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# Cotton Statistics And News

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Edited & Published by Amar Singh

## **Cotton Season 2010-11 - A Brief Review**

*(Continued from Issue No. 32)*

### **Consumption**

In tune with the rising demand for textile goods consequent on the fast rising population, the textile industry has been steadily expanding over the years. This has led to a progressive rise in the mill consumption of cotton which is the major component of the raw material consumed by mills. For instance, there was an increase of about 27 per cent in mill consumption of cotton during the last five years from 217 lakh bales to 275 lakh bales.

However, there are inevitable vicissitudes in annual consumption depending on various external factors. Thus, consumption dropped from 237 lakh bales in 2007-08 to 229 lakh bales in the next year 2008-09 owing to the slowdown in the economic growth which pulled down the domestic demand for textile goods while the global financial crisis brought down the overseas demand also for Indian textiles.

The sharp rise in market prices of cotton consequent on the steep hike in the minimum support prices was also a causative factor for the drop in mill consumption during 2008-09. Consumption, however, rebounded in the next two years with the recovery of economic growth and the revival of demand for textiles.

The data on monthly cotton consumption during 2009-10 and 2010-11 are given in the accompanying table.

It will be seen that consumption during 2010-11 was slightly below that in 2009-10, one of the reasons for which was the unprecedented rise in cotton prices during a part of the season. While monthly consumption was higher in 2010-11 upto March, it

dropped below the previous year's levels from April onwards. The overall monthly average consumption in 2010-11 was only marginally lower than that in 2009-10.

### **Month-wise Consumption of Cotton by Mills (lakh bales)**

Month	2009-10	2010-11
October	16.44	19.88
November	16.71	18.92
December	17.66	20.16
January	17.71	19.14
February	16.96	18.22
March	18.08	19.23
April	18.68	17.54
May	19.03	17.28
June	18.81	16.40
July	20.00	16.10
August	19.72	16.05
Total	200.84	198.92
<b>Monthly Average</b>	<b>18.26</b>	<b>18.08</b>

### **Import**

In the past, India had to import large quantities of foreign cotton year and year as there was a wide gap between the mill requirements and domestic production. Even during the beginning of the current decade, the quantity imported was quite sizable, being over 22 lakh bales in 2000-01 and over 25 lakh bales in 2001-02.

However, with the breakthrough in production in recent years due to the greater awareness of farmers about the adoption of improved production technology as a result of the concerted and intensive efforts made by the organisations in the public and private sectors especially after the launching of the Cotton Technology Mission, and the introduction and extensive coverage of the high yielding,

bollworm resistant Bt cotton since 2002-03, the home grown cotton is able to meet the industry's needs of all staple groups except in the case of extralong staple cotton for spinning superfine counts. Although research has led to the evolution of extralong staple cotton, they are adaptable to limited areas and the production is far short of requirements. The country is therefore compelled to import such cottons to some extent.

Import of cotton was restricted to only six lakh bales in 2009-10 while it was still lower at five lakh bales in 2010-11.

### Export

With the significant breakthrough made in cotton production leading to large quantities of exportable surplus, the country has been regularly exporting sizable quantities of cotton. In fact, it has emerged as a leading exporter of the commodity in the world market and with an export of 88.5 lakh bales in 2007-08 it was the world's second largest exporter during that year after USA. The quantity exported was 83 lakh bales in 2009-10 and 70 lakh bales in 2010-11.

However, export of large quantities leads to a price spiral in cotton in the domestic market to the detriment of the large weaving segment. The Government was therefore obliged to impose curbs on unlimited exports in order to protect the legitimate interests of this segment. It imposed an export duty of Rs. 2500 per tonne from May 10, 2010

and placed a cap of 55 lakh bales for exports subject to review later. The exporters were to make export registrations with the Directorate General of Foreign Trade. After reviewing the entire scenario, the Government allowed in June 2011 export of an additional quantity of 10 lakh bales. Subsequently, the Government removed all restrictions, and presently export of cotton is under Open General Licence.

### Balance Sheet

The Cotton Balance Sheet for 2009-10 and 2010-11, as drawn up by the Cotton Advisory Board at its meeting held on August 30, 2011 is given below:

	<i>(in lakh bales)</i>	
	2009-10	2010-11
Opening Stock	71.50	40.50
Production	305.00	325.00
Imports	6.00	5.00
<b>Total Supply</b>	<b>382.50</b>	<b>370.50</b>
Mill Consumption	219.00	} 236.00
Consumption by SSUs	23.00	
Non-mill Use	17.00	17.00
Exports	83.00	70.00
<b>Total Offtake</b>	<b>342.00</b>	<b>323.00</b>
Carryover Stock	40.50	47.50

The carryover stock in 2010-11 is estimated to be seven lakh bales higher than the opening stock.

