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Cotton Statistics And News

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CAB Estimates Current Year's Cotton Crop at 295 Lakh Bales

The Cotton Advisory Board (CAB) met in Mumbai on 13th November 2009, with Shri A.B. Joshi, Textile Commissioner, in the Chair. As usual, the main focus was on current year's crop size. The subject generated considerable discussion, especially since different agencies had put forth varying projections earlier according to the perception of each about the effect of the erratic distribution of rains during the season. Eventually, on the basis of the discussions and the latest inputs from representatives of different segments, CAB placed the crop at 295 lakh bales, 10 lakh bales lower than its August projection but 5 lakh bales more than last year's crop. CAB has added a rider that if necessary revision of the estimate could be made at its next meeting proposed to be held soon.

Significantly, the area under cotton this year is estimated to cross the 100 lakh mark for the first time, to touch 101.2 lakh hectares, 7.14 lakh hectares or 7.6 per cent higher than the record set last year. Primarily, this is the result of a substantial increase in farmers' net returns from cotton last year owing to the steep hike in the support prices and the massive procurement of cotton from farmers by State designated agencies at those prices. The rainfall pattern also helped in boosting cotton area since deficiency or lack of timely rains prompted farmers to switch over to cotton from other competing crops.

The State-wise estimates of area and production are given in the accompanying table :

State	2008-09 Area	2008-09 Production	2009-10 Area	2009-10 Production
Punjab	5.27	17.50	5.36	16.00
Haryana	4.56	14.00	5.22	13.00
Rajasthan	3.02	7.50	4.44	10.00
North Zone	**12.85**	**39.00**	**15.02**	**39.00**
Gujarat	23.54	90.00	26.24	95.00
Maharashtra	31.42	62.00	35.03	67.00
Madhya Pradesh	6.25	18.00	6.46	18.00
Central Zone	**61.21**	**170.00**	**67.73**	**180.00**
Andhra Pradesh	13.99	53.00	13.19	48.00
Karnataka	4.08	9.00	3.95	9.00
Tamil Nadu	1.09	5.00	0.28	5.00
South Zone	**19.16**	**67.00**	**17.42**	**62.00**
Other States	0.84	2.00	1.03	2.00
Total	**94.06**	**278.00**	**101.20**	**283.00**
Loose Production	-	12.00	-	12.00
All-India	**94.06**	**290.00**	**101.20**	**295.00**

(Area in lakh hectares; Production in lakh bales)

While the increase in area has been contributed mainly by Central and North zones, increase in production has been confined to the Central zone. Central zone's share in the total kitty has gone up slightly from 59 per cent in 2008-09 to 61 per cent in 2009-10. A matter of concern is the decline in productivity per hectare at the national level, from 524 kg. in 2008-09 to 496 kg in 2009-10, a fall of 5.3 per cent. The yield had shown a decline in 2008-09 also, from 554 kg in 2007-08 to 524 kg in 2008-09.

CAB has projected the current year's imports at 7 lakh bales, as against 10 lakh bales in 2008-09. While exports during 2008-09 have been retained at 35 lakh bales, they are expected to bounce back and reach 55 lakh bales in 2009-10. Some indication of the likely increase in exports has been provided by the data for October this year when export registrations almost doubled to 8.28 lakh bales from 4.23 lakh bales in September. However, the actual shipments in October were marginally lower at 1.16 lakh bales compared to 1.81 lakh bales in September. The cotton balance sheet, as drawn up by the CAB is given below :

Cotton Balance Sheet
(in lakh bales)

	2008-09	2009-10
Opening Stock	35.50	71.50
Production	290.00	295.00
Imports	10.00	7.00
Total Supply	**335.50**	**373.50**
Mill Consumption	190.00	207.00
Consumption by SSUs	20.00	23.00
Non-Mill Use	19.00	20.00
Exports	35.00	55.00
Total Demand	**264.00**	**305.00**
Carryover Stock	71.50	68.50

The carryover stock at the end of 2009-10 season is expected to be only 3 lakh bales lower than the opening stock and would be more than adequate to meet the requirements till, the bulk availability of the ensuing season's crop.

Spurt in Cotton Export Registrations in October

There has been a spurt in registrations for export of raw cotton with the Textile Commissioner during October 2009. The actual quantity registered in October is 8.28 lakh bales, almost double the quantity of 4.23 lakh bales registered in the previous month. However, actual shipments were slightly lower in October at 1.16 lakh bales as against 1.81 lakh bales in September 2009.

Meanwhile official figures of shipment during 2008-09 comes to 33.14 lakh bales as against 35 lakh bales estimated by the Cotton Advisory Board.

The month-wise registrations and shipments have been as under :

(in lakh bales)

Month	Quantity Registerd	Quantity Shipped
October '08	1.77	0.29
November '08	3.02	3.31
December '08	1.57	1.93
January '09	2.60	2.60
February '09	4.27	3.57
March '09	5.49	4.66
April '09	3.19	3.06
May '09	5.21	3.76
June '09	3.10	5.87
July '09	1.19	0.51
August '09	2.40	1.77
September '09	4.23	1.81
Total	**38.04**	**33.14**

Cotton Season 2008-09 - A Review *(Contd. from last Issue)*

Prices

Despite a good crop during the season, on top of a bumper crop in the previous year, cotton prices remained high during 2008-09, mainly because of the steep hike in support prices. The data on monthly average spot rates in the case of some popular varieties are given below :

