Weekly Publication of

Cotton Association of India

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Cotton Statistics And News

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CAI Makes Revision in Its Production Estimate of 2010-11

As on October 31, 2010, the Association has estimated the current year's cotton production to be 357.00 lakh bales, up from the September estimate of 356.00 lakh bales. It has made revisions in the estimates for individual States on the basis of latest inputs from different stakeholders and the arrivals of cotton so far. The State-wise details of the estimate are as under:

(in lakh bales)

State	Production	Arrivals
Punjab	16.00	3.75
Haryana	15.00	2.25
Rajasthan	10.00	1.25
Total North Zone	**41.00**	**7.25**
Gujarat	120.00	7.00
Maharashtra	77.50	4.00
Madhya Pradesh	18.50	2.50
Total Central Zone	**216.00**	**13.50**
Andhra Pradesh	65.50	2.50
Karnataka	15.00	0.75
Tamil Nadu	5.50	-
Total South Zone	**86.00**	**3.25**
Other States	2.00	0.50
Loose Cotton	12.00	1.00
All-India	**357.00**	**25.50**

The upward revision from the September estimate has been made in the case of Haryana (+1.50 lakh bales), Rajasthan (+3.00 lakh bales) and Karnataka (+4.25 lakh bales). CAI has also lowered the estimate of imports from 7.00 to 6.50 lakh bales.

The projected Balance Sheet drawn by the CAI for the year 2010-11 estimated the total cotton supply at 418.50 lakh bales while the domestic consumption is estimated at 266.00 lakh bales, thus leaving the available surplus of 152.50 lakh bales. The government has already announced a quantity of 55.00 lakh bales for exports. The arrivals as on 30th October 2010 are placed at 25.50 lakh bales.

The cotton Balance Sheet as revised on 31st October is as under:

(in lakh bales)

	2010-11	2009-10
Opening Stock	55.00	71.50
Production	357.00	307.50
Imports	6.50	7.00
Total Supply	**418.50**	**386.00**
Mill Consumption	226.00	207.00
Consumption by SSI	20.00	23.00
Non-Mill Consumption	20.00	20.00
Total Demand	**266.00**	**250.00**
Available Surplus	**152.50**	**136.00**

The cotton crop looks promising for this year. Though arrivals started late, they have now caught up with the figures of last year and in fact have overtaken the level on the same date last year. Prices have been strong due to strong demand domestically from the textile sector and because of international cotton prices being high. In fact New York cotton futures reached an all time high in its recorded history. However, Indian cotton prices continue to remain the lowest in the world.

2009-10 Cotton Season - A Brief Review

(Continued from Issue No. 32)

Consumption

There has been a steady uptrend in the mill consumption of cotton during the last several years. From 149.36 lakh bales in 2000-01, cotton consumption rose to a peak of 195.67 lakh bales in 2007-08, an increase of 31 per cent. However, owing to several adverse factors, there was a slight setback in 2008-09. For instance, there was a slowdown in economic growth which pulled down the domestic demand for textiles. Added to this was the global financial crisis owing to which the overseas demand for textiles also came down sharply. Further, domestic cotton prices shot up in 2008-09 consequent to the steep hike in the minimum support prices.

Thanks to the economic growth regaining momentum and other positive factors, consumption made a recovery in 2009-10. During the period from October 2009 to June 2010 mill consumption aggregated to 156.26 lakh bales as against 140.09 lakh bales during the corresponding period of 2008-09, that is, a rise of 11.5 per cent. This trend is expected to have been maintained during the remaining months of 2009-10. In that case, mill consumption would reach a new peak of about 213 lakh bales. The monthly consumption of cotton by mills upto June 2010 has been as under:

Cotton Consumption by Mills (lakh bales)

Month	2008-09	2009-10
October	14.93	16.61
November	15.26	16.78
December	16.23	17.65
January	15.43	17.47
February	14.66	16.71
March	15.74	17.60
April	15.45	17.53
May	16.12	17.86
June	16.27	18.05
Total (for 9 months)	140.09	156.26

Consumption of cotton by small scale units was also higher in 2009-10 at 15.89 lakh bales during the nine-month period from October 2009 to June 2010 compared to 15.14 lakh bales during the corresponding period of 2008-09.

