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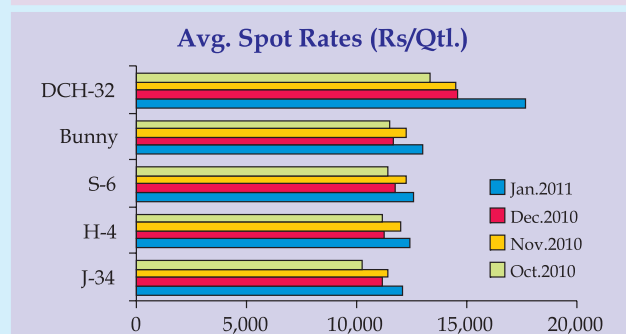
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Cotton Prices Resume Northward Journey

Domestic cotton market was bullish during the first two months of the current season in October and November. However, prices of all medium and long staple cottons retreated in December although those of extralong staple cotton continued to remain firm. The fall in prices during December was perhaps due to the pick-up in market arrivals which had been sluggish earlier owing to the late rains in some tracts. Prices resumed their northward journey aggressively in January inspite of the arrivals gathering further momentum. The monthly average spot rates of some representative varieties are given in the statement below:

Month	Av. Spot Rate (Rs/Qtl.)				
	J-34	H-4	S-6	Bunny	DCH-32
Oct.'10	10,236 (6,046)	11,135 (-)	11,389 (6,552)	11,501 (6,524)	13,301 (-)
Nov.'10	11,389 (6,608)	11,979 (6,693)	12,260 (7,030)	12,260 (6,689)	14,510 (11,529)
Dec.'10	11,135 (7,002)	11,220 (7,227)	11,726 (7,536)	11,670 (7,536)	14,594 (11,810)
Jan.'11	12,063 (7,199)	12,457 (7,199)	12,598 (7,509)	12,963 (7,536)	17,687 (11,332)

Note : Figures in brackets denote corresponding prices last year



The increase in average prices during January compared to December ranges from Rs. 872 to Rs. 3093 per qtl, the highest being in the case of the extralong staple cotton, DCH-32. In terms of percentages, the increase in January has been from 8.3 to 21.1 per cent. When compared to the average prices during the opening month of the season in October, the rise in January has been to the extent of Rs. 1209 to Rs. 4387 per qtl, again

Manufacturers can now import cotton for re-export

The Government has said that manufacturers importing raw cotton to make cotton yarn for exports will not require a licence.

By a Notification issued by the DGFT, the manufacturers who manufacture and export cotton yarn out of the imported raw cotton shall be exempted from the restriction imposed on export of cotton yarn. However, exporters will have to show a certificate from the jurisdictional Central Excise Authority certifying that the yarn has been manufactured exclusively out of the imported raw material.

It may be recalled that the Government had brought cotton yarn export under licence regime by putting it under the "restricted" category in the backdrop of sharp rise in prices. The prices of cotton yarn went up by about 85 percent in the last few months.

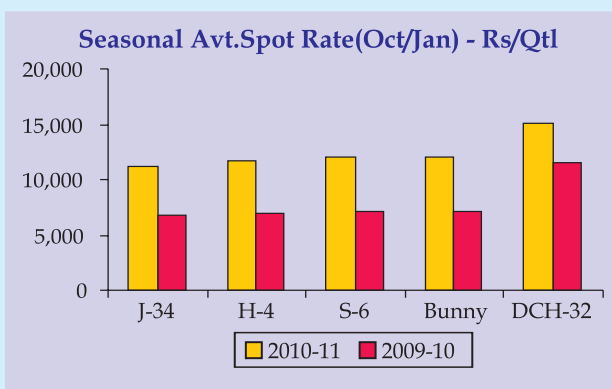
(Source: Business Line - 25.1.2011)

the maximum rise being in DCH-32. In fact, prices in January touched unprecedentedly high levels.

Presumably, one of the main reasons for this strident price rise has been the hectic buying by mills which were eager to replenish the depleted stocks, particularly in the context of the continuing strong demand for yarn. It was earlier expected that with the arrivals gaining further momentum, prices would soften and market would be bearish. However, this has not happened and the fact that the opposite has happened, indicates that supply has not been able to keep up with the rising demand.

