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Final Statement of the 70th Plenary Meeting of ICAC Held in September

The 70th Plenary Meeting of the International Cotton Advisory Committee (ICAC) was held in Buenos Aires, Argentina from September 04 to 10, 2011. Participation is stated to have been 495 including representatives from 39 government and 7 international organisations. The theme of the Plenary was 'Public and Private Sector Roles in Cotton Value Chain: Ensuring Both Efficiency and Fairness'. Some of the highlights in the Statement issued by the ICAC after this meeting are given below:

World cotton production, according to the Committee's Secretariat, is expected to increase in 2011-12, encouraged by the extraordinary rise in cotton prices to more than double the previous record that occurred during 2010-11. Cotton mill use is recovering from the steep decline during the global recession, and world cotton trade is rising with increased consumption. The Committee's Secretariat has cautioned that stocks are estimated to rise during 2011-12, indicating a decline in cotton prices.

The Committee noted that price volatility had been record high in 2010-11 and that volatility imposes costs on all segments of the cotton value chain. Countries agreed that stronger national efforts to gather and report statistics on cotton production, consumption and stocks would enhance transparency and provide additional information for decision making.

Regarding the subject of technology development and transfer, there was agreement that technology

plays a central role in productivity enhancement. The role of the private sector in developing commercially viable technologies was applauded by the Committee. It was also agreed that public sector has a crucial role to play in providing regulation and in facilitating technology development and extension, especially for small and medium sized producers. Further, it was emphasised that cooperation between private and public sector researchers in an efficient research system is essential.

The ICAC agreed that farmers' associations, organizations and cooperatives can increase access to inputs, improve marketing efforts and strengthen the voices of farmers. The keys to the success of farmers' organizations include strong and stable leadership, transparent and democratic governance, and voluntary membership with farmer ownership and control.

The Committee received a report from its Private Sector Advisory Panel (PSAP). The PSAP called on government officials to improve collection and reporting of cotton statistics. The PSAP vehemently opposed the imposition of bans or limits on trade in cotton, especially bans or limits applied retroactively. The PSAP also criticized industry players and trade associations seeking to take the cotton trade backwards through requests to governments for trade protection.

The PSAP considered the risks of increases in defaults on contracts due to the negative impact of

CAI Wishes All Our Readers A Happy Cotton Year 2011-12

the volatility in the price and urged the governments and associations in the private sector to take more efficient measures in honouring the awards by reducing any legal obstacles and simplifying the procedures as well as taking adequate measures to prevent defaulters from providing further business. The PSAP also urged governments to reduce legal obstacles and simplify procedures for the enforcement of arbitral awards. Further, it encouraged governments to adopt the FAO model phytosanitary certificate used for trade in cotton and noted that harmonization of electronic bills of lading would simplify the documentation required for trade in cotton.

The ICAC received a report from the Standing Committee on a proposal to create an international center for cotton research. The latter had considered the different forms and activities that such a center might undertake. It was, however, reported by the Standing Committee that no consensus had been achieved since some countries had expressed support for a center, while other countries indicated that it was not clear that there was a need for an international center. Some countries also expressed their concerns that the creation of an international center would result in an increase in government assessments. In view of this, the ICAC referred the matter back to the Standing Committee with instructions to undertake further analysis of options, including funding, with a view to building consensus among member countries on

the proposal to set up an international center for cotton research.

In separate session, the Committee was apprised of the considerable work being undertaken to promote the consumption of cotton. It was emphasized that there was need to increase awareness of cotton attributes and promote cotton generically and positively to achieve a unified approach to compete with synthetic fibers.

The ICAC's Committee on Cotton Production Research organized a technical seminar on "Technological Innovations for Sustainable Development of the Cotton Value Chain." Increasing input costs, inefficient use of fertilizer, poor water management, unscientific use of insecticides and absentee ownership of farms are the most common factors limiting cotton productivity. Research leading to improved production practices, organization of farmers, and improvements in input availability have proven to be beneficial in many countries.