Import

The volume of import of cotton has come down drastically during the last 10 years, owing to the breakthrough in domestic production. However, some imports are necessitated because of the shortage in the production of extralong staple cotton. The increase in cotton production was confined to the long and superior long staple group whereas there has been a minor fall in the production of short staple and extralong staple cottons.

The only extralong staple cotton now in large scale commercial cultivation is DCH-32. Since its area of adaptation is limited, it is difficult to raise its production substantially. However, attempts are being made to raise production through higher productivity. Research is also being intensified to develop new, more productive ELS cottons which are adaptable to wider areas. Some such types are in the pipeline and when they are released for commercial cultivation they can be expected to remove or reduce the existing shortage in ELS cotton production. Cotton imports were of the order of 10 lakh bales in 2008-09 but were lower at 7.0 lakh bales in 2009-10.

Export

Export of raw cotton had been a regular feature in recent years, the volume depending on the available exportable surplus and a few other factors. With the surge in production, the available surplus also rose significantly paving the way for higher exports. In fact, exports reached a peak of 88.5 lakh bales in 2007-08 when India emerged as the world's second largest exporter after USA. In 2008-09 exports came down to 35 lakh bales but with higher surplus and the very high international prices, exports rose in 2009-10 to touch 83 lakh bales.

The higher exports alongwith other factors led to an unprecedented rise in domestic cotton prices and there was intense pressure from the textile industry to curb exports so as to cool down prices. In response, the Government put restriction on raw cotton exports. To begin with, it imposed an export duty of Rs. 2500 per tonne from April 9, 2010. Expectedly, this invited adverse comment from exporters who claimed that such a step would lead to disputes over exports and also dent the image built up in recent years as India to be a major supplier with a brand value for Indian cotton, especially in China on a par with Australian, American and Brazilian cottons. However, Government suspended export registrations with effect from April 19, 2010 and also placed a cap of 55 lakh bales for exports which would be further reviewed later. It was also stipulated that actual shipments would commence only from 1st November 2010.

(To be continued ...)

UPCOUNTRY SPOT RATES

(Rs.\Candy)

October 2010	V-797 ICS-102 22 mm 4.5-5.9 19	Jayadhar ICS-103 23 mm 4.0-5.5 19	Y-1 ICS-104 24 mm 4.0-5.5 20	NHH-44 ICS-105 25 mm 3.5-4.9 22	LRA-5166 ICS-105 27 mm 3.5-4.9 24	ICC ICS-301 26 mm 3.7-4.3 25	2009-10 Crop BD(RG) A. Commila ICS-101 22 mm 5.0-7.0 15	2010-11 Crop BD SG ICS-201 22 mm 5.0-7.0 15	J-34 ICS-202 25 mm 3.5-4.9 23	LRA-5166 ICS-105 27 mm 3.5-4.9 24	H-4/ MECH-1 ICS-105 28 mm 3.5-4.9 25	Shankar-6 ICS-105 29 mm 3.5-4.9 26	Bunny/ Brahma ICS-105 31 mm 3.5-4.9 27	MCU-5/ Surabhi ICS-106 33 mm 3.3-4.5 *28*	DCH-32 ICS-107 35 mm 2.8-3.6 31
1	25200	26000	31000	N.A.	N.A.	N.A.	26700	27200	35200	-	36500	37700	38500	40500	45500
2	....	......	......	......	.....	......	......	HOLIDAY	......	......	....	......	.....	....	....
4	25200	26000	31000	N.A.	N.A.	N.A.	26700	27200	35200	-	36500	37700	38500	40500	45500
5	25200	26000	31000	N.A.	N.A.	N.A.	26700	27200	35100	-	36500	37500	38500	40500	45500
6	25200	26000	31000	N.A.	N.A.	N.A.	26700	27200	35000	-	36700	37500	38500	40500	45500
7	25400	26000	31000	N.A.	N.A.	N.A.	26700	27200	35200	-	37200	38000	38700	40500	45500
8	25400	26000	31000	N.A.	N.A.	N.A.	26700	27200	35800	-	37500	39000	39700	41000	46000
9	....	......	......	......	.....	......	......	HOLIDAY	......	......	....	......	.....	....	....
11	26000	26500	31500	N.A.	N.A.	N.A.	27800	28200	-	-	38500	40000	40500	42000	46000
12	26000	26500	31000	N.A.	N.A.	N.A.	27800	28200	-	-	39000	40800	40300	42000	46000
13	26000	26500	31000	N.A.	N.A.	N.A.	27800	28200	-	-	39000	40800	40300	42000	46000
14	26000	26500	31000	N.A.	N.A.	N.A.	27800	28200	-	-	39500	40800	40500	42000	46000
15	26000	26500	31000	N.A.	N.A.	N.A.	27800	28200	-	-	40000	41000	41000	43000	46000
16	26000	26500	31000	N.A.	N.A.	N.A.	27800	28200	-	-	40000	41000	41000	43000	46000
18	26000	27000	31000	N.A.	N.A.	-	28200	28600	36000	-	39800	40800	41000	43500	47000
19	25500	27000	31000	N.A.	N.A.	-	27900	28300	35800	-	40000	40600	41000	43500	48000
20	25200	27000	32500	N.A.	N.A.	-	27900	28300	35500	-	39500	40100	40500	43500	48000
21	25200	27000	33500	N.A.	-	-	27500	27900	35500	36500	39900	40400	40900	43500	48000
22	25200	27000	33500	N.A.	-	-	27500	27900	36000	37000	40400	40900	41400	44000	48000
23	....	......	......	......	.....	......	......	HOLIDAY	......	......	....	......	.....	....	....
25	25700	27500	34000	N.A.	-	-	28000	28200	37500	38500	41900	42400	42500	45000	49000
26	26000	28000	34500	N.A.	-	-	28300	28500	38000	39100	42500	43000	43300	45000	49500
27	26500	28500	34500	N.A.	-	-	28300	28500	38500	39600	43000	44000	43800	45000	50000
28	26500	29000	34500	N.A.	-	-	28100	28300	38300	39400	42800	43300	43800	44500	50000
29	26500	29000	34500	N.A.	-	-	28100	28300	38300	39400	42500	43000	43300	44000	50000
30	26300	28500	34500	N.A.	-	-	27800	28000	38300	39400	41500	42200	42300	43500	50000
H	26500	29000	34500	-	-	-	28300	28600	38500	39600	43000	44000	43800	45000	50000
L	25200	26000	31000	-	-	-	26700	27200	35000	36500	36500	37500	38500	40500	45500
A	25700	27000	32200	-	-	-	27600	28000	36400	38600	39600	40500	40900	42700	47300