Not surprisingly, the seasonal average prices upto January this season have been substantially higher than last season as prices this year continued to rule much higher than last year in all the months. The comparative seasonal average prices are as under:

Seasonal (Oct-Jan) Avg. Spot Rate (Rs/Qtl.)			
Variety	2009-10	2010-11	Increase
J-34	6,721	11,220	4,499
H-4	7,030	11,698	4,668
S-6	7,171	12,007	4,836
Bunny	7,114	12,092	4,978
DCH-32	11,557	15,016	3,459



New Bt Cotton in the Offing

Bt cottons were first released for commercial cultivation in India during 1992-93, from a small beginning of around a few thousand hectares during that year, Bt cottons now cover about 90 per cent of the total cotton area of some 110 lakh hectares in the country. The first type of genetically modified Bt cotton introduced was a bollworm resistant variety, Bollgard I. After a few years, another new Bt cotton variety, Bollgard II, was introduced which was resistant to weedicides. With the use of weedicides is limited in India, the spread of Bollgard II was not so extensive as Bollgard I.

It is now reported that a third variety of Bt cotton is likely to be released in about a year's time. This third type is stated to combine the bollworm resistance of Bollgard I and the herbicide resistant Bollgard II. The new Bt cotton variety is termed Roundup Ready Flex (RRF). According to reports, field trials with RRF are being conducted at eight centres across the country including one at the Central Institute for Cotton Research (CICR) in Nagpur. Reports quoting the Director of CICR state that the results are very good with weeds being completely routed thus helping not only the cotton plants to grow better and faster but also enabling farmers to save expenses on removing weeds. Many a time, there is labour crunch leading the weeds to remain in

the fields for days. The new Bt cotton is said to nullyfyng this problem also. When the weeds get dried up when the new Bt cotton is grown, they also serving as mulch that helps in preventing soil erosion. Another dimension to weed control is that mealy bugs that thrive on weeds are also taken care of.

RR Flex Bollgard is said to be now in use in the US, Columbia, Brazil and South Africa.

The available data on the progress in coverage by Bt cottons in the country are given below:

Year	Total Cotton Area	Bt Cotton Area	% of Bt Cotton Area (in lakh hectares)
2002-03	73.90	0.29	0.39
2003-04	78.35	0.93	1.18
2004-05	89.70	4.98	5.55
2005-06	88.73	10.14	11.42
2006-07	91.58	34.61	37.79
2007-08	95.06	63.34	66.00
2008-09	93.73	69.00	73.00
2009-10	96.21	76.28	79.28
2010-11	107.55	94.95	88.28

(Source: Financial Exp. 15.01.2011)

UPCOUNTRY SPOT RATES

2009-10 Crop		2010-11 Crop										(Rs. \ Quintal)		
January 2011	V-797	Jayadhar	BD(RG) A. Commla	BD SG	V-797	Y-1	J-34	NHH-44	LRA-5166	H-4/ MECH-1	Shankar-6	Bunny/ Brahma	MCU-5/ Surabh	DCH-32
ICS-102	22 mm	ICS-103	ICS-101	ICS-201	ICS-102	ICS-104	ICS-202	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-106	ICS-107
4.5-5.9	4.0-5.5	4.0-5.5	5.0-7.0	5.0-7.0	4.5-5.9	4.0-5.5	3.5-4.9	3.5-4.9	3.5-4.9	28 mm	29 mm	31 mm	33 mm	35 mm
19	19	19	15	15	19	20	23	22	24	25	26	27	28	2.8-3.6
1	N.A.	N.A.	9729	9983	-	10911	11670	11192	11332	11810	11951	12063	12288	14904
3	N.A.	N.A.	9729	9983	-	10911	11670	N.A.	11332	11810	11951	12120	12654	15747
4	N.A.	N.A.	9729	9983	-	10911	11670	N.A.	11332	11810	11951	12120	12654	15747
5	N.A.	N.A.	9729	9983	-	10911	11670	N.A.	11332	11726	11951	12120	12654	15747
6	N.A.	N.A.	9729	9983	-	10911	11529	N.A.	11332	11642	11867	12204	12654	16310
7	N.A.	N.A.	9870	10123	-	10911	11529	N.A.	11332	11585	11810	12232	12795	16450
8	...	...	...	H	O	L	I	D	A	Y	...	...	...	...
10	N.A.	N.A.	10292	10545	-	11107	11810	N.A.	11754	11951	12092	12513	13076	16872
11	N.A.	N.A.	10545	10770	-	11107	11867	N.A.	11979	12092	12232	12654	13216	16872
12	N.A.	N.A.	10545	10686	-	11023	11810	N.A.	11951	12035	12176	12598	13216	17013
13	N.A.	N.A.	10545	10686	-	11023	11810	N.A.	12035	12176	12232	12654	13216	17013
14	N.A.	N.A.	10629	10798	-	11248	11838	N.A.	12120	12260	12345	12795	13357	17153
15	N.A.	N.A.	10629	10798	-	11304	11838	N.A.	12120	12317	12401	12879	13357	17153
17	-	N.A.	10714	10882	8998	11445	11979	N.A.	12232	12457	12541	13020	13498	17294
18	-	N.A.	10714	10882	8998	11529	11979	N.A.	12373	12654	12654	13076	13498	17294
19	-	N.A.	10714	10882	8998	11529	11979	N.A.	12373	12654	12654	13076	13498	17294
20	-	N.A.	10714	10882	8858	11529	11979	N.A.	12373	12654	12598	13076	13498	17716
21	-	N.A.	10742	10911	8858	11529	12007	N.A.	12373	12654	12598	13076	13498	18559
22	...	...	...	H	O	L	I	D	A	Y	...	...	...	...
24	-	N.A.	10967	11135	8998	11670	12232	N.A.	12513	12935	13020	13357	13779	19122
25	-	N.A.	11079	11304	9280	11810	12513	N.A.	12513	13104	13244	13638	14060	19543
26	...	...	...	H	O	L	I	D	A	Y	...	...	...	...
27	-	N.A.	11360	11614	9448	12092	12823	N.A.	12935	13610	13891	14285	14763	20246
28	-	N.A.	11445	11698	9448	12232	13048	N.A.	12935	13694	14060	14341	14847	20246
29	-	N.A.	11445	11698	9448	12232	13048	N.A.	12851	13610	13779	14257	14763	21090
31	-	N.A.	11726	11979	9448	12232	12991	N.A.	12851	13554	13723	14257	14763	21090
H	-	-	11726	11979	9448	12232	13048	11192	12935	13694	14060	14341	14847	21090
L	-	-	9729	9983	8858	10911	11529	11192	11332	11585	11810	12063	12288	14904
A	-	-	10579	10791	9162	11396	12056	11192	12099	12469	12597	12974	13461	17673