The ICAC, in cooperation with the National Organizing Committee, is organizing the World Cotton Research Conference-5 in Mumbai during November 7-11, 2011. Over 600 researchers from around the world will be attending the Conference. The Plenary Meeting encouraged its member governments to send researchers to the Conference.

(Source: ICAC release)

Central Government Looks to Buy a Third of Cotton Output

The Central Government is preparing to mop up a third of the country's cotton production this year for fear that a fall in demand for clothing could lead to cotton prices falling below the minimum support prices causing widespread distress to farmers, says a report. It is estimated that such a large purchase envisaged, the highest ever, could cost the exchequer Rs.13,000 crore. Cotton is India's most important cash crop and contributes 30 percent of the agricultural GDP.

The Chief Secretaries of nine cotton producing States are stated to have requested the Union Textile Ministry recently to procure at least 135 lakh bales out of the total anticipated crop of around 360 lakh bales through over 300 centres of the Cotton Corporation of India in the next three months. There is said to be tremendous anxiety among the State Governments that farmers may

not be able to recover their cost of production this year. Earlier, the Textile Ministry was planning to procure 100 lakh bales but in the light of the latest request from the State Government, the quantum of purchase will have to be enhanced, it is stated.

(Source: Economic Times - 19.09.2011)

Cotton Acreage Up by 10.11 Lakh Hectares

As per data received from States, cotton has been sown in 120.03 lakh hectares as on 23rd September 2011. It represents an increase of 10.11 lakh hectares or 9.2 percent over last year's acreage on this date. Higher area coverage has been reported from Gujarat, Rajasthan, Maharashtra, Haryana, Madhya Pradesh and Andhra Pradesh.

(Source: Ministry of Agriculture, GOI)