H = Highest L = Lowest A = Average

'LEARN WITH CAI'

Programme No.2009-10/4

'MARINE INSURANCE'

To learn these and other similar technical points

ATTEND

Marine Insurance Workshop

(covering theory, practice , case studies, quiz etc.)

The workshop will be conducted
by a renowned faculty on the subject

Mr. R.Ganatra

(M.A., M.COM., LL.M., F.I.I.I., D.M.M.T.)

VENUE : Conference Room of the Association

DATE : 27th November 2010

TIME : 8.30 A.M. to 6.00 P.M.

FEES:

For CAI Members ... Rs. 2,500/-

For Members of Affiliated Associations ... Rs. 3,000/-

For Non-members ... Rs. 3,500/-

For registration, please contact CAI Office, Tel: +91-22-30063400, Email: cai@caionline.in

DO YOU KNOW ?

......

Marine Insurance also covers air and land transits.

......

"All Risks" cover does not cover all the losses!

......

"Warehouse to Warehouse policy is rarely Warehouse to Warehouse!

......

In the event of a loss You can claim more than invoice value !

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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) 2009-10 CROP November 2010					
						6th	8th	9th	10th	11th	12th
03.	ICS-102	22mm	V-797	4.5-5.9	19	26500	27000	27200	27200	27000	26500
04.	ICS-103	23mm	Jayadhar	4.0-5	19	29000	30000	30000	31000	31000	30500
05.	ICS-104	24mm	Y-1	4.0-5.5	20	35200	38200	38200	38700	38700	38200
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A
			2010-11 CROP								
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	28500	28600	30600	30600	30100	29600
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	29400	29500	31500	31500	31000	30500
06.	ICS-202	25mm	J-34	3.5-4.9	23	39300	40000	41500	42500	42000	41300
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	40000	41000	41500	42500	42500	41000
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	42600	43300	44000	45200	44700	42700
10.	ICS-105	29mm	S-6	3.5-4.9	26	44200	44700	45500	46200	46200	44700
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	43800	44300	45000	45500	45500	44000
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	45000	47000	47500	48500	48500	47500
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	50500	51500	52500	52500	52500	52500