H = Highest L = Lowest A = Average

SNIPPETS

The Reserve Bank of India (RBI) has raised the Repo rate by 25 basic points (bps) to 6.5 per cent. It has raised the Reverse Repo rate also by 25 bps to 5.5 per cent. The measure has reportedly been taken to contain inflation in a calibrated and gradual approach. The RBI is stated to have revised its inflation target from 5.5 per cent to 7 per cent for end March.



Merchandise exports from the Country reportedly posted a robust growth of 36.4 per cent in December to touch \$ 22.5 billion, aided by the strong performance of several products including engineering goods. Exports are stated

to have recorded a growth of 29.5 per cent during the nine-month period of April to December 2010, taking the total to \$ 164.71 billion. Imports during December are placed at \$ 25.1 billion, a fall of 11 per cent compared to \$ 28.3 billion a year ago. This is said to be the first time in nine months when imports registered a fall. The total imports during April-December 2010 are placed at \$ 246.72 billion, a rise of 19 per cent from the imports during the corresponding period in 2009-10. The trade deficit during April-December is placed at \$ 82 billion, marginally higher than the deficit of \$ 80 billion recorded during April-December 2009.



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) 2009-10 CROP						
					January - February 2011						
					29 th	31 st	1 st	2 nd	3 rd	4 th	
04.	ICS-103	23mm	Jayadhar	4.0-5	19	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	11445 (40700)	11726 (41700)	11867 (42200)	12007 (42700)	12148 (43200)	12148 (43200)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	11698 (41600)	11979 (42600)	12120 (43100)	12260 (43600)	12401 (44100)	12401 (44100)
03.	ICS-102	22mm	V-797	4.5-5.9	19	9448 (33600)	9448 (33600)	9448 (33600)	9448 (33600)	11248 (40000)	11248 (40000)
05.	ICS-104	24mm	Y-1	4.0-5.5	20	12232 (43500)	12232 (43500)	12232 (43500)	12373 (44000)	12654 (45000)	12654 (45000)
06.	ICS-202	25mm	J-34	3.5-4.9	23	13048 (46400)	12991 (46200)	13076 (46500)	13357 (47500)	13779 (49000)	13919 (49500)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	12851 (45700)	12851 (45700)	12935 (46000)	13216 (47000)	13779 (49000)	13779 (49000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	13610 (48400)	13554 (48200)	13610 (48400)	13891 (49400)	14482 (51500)	14482 (51500)
10.	ICS-105	29mm	S-6	3.5-4.9	26	13779 (49000)	13723 (48800)	13779 (49000)	14060 (50000)	14763 (52500)	14763 (52500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	14257 (50700)	14257 (50700)	14341 (51000)	14622 (52000)	15185 (54000)	15185 (54000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	14763 (52500)	14763 (52500)	14904 (53000)	15044 (53500)	15466 (55000)	15747 (56000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	21090 (75000)	21090 (75000)	21090 (75000)	21371 (76000)	22496 (80000)	22496 (80000)

Note: Figures in bracket indicate prices in Rs./candy)