COTTON SUPPLY AND USE IN WORLD

June 1, 2011

	AREA 000 Ha	YIELD Kgs/Ha	PROD	BEG STKS	IMPTS	CONS	EXPTS	000 Metric Tons END STKS	S/U* Ratio
1940/41			6,998	1,644	6,130	1,481			
1941/42			6,267	1,592	5,597	1,270			
1942/43			5,882	1,246	5,312	838			
1943/44			5,477	940	4,987	882			
1944/45			5,396	896	4,997	1,076			
1945/46	22,305	210	4,686	6,509	1,884	5,350	2,019	5,696	0.77
1946/47	22,547	212	4,772	5,696	2,121	6,134	2,108	4,259	0.00
1947/48	23,914	232	5,545	4,259	2,079	6,486	1,947	3,270	0.00
1948/49	25,425	256	6,499	3,270	2,526	6,341	2,465	3,351	0.00
1949/50	28,732	250	7,180	3,351	2,630	6,742	2,818	3,708	0.00
1950/51	28,537	234	6,674	3,708	2,724	7,638	2,673	2,678	0.35
1951/52	36,040	234	8,426	2,678	2,663	7,657	2,712	3,417	0.45
1952/53	35,448	246	8,730	3,417	2,613	8,044	2,623	4,070	0.51
1953/54	33,422	272	9,076	4,070	2,878	8,443	2,950	4,626	0.55
1954/55	33,445	267	8,939	4,626	2,757	8,678	2,716	4,862	0.56
1955/56	34,078	279	9,511	4,862	2,882	8,972	2,853	5,349	0.60
1956/57	33,417	277	9,240	5,349	3,409	9,352	3,508	5,113	0.55
1957/58	32,032	283	9,051	5,113	3,066	9,317	3,114	4,803	0.52
1958/59	31,657	308	9,758	4,810	3,043	9,942	2,960	4,609	0.46
1959/60	32,326	318	10,280	4,609	3,789	10,529	3,818	4,407	0.42
1960/61	32,445	313	10,154	4,407	3,805	10,247	3,716	4,605	0.45
1961/62	33,059	296	9,796	4,605	3,462	9,995	3,398	4,502	0.45
1962/63	32,638	319	10,424	4,502	3,638	9,836	3,467	5,251	0.53
1963/64	32,974	330	10,867	5,251	3,887	10,381	3,935	5,846	0.56
1964/65	33,367	345	11,504	5,846	3,811	11,165	3,721	6,308	0.56
1965/66	33,133	359	11,895	6,308	3,809	11,429	3,712	6,875	0.60
1966/67	30,916	351	10,836	6,875	3,934	11,618	3,974	6,038	0.52
1967/68	30,670	351	10,780	6,038	3,828	11,752	3,805	5,073	0.43
1968/69	31,692	374	11,856	5,073	3,696	11,772	3,640	5,236	0.44
1969/70	32,657	348	11,379	5,236	3,932	12,010	3,880	4,718	0.39
1970/71	31,777	369	11,740	4,740	4,086	12,173	3,875	4,605	0.38
1971/72	33,025	392	12,938	4,681	4,031	12,721	4,111	4,799	0.38
1972/73	33,818	402	13,595	4,851	4,528	13,034	4,640	5,358	0.41
1973/74	32,558	418	13,615	5,434	4,408	13,469	4,294	5,727	0.43
1974/75	33,293	418	13,924	5,727	3,734	12,641	3,814	7,373	0.58
1975/76	30,003	390	11,705	7,352	4,188	13,336	4,183	5,770	0.43
1976/77	31,512	393	12,384	5,770	3,951	13,122	3,806	5,232	0.40
1977/78	34,964	396	13,859	5,232	4,250	13,133	4,239	5,963	0.45
1978/79	33,999	380	12,932	5,963	4,320	13,703	4,346	5,257	0.38
1979/80	33,100	425	14,083	5,256	5,093	14,127	5,073	5,292	0.37
1980/81	33,662	411	13,831	5,328	4,555	14,215	4,414	5,151	0.36
1981/82	33,948	442	14,991	5,151	4,405	14,147	4,373	5,883	0.42
1982/83	32,568	445	14,479	5,884	4,350	14,452	4,261	5,957	0.41
1983/84	32,143	451	14,494	5,957	4,617	14,653	4,309	6,148	0.42
1984/85	35,224	546	19,247	6,148	4,602	15,107	4,520	10,266	0.68
1985/86	32,792	532	17,461	10,266	4,763	16,587	4,479	11,386	0.69
1986/87	29,503	518	15,269	11,387	5,516	18,197	5,755	8,278	0.45
1987/88	31,236	564	17,609	8,278	5,094	18,116	5,121	7,729	0.43
1988/89	33,511	546	18,301	7,729	5,654	18,470	5,726	7,364	0.40
1989/90	31,617	549	17,364	7,364	5,431	18,675	5,293	6,189	0.33
1990/91	33,010	574	18,951	6,189	5,220	18,575	5,069	6,761	0.36
1991/92	34,680	596	20,678	6,761	6,497	18,636	6,091	9,361	0.50
1992/93	32,203	557	17,943	9,362	5,692	18,633	5,522	8,820	0.47
1993/94	30,444	554	16,863	8,820	5,768	18,495	5,910	7,166	0.39
1994/95	32,241	584	18,842	7,166	6,462	18,280	6,312	7,770	0.43
1995/96	36,114	565	20,415	7,770	5,785	18,453	5,971	9,436	0.51
1996/97	34,215	576	19,700	9,436	6,131	19,027	6,068	10,241	0.54
1997/98	33,893	595	20,181	10,241	5,729	18,934	5,965	11,207	0.59
1998/99	33,345	564	18,810	11,208	5,373	18,554	5,489	11,705	0.63
1999/00	32,253	595	19,194	11,713	5,984	19,663	6,112	11,190	0.57
2000/01	31,916	612	19,524	11,190	5,700	20,157	5,859	10,552	0.52
2001/02	33,553	646	21,667	10,552	6,180	20,544	6,431	11,193	0.54
2002/03	30,060	651	19,574	11,193	6,450	21,247	6,633	9,416	0.44
2003/04	32,446	651	21,132	9,416	7,179	21,448	7,237	8,955	0.42
2004/05	35,770	755	26,997	8,955	7,249	23,542	7,778	11,796	0.50
2005/06	34,370	747	25,668	11,796	9,514	24,918	9,722	12,536	0.50
2006/07	34,646	773	26,766	12,536	8,122	26,487	8,044	12,753	0.48
2007/08	32,863	793	26,074	12,753	8,380	26,540	8,348	12,223	0.46
2008/09	30,459	770	23,455	12,222	6,506	23,690	6,590	11,914	0.50
2009/10 est.	29,988	734	22,014	11,914	7,702	25,047	7,774	8,628	0.34
2010/11 for.	33,605	745	25,051	8,628	8,002	25,010	8,011	8,650	0.35
2011/12 for	36,289	753	27,325	8,650	8,345	25,764	8,345	10,211	0.40

