements are relatively lower. Another change in 2009-10 is said to be that in Gujarat, with rains playing truant in the beginning, particularly in Saurashtra and North Gujarat, farmers are said to have opted for traditional cotton varieties like V-797, G-Cot-21 and Kalyan, instead of Bt cotton, as the farmer performed better under low rainfall conditions whereas Bt cottons needed a better soil moisture regime.

State	<i>( in lakh bales of 170 kg.)</i>	
	Crop Estimates 2008-09	Crop Estimates 2009-10
Punjab	16.00	17.00
Haryana	13.50	15.00
Upper Rajasthan	5.75	8.00
Lower Rajasthan	3.00	3.00
<b>Total North zone</b>	<b>38.25</b>	<b>43.00</b>
Gujarat	90.00	101.00
Maharashtra	64.00	70.00
Madhya Pradesh	17.75	18.00
<b>Total Central zone</b>	<b>171.75</b>	<b>189.00</b>
Andhra Pradesh	55.00	51.00
Karnataka	9.75	11.50
Tamil Nadu	4.50	4.25
<b>Total South zone</b>	<b>69.25</b>	<b>66.75</b>
Orissa	1.00	1.00
Others	0.50	0.50
<b>Total</b>	<b>280.75</b>	<b>300.25</b>
Loose production (Survey)	+12.00	+12.00
<b>All India</b>	<b>292.75</b>	<b>312.25</b>

	<b>Balance Sheet (2008-09 &amp; 2009-10)</b>	
	<i>(in lakh bales of 170 kg)</i>	
	2008-09	2009-10
Opening Stock	35.50	67.25
Crop	292.75	312.25
Imports	10.00	7.00
Total Supply	338.25	386.50
Mill Consumption	200.00	210.00
Consumption by SSI Units	20.00	21.00
Non-Mill consumption	19.00	19.00
Exports	32.00	65.00
Total Demand	271.00	315.00
Carry over stock	67.25	71.50

## ICAC Forecasts Lower World Cotton Crop, Higher Mill Use and Trade and Firmer Prices In 2009-10

The latest update on world cotton scenario by the International Cotton Advisory Committee (ICAC) places the world cotton crop in 2009-10 marginally lower than in 2008-09 and cotton use and world cotton trade slightly higher. World cotton stock may see a marginal fall while prices may be firming up in 2009-10. Details are given below :

**Area** - World cotton area is projected to marginally decline to 30.3 million hectares in 2009-10 from 30.7 million hectares in 2008-09. A 4 per cent increase to 9.8 million hectares is expected in India, driven mainly by higher prices in 2008-09. Although planted cotton area declined in the US, because of lower abandonment owing to better weather conditions, the harvested area is projected to be up by 3 per cent to 3 million hectares. As in India, higher yields and firm seed cotton prices are said to have encouraged farmers in Pakistan to step up the area to 3.1 million hectares compared to 2.85 million hectares in 2008-09.

**Production** - A slight increase in average world cotton yield from 761 kg to 767 kg per hectare is envisaged in 2009-10. This is expected to make up the fall in area to some extent in the size of the crop in 2009-10. It is also stated that improvements in world cotton yields associated with the use of biotech cottons are becoming smaller over time as the rate of their expansion in area decelerates around the world. Production in 2009-10 is now projected at 23.25 million tonnes (mt) compared to 23.37 mt in 2008-09. Although increases in production are forecast in India, United States, Pakistan and Australia, they are expected to be more than offset by declines in China, Central Asia, Brazil, Turkey and Mexico.

**Consumption** - End-use world textile consumption and consumption of cotton products in particular, were severely affected by the global economic downturn in 2008-09. As a result, global cotton mill use fell by an estimated 12 per cent to 23.1 mt after a decade of uninterrupted growth. As the world economy gradually stabilises and economic prospects for 2010 improve in most parts of the world, consumption of cotton products and spinning of cotton are expected to slowly recover. Global cotton mill use is thus forecast to grow by 2 per

cent to 23.6 mt in 2009-10 compared to 23.1 mt in 2008-09. The small increase in global cotton spinning is expected to be driven by a rebound in Asia particularly in China, India and Pakistan. Cotton mill use is also forecast higher in other Asian countries such as Bangladesh, Indonesia, Thailand and Vietnam. However, in many other regions of the world such as Europe, South and North America and Turkey, the global economic recession is said to have worsened an already difficult situation for their textile industries, and cotton spinning is expected to continue to decline, although more slowly than in 2008-09.