Avg. Spot Rate (Rs/Candy)				
Month	**J-34**	**H-4**	**S-6**	**DCH-32**
October '08	22500 (17200)	23100 (19100)	23300 (19700)	31900 (29800)
November '08	20400 (18000)	21900 (19100)	22200 (19700)	30600 (28500)
December '08	20400 (18400)	21600 (18900)	21800 (19700)	29000 (28500)
January '09	21000 (19300)	21000 (19800)	21500 (20800)	28200 (29100)
February '09	20100 (19700)	20100 (20500)	20600 (21300)	26800 (30000)
March '09	20600 (20200)	20100 (21200)	20700 (22300)	26500 (31000)
April '09	22400 (20400)	21100 (21600)	22400 (22300)	32100 (31000)
May '09	23100 (22300)	21800 (22700)	23600 (23500)	32200 (31900)
June '09	22900 (25300)	21800 (24700)	23200 (25600)	32000 (32600)
July '09	23100 (27300)	22500 (27800)	23800 (27900)	33000 (33100)
August '09	23000 (26700)	22400 (27700)	23400 (27900)	33100 (33000)
September'09	21800 (25600)	21800 (28300)	22500 (28000)	32900 (32300)

Note : Figures in brackets are prices during 2007-08.

As may be seen, average prices of most of the varieties remained higher than last year during the first six months of the season, whereafter they came down to levels lower than last year. The comparative seasonal average prices of some of the leading varieties are given below :

Seasonal Av. Spot Rate (Oct. - September) (Rs/Candy)			
Variety	2007-08	2008-09	Difference
J-34	21,700	21,800	100
H-4	22,600	21,600	- 1000
S-6	23,200	22,400	- 800
DCH-32	30,900	30,700	- 200

Barring the medium staple cotton J-34, seasonal average prices of all varieties were substantially lower in 2008-09 compared to the previous year. The fall ranged from Rs. 800 to Rs. 1000 per candy in the case of long staple cotton and Rs. 200 per candy in the case of the extralong staple cotton, DCH-32. The average price of J-34 was higher by Rs. 100 per candy. The price behaviour had been at odds with market fundamentals in both the years when production was remarkably high at 307 lakh and 290 lakh bales which should have softened the prices. However, while speculative interests apart from consistent demand boosted the prices in 2007-08, steep hike in the support prices was the main trigger that maintained the prices high in 2008-09.

The Government effected an unprecedented 40 per cent hike in the minimum support prices during 2008-09 with a view to safeguard farmers' interests, although such a hike eventually proved to have a debilitating effect on the cotton economy as a whole. The MSP fixed for some popular varieties were as under:

Variety	(Rs/qtl) **Support Price for Kapas** **2008-09**	**2007-08***
F 414/H-777/J-34 (Rajasthan)	2500	1800
F 414/H-777/J-34 (Punjab)	2800	1950
H-4/H-6/MECH/RCH-2	2850	2030
S-6/S-10	2850	2055
Bunny/Brahma	3000	2070
MCU-5/Surabhi	3200	2300
DCH-32	3400	2000

** MSP indicated for 2007-08 are for qualities which are generally equivalent to those fixed for 2008-09 although fibre parameters specified are not exactly the same.*

(Concluded)

SNIPPETS

Merchandise exports from India were down by 11.4 per cent at $ 12.5 billion in October 2009 compared to $ 14.1 billion in October last year. However, the rate of decline had been lower compared to the previous months when decline was as high as 32 per cent in one month. Of this decelerating trend in export growth rate continues, export growth may turn positive by January, the Commerce Secretary has reportedly claimed.

On top of the deceleration in the declining trend in export growth, another positive development which signal a recovery in economic growth has been the impressive growth in industrial production. Exceeding expectations, industrial output reportedly posted a growth of 9.1 per cent in September this year compared to September last year. The growth in August this year has also been revised now to a 22-month high of 11 per cent. Apparently, the stimulus package provided by the Government has been effective, according to the Union Finance Minister.

The National Agricultural Co-operative Marketing Federation (NAFED) is reported to have commenced procurement of cotton at support prices from farmers. Presently, it is said to be purchasing from Maharashtra, Gujarat, Punjab, Andhra Pradesh and Karnataka. NAFED expects to purchase about 35-40 lakh bales this year, it is stated. Last year, it had procured 37 lakh bales out of which 7 lakh bales are said to be remaining unsold.

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 November 2009					
						14th	16th	17th	18th	19th	20th
03.	ICS-102	22mm	V-797	4.5-5.9	19		18400	18400	18400	18400	18400
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19		18600	18600	18600	18600	18600
05.	ICS-104	24mm	Y-1	4.0-5.5	20	H	21200	21200	21200	21200	21200
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28		24600	24600	24600	24600	24600
13.	ICS-107	35mm	DCH-32	2.8-3 .6	31	O	36000	36000	36000	-	-
14.	ICS-301	26mm	ICC	3.7-4.3	25		22400	-	-	-	-
2009-10 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	L	24200	24200	24300	24400	24400
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15	I	24700	24700	24800	24900	24900
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23		23300	23300	23300	23500	23500
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		22800	22800	22800	22800	22800
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	D	23000	23000	23000	23000	23000
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25		23500	23500	23500	23700	23800
10.	ICS-105	29mm	S-6	3.5-4.9	26	A	24700	24700	24700	24800	25000
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27		23900	24000	24000	24300	25300
13.	ICS-107	35mm	DCH-32	2.8-3 .6	31	Y	-	-	-	38000	40000
14.	ICS-301	26mm	ICC	3.7-4.3	25		-	23300	23300	23500	23500