*/ Ending stocks divided by consumption plus exports.
(Source: ICAC Statistics- June 2011)

SNIPPETS

Although Pakistan had planned to boost its cotton export five-fold from the four lakh bales in 2010-11 to 20 lakh bales in 2011-12, the actual exports in 2011-12 may turn out to be much lower at less than two lakh bales, says a report. Because of the flooding in the main cotton growing areas that effected about 80 percent of the area under the crop, production has been much less than the earlier expectation, this bringing down steeply the exportable surplus.



India's merchandise exports reportedly surged 44.2 percent in August maintaining the recent trend of expansion. Readymade garments form one of items that led to increased shipments. Exports in August stood at \$ 24.3 billion. During the five-month period from April to August of

the current fiscal, exports are reported to have risen by 54.2 percent to \$ 134.5 billion. While imports are stated to have grown by 40.4 percent at \$ 189.4 billion, leading to a trade deficit of \$ 54.9 billion.



After failing to convince the government against allowing duty-free imports from Bangladesh, textile manufacturers are looking to set up a base in that country. The government recently allowed duty-free imports of 48 textile items. Textile manufacturers had initially pleaded with the government to refrain from allowing duty-free imports, as it would result in imports of \$2.5 billion a year, in addition to a loss of 1.2 billion jobs.



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
September 2011

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	24 th	26 th	27 th	28 th	29 th	30 th
01.*	ICS-101	Below 22mm	5.0-7.0	15	Bengal Deshi (RG)	14004 (49800)	14004 (49800)	14004 (49800)	14004 (49800)	14004 (49800)	14004 (49800)
02.*	ICS-201	Below 22mm	5.0-7.0	15	Bengal Deshi (SG)	14144 (50300)	14144 (50300)	14144 (50300)	14144 (50300)	14144 (50300)	14144 (50300)
03.	ICS-102	22mm	4.5-5.9	19	V-797	6552 (23300)	6693 (23800)	6749 (24000)	6749 (24000)	6664 (23700)	6580 (23400)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
05.	ICS-104	24mm	4.0-5.5	20	Y-1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
06.	ICS-202	25mm	3.5-4.9	23	J-34	10742 (38200)	10882 (38700)	11107 (39500)	10826 (38500)	10545 (37500)	10545 (37500)
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	9280 (33000)	9280 (33000)	9280 (33000)	9280 (33000)	9223 (32800)	9223 (32800)
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	9786 (34800)	9786 (34800)	9786 (34800)	9786 (34800)	9729 (34600)	9645 (34300)
09.*	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	10067 (35800)	10151 (36100)	10292 (36600)	10292 (36600)	10151 (36100)	10067 (35800)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10770 (38300)	10967 (39000)	11192 (39800)	11192 (39800)	11501 (39300)	10967 (39000)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	11107 (39500)	11107 (39500)	11332 (40300)	11332 (40300)	11192 (39800)	11107 (39500)
12.*	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	11529 (41000)	11670 (41500)	11670 (41500)	11670 (41500)	11670 (41500)	11670 (41500)
13.*	ICS-107	35mm	2.8-3.6	31	DCH-32	14622 (52000)	14622 (52000)	14622 (52000)	14622 (52000)	14341 (51000)	14060 (50000)

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