**Trade** - The expected increase in world cotton mill use should, it is stated, generate a small rebound in world cotton imports in 2009-10 to 6.8 mt, a 5 per cent increase compared to 6.45 mt in 2008-09. A number of countries including China, Bangladesh, Turkey and Pakistan are expected to step up their cotton imports in 2009-10. Exports from the United States are expected to decrease by 20 per cent to 2.3 mt, while exports from India could rebound strongly to 1.3 mt. Uzbek and Australian exports are also forecast higher, whereas Brazilian exports may fall due to reduced production.

**Prices** - World cotton stocks are forecast to decrease by 3 per cent to 12.0 mt in 2009-10. Based on slightly lower stocks-to-use ratio in World-less-China in 2009-10, the ICAC has forecast a season-average Cotlook A Index of 63 US Cents (USC) per pound in 2009-10, representing a 3 per cent increase from the season-average of 61.2 USC in 2008-09.

The World Cotton balance sheet, as drawn by the ICAC is given below :

	(In million tonnes)	
	2008-09	2009-10
Beginning Stock	12.13	12.37
Production	23.37	23.25
Total Supply	35.50	35.62
Consumption	23.09	23.59
Exports	6.50	6.80
Ending Stock	12.37	12.03
Price Projection (USC/lb)		
<b>(Av. Cotlok A Index)</b>	<b>61.20</b>	<b>63.00</b>

## Open House Session with Zonal Joint Director General of Foreign Trade

An open house session with Shri Shailesh Singh, Zonal Joint Director General of Foreign Trade was organised on 7th August 2009 in the Conference Room of the Association. The Directors and a large number of members participated in the interactive session.



One of the Members welcoming Shri Shailesh Singh, Zonal Joint, DGFT

Shri Shailesh Singh made very comprehensive inputs related to procedural aspects of Export-Import of cotton. Shri Singh also visited the CAI Laboratory.



Shri Shailesh Singh in an Interactive Session with the Members

It was an opportunity provided to the members of the Association to discuss operational issues relating to the export of cotton.

The discussion was proved to be an excellent opportunity for all the members.

### SUPPLY AND DISTRIBUTION OF COTTON

September,1 2009

Years Beginning August 1	2005	2006	2007Est.	2008Est.	2009Proj.	2010proj.
<b>BEGINNING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>11.620</b>	<b>12.306</b>	<b>12.707</b>	<b>12.132</b>	12.37	12.03
China(Mainland)	2.622	3.991	3.653	3.321	3.85	3.69
USA	1.196	1.321	2.064	2.187	1.32	1.14
<b>PRODUCTION</b>						
<b>WORLD TOTAL</b>	<b>25.639</b>	<b>26.718</b>	<b>26.171</b>	<b>23.368</b>	<b>23.25</b>	<b>22.38</b>
China (Mainland)	6.616	7.975	8.071	8.025	7.47	7.47
India	4.097	4.760	5.219	4.930	5.34	5.18
USA	5.201	4.700	4.182	2.790	2.88	2.85
Pakistan	2.194	2.147	1.894	1.960	2.08	2.06
Brazil	1.038	1.524	1.602	1.193	1.12	1.14
Uzbekistan	1.210	1.171	1.206	1.000	1.03	1.02
Others	5.283	4.441	3.862	3.470	3.33	3.27
<b>CONSUMPTION</b>						
<b>WORLD TOTAL</b>	<b>24.951</b>	<b>26.360</b>	<b>26.385</b>	<b>23.093</b>	<b>23.59</b>	<b>23.93</b>
China (Mainland)	9.439	10.600	10.900	9.000	9.27	9.46
India	3.655	3.908	4.050	3.827	4.04	4.20
Pakistan	2.532	2.633	2.637	2.452	2.55	2.63
EU, C.Eur. & Turkey	2.112	2.084	1.751	1.431	1.37	1.32
East Asia & Australia	1.884	1.869	1.823	1.673	1.68	1.67
USA	1.278	1.074	0.999	0.784	0.76	0.74
Brazil	0.973	0.992	1.007	0.937	0.94	0.94
CIS	0.633	0.682	0.664	0.596	0.59	0.58
Others	2.444	2.518	2.533	2.393	2.39	2.40
<b>TRADE IMBALANCE 1/ STOCKS ADJUSTMENT 2/</b>	<b>-0.125 0.123</b>	<b>0.038 0.005</b>	<b>-0.043 -0.183</b>	<b>-0.036 0.000</b>	<b>0.00 0.00</b>	<b>0.00 0.00</b>
<b>ENDING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>12.306</b>	<b>12.707</b>	<b>12.132</b>	<b>12.371</b>	<b>12.03</b>	<b>11.08</b>
China (Mainland)	3.991	3.653	3.321	3.850	3.69	3.65
USA	1.321	2.064	2.187	1.319	1.14	0.99
<b>ENDING STOCKS/MILL USE (%)</b>						
<b>WORLD-LESS-CHINA(M) 3/</b>	<b>54</b>	<b>57</b>	<b>57</b>	<b>60</b>	<b>58</b>	<b>51</b>
<b>CHINA (MAINLAND) 4/</b>	<b>42</b>	<b>34</b>	<b>30</b>	<b>43</b>	<b>40</b>	<b>39</b>
<b>Cotlook A Index 5/</b>	<b>56.15</b>	<b>59.15</b>	<b>72.90</b>	<b>61.20</b>	<b>63*</b>	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China (Mainland) ending stocks divided by world-less-China (Mainland)'s mill use, multiplied by 100.