*(To be continued ...)*

## Cotton Prices Soften in October

October, the first month of the new season, 2011-12, witnessed a softening of domestic cotton prices in the case of all varieties. The comparative prices are given below:

Variety	Avg. Spot Rates (Rs/Qtl.)	
	Sept. '11	Oct. '11
J-34	10,731	9,774
H-4	10,329	N.A
S-6	11,097	11,020
Bunny	11,346	11,048
DCH-32	15,145	13,945

The drop in prices in October compared to September ranged from a low of Rs.77 per quintal in the case of S-6 to a high of Rs.1200 per quintal in the case of the extralong staple cotton, DCH-32. In fact, the prices had shown a spurt in September

from the August prices mainly due to a revival of demand from mills, the increase registered in September ranging from Rs.1093 to Rs.1127 per quintal. The prices in October are higher compared to those in August in the case of all medium and long staple cotton.

The slight fall of prices in October compared to the previous month was triggered by the slackening of demand from mills. The mills do not appear to be in a hurry to replenish the raw material inventory, particularly with the festive season behind them, as they are expecting a further drop in cotton prices because of a bumper crop in the offing which is projected to be as high as 360 lakh bales plus as against 325 lakh bales in 2010-11. Also, the international cotton prices are under downward pressure since the world cotton production is projected to surpass world consumption.

UPCOUNTRY SPOT RATES														(Rs. \ Quintal)		
2010-11 Crop														2011-12 Crop		
October 2011	V-797	Jayadhar	Y-1	NHH-44	LRA-5166	* H-4/ MECH-1	Shankar-6	Bunny/ Brahma	MCU-5/ Surabhi	BD(RG) A.	BD SG	J-34	Shankar-6	Bunny/ Brahma	MCU-5/ Surabhi	DCH-32
	ICS-102	ICS-103	ICS-104	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-106	ICS-101	ICS-201	ICS-202	ICS-105	ICS-105	ICS-106	ICS-107
	22 mm	23 mm	24 mm	25 mm	27 mm	28 mm	29 mm	31 mm	33 mm	22 mm	22 mm	25 mm	29 mm	31 mm	33 mm	35 mm
	4.5-5.9	4.0-5.5	4.0-5.5	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.3-4.5	5.0-7.0	5.0-7.0	3.5-4.9	3.5-4.9	3.5-4.9	3.3-4.5	2.8-3.6
	19	19	20	22	24	25	26	27	28	15	15	23	26	27	28	31
1	6524	N.A.	N.A.	9139	9561	9983	10686	10967	11670	10208	10348	9533	-	-	-	13919
3	6749	N.A.	N.A.	9139	9561	9983	10826	11107	11670	9898	9954	9954	-	-	-	13779
4	6749	N.A.	N.A.	9139	9561	9983	10826	11107	11670	9898	9954	9954	-	-	-	13779
5	6749	N.A.	N.A.	9223	9701	10123	11023	11107	11670	10039	10095	10095	-	-	-	14060
6	....	....	....	....	....	....	HOLIDAY	HOLIDAY	....	....	....	....	....	....	....	....
7	6889	N.A.	N.A.	9280	9701	10404	10967	11107	11670	10404	10404	10095	-	-	-	14060
8	6889	N.A.	N.A.	9280	9701	10404	10967	11107	11670	10264	10264	10011	-	-	-	14060
10	6974	N.A.	N.A.	9280	9786	10629	11023	11164	11726	10264	10348	10011	-	-	-	14060
11	7030	N.A.	N.A.	9280	9786	10629	11023	11164	11726	10264	10348	10011	-	-	-	14060
12	7114	N.A.	N.A.	9336	9842	10714	11107	11248	11810	10404	10489	10151	-	-	-	14060
13	7114	N.A.	N.A.	9336	9842	10714	11107	11248	11810	10404	10489	10151	-	-	-	14060
14	7114	N.A.	N.A.	9336	9842	10686	11135	11192	11754	10461	10545	10151	-	-	-	13919
15	7114	N.A.	N.A.	9336	9842	10686	11135	11192	11754	10461	10545	10039	-	-	-	13919
17	7030	N.A.	N.A.	9280	9786	10461	11079	11135	11670	10264	10348	9701	-	-	-	14060
18	6889	N.A.	N.A.	9139	9786	10264	-	-	-	10264	10264	9701	11023	11079	11389	13919
19	6889	N.A.	N.A.	9139	9561	10179	-	-	-	10264	10264	9842	10770	11079	11389	13919
20	6889	N.A.	N.A.	9139	9561	10123	-	-	-	10264	10264	9729	11023	11023	11389	13919
21	6889	N.A.	N.A.	9139	9561	10123	-	-	-	10264	10264	9505	10967	11023	11389	13919
22	6889	N.A.	N.A.	9139	9561	10123	-	-	-	10404	10489	9420	10967	11023	11389	13919
24	6889	N.A.	N.A.	9139	9561	10123	-	-	-	10292	10404	9280	11023	11023	11389	13919
25	6889	N.A.	N.A.	9139	9561	10123	-	-	-	10236	10348	9223	11023	11023	11389	13919
26	....	....	....	....	....	....	HOLIDAY	HOLIDAY	....	....	....	....	....	....	....	....
27	....	....	....	....	....	....	HOLIDAY	HOLIDAY	....	....	....	....	....	....	....	....
28	....	....	....	....	....	....	HOLIDAY	HOLIDAY	....	....	....	....	....	....	....	....
29	6889	N.A.	N.A.	9223	9645	10208	-	-	-	10404	10517	9280	11192	11079	N.A.	13779
31	6889	N.A.	N.A.	9223	9645	10208	-	-	-	10376	10489	9195	11192	11079	N.A.	13779
H	7114	-	-	9336	9842	10714	11135	11248	11810	10461	10545	10151	11192	11079	11389	14060
L	6524	-	-	9139	9561	9983	10686	10967	11670	9898	9954	9195	10770	11023	11389	13779
A	6911	-	-	9218	9680	10312	10993	11142	11713	10273	10338	9774	11020	11048	11389	13945

N.A. = Not Available H = Highest L = Lowest A = Average \* = Nominal

## SNIPPETS

Merchandise exports from India are reported to have posted a lower growth of 36.4 per cent in September to touch \$ 24.8 billion as against \$ 18.2 billion a year ago. The growth recorded during the previous two months is stated to have been much higher, being 81.8 per cent in July and 44.2 per cent in August. Imports in September reportedly rose 17.2 per cent to \$ 34.6 billion against \$ 29.5 billion in September last year. The cumulative growth rate of exports during April-September this year is placed at 52.1 per cent at \$ 160 billion, as compared to \$ 105.2 billion in the corresponding period of 2010-11.

China is seen importing 3.3 million tonnes cotton this year, a 22.22 percent rise from last year's 2.7 million tonnes, a top industry body official said. The cotton year is calculated from August to July.

China is expected to produce 7 million tonnes of cotton this year, while its consumption is seen at 10 million tonnes in the current year, Terry Townsend, executive director at International Cotton Advisory Committee told reporters on sidelines of World Cotton Research Conference. China is the biggest buyer of the commodity from India, ahead of Bangladesh and Pakistan, he said.

(Source: Economic Times)



## 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  
November 2011

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	5 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>
03.	ICS-102	22mm	4.5-5.9	19	V-797	6805 (24200)	6664 (23700)	6664 (23700)	6749 (24000)	6889 (24500)	7030 (25000)
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.
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
09*.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	10095 (35900)	9842 (35000)	9786 (34800)	9842 (35000)	9983 (35500)	10123 (36000)
<b>2011-12 CROP</b>											
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Desi (RG)	10376 (36900)	10179 (36200)	9842 (35000)	9842 (35000)	9842 (35000)	9954 (35400)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Desi (SG)	10489 (37300)	10292 (36600)	10123 (36000)	10123 (36000)	10123 (36000)	10292 (36600)
06.	ICS-202	25mm	3.5-4.9	23	J-34	8802 (31300)	8577 (30500)	8380 (29800)	8464 (30100)	8520 (30300)	8773 (31200)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10967 (39000)	10826 (38500)	10545 (37500)	10545 (37500)	10686 (38000)	10826 (38500)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	10911 (38800)	10686 (38000)	10545 (37500)	10545 (37500)	10686 (38000)	10686 (38000)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	11164 (39700)	11023 (39200)	10967 (39000)	10967 (39000)	10967 (39000)	11107 (39500)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	13779 (49000)	13498 (48000)	13498 (48000)	13638 (48500)	13638 (48500)	13919 (49500)

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