4/ China (Mainland)'s ending stocks divided by China (Mainland)'s mill use, multiplied by 100.

5/ U.S.Cents per pound

\* The price projection for 2008-09 is based on the ending stocks/consumption ratio in the world-less-China(mainland) in 2006-07, in 2007(estimate), and in 2008-09 (projection), on the ratio of Chinese net imports to world imports in 2007-08 (estimate) and 2008-09 (projection) and on the average price for the first eleven months of 2008-09.

95% confidence interval: 61 to 74 cents per pound

\*\* The price projection for 2009-10 is based on the ending stock/consumption ratio in the world-less-China (Mainland) in 2007-08 (estimate) in 2008-09 (estimate) and in 2009-10 (projection), and on the ratio of Chinese net imports to world imports in 2008-09 (estimate) and 2009-10 (projection). 95% confidence interval : 55 to 73 cents per pound.

## S N I P P E T S

Necessitated by the hike in the minimum support prices, the Cotton Corporation of India (CCI) undertook a massive price support operation during 2008-09. The Corporation reportedly procured a record quantity of 450 lakh quintals of kapas equivalent to 89.4 lakh bales, more than three times the maximum purchase of 27.5 lakh bales in 2004-05. Its sales turnover was also a record at Rs. 4972 crore as against Rs. 1637 crore in the previous year. CCI's net profit after tax is reported to be Rs. 66.78 crore in 2008-09 as against Rs. 22.55 crore in the previous year.



A Project on "Sustainable Control of Cotton Bollworm in Small Scale Cotton Production Systems" was implemented by the International Cotton Advisory Committee (ICAC) in India, China, Pakistan and the UK. It was sponsored by the Common fund for Commodities and national Governments in the four countries. The main objective of the project is said to be to find

cheaper and environmentally sustainable control methods aimed at minimising the use of insecticides and avoiding the development of resistance in insecticides. The project has successfully developed two techniques which can be used in other cotton producing countries. One is the development of a "Resistance Kit" which is a single-step, easy to use dip-strip to detect insecticide resistant cotton bollworm. The other is said to be the development of an "Insecticide Quality Kit" to assess the quality of some insecticides.



According to reports, NCDEX Spot Exchange or N Spot, is likely to launch maize, guar and cotton contracts in a few months. N Spot is said to be considering to team up with the Cotton Corporation of India in launching cotton contracts and is said to be in talks with the CCI in this regard.



### 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 September 2009					
					12th	14th	15th	16th	17th	18th
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15		22900	22900	22900	22900	22900
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15	H	23400	23400	23400	23400	23400
03.	ICS-102	22mm	V-797	4.5-5.9 19		18000	18000	18000	18000	18000
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19	O	18000	18000	18000	18000	18000
05.	ICS-104	24mm	Y-1	4.0-5.5 20		21200	21200	21200	21200	21200
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23	L	21400	21200	21200	21200	21200
07.	ICS-105	25mm	NHH-44	3.5-4.9 22		21100	21100	21100	20900	20900
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24	I	21300	21300	21300	21000	21000
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	D	21800	21800	21800	21600	21600
10.	ICS-105	29mm	S-6	3.5-4.9 26		22200	22200	22200	22200	22200
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	A	22900	22900	22900	22900	22900
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28	Y	24000	24000	24000	23700	23700
13.	ICS-107	35mm	DCH-32	2.8-3 .6 31		32900	32900	32900	32900	32900
14.	ICS-301	26mm	ICC	3.7-4.3 25		22100	22100	22200	22200	22200