

Weekly  
Publication of



**Cotton  
Association  
of India**

Cotton Exchange Building, 2nd Floor,  
Cotton Green, Mumbai - 400 033  
Phone: 2370 4401/02/03  
Fax: 2370 0337  
Email: eica@eica.in  
[www.caionline.in](http://www.caionline.in)

Regd.No.MH/MR/EAST/96/2009-11

Registered with the Registrar of Newspapers for India under R.No.18844/69

Published every Tuesday

Price: Rs.30 per copy

# Cotton Statistics And News

2010 \* No. 45 \* 09/02/2010

Edited & Published by : O. P. Agarwal

## **India's Textile and Clothing Export Posts 6.1 per cent CAGR During 1996-2006**

Indian textile and clothing industry is a major contributor to the country's export earnings. The textile and clothing exports cover a wide range of items containing cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups and a variety of garments. According to a paper recently published in the Journal of the Textile Association, Indian textile and clothing (T and C) export has grown at a compound annual growth rate (CAGR) of 6.1 per cent during the period from 1996 to 2006. The total value of T & C export was \$ 9.55 billion in 1996 and it rose to \$ 17.08 billion in 2006.

Although Indian T & C export has maintained a reasonable growth, it was much lower in comparison with that of China. While during the period from 1980 to 2006 Indian T & C export moved with low and stagnant share in the world export, China is stated to have performed aggressively and raised its share in world textile

export from 4.6 per cent to 22.3 per cent and that in world clothing export from 4.0 per cent to 30.6 per cent. In comparison, India's share in world textile trade posted a moderate increase from 2.4 per cent to 4.3 per cent and that in world clothing trade from a meagre 1.7 per cent to 3.3 per cent.

The value of export of various textile and clothing items by India during five years from 2001-02 to 2005-06 is reported to have been as under :

Textile and Clothing Export (In million dollars)					
Year	RMG	CT	MMT	Others	Total
2001-02	5004	3051	1086	1581	10722
2002-03	5705	3370	1421	1949	12445
2003-04	6248	3609	1826	1848	13531
2004-05	6559	3543	2050	3069	14021
2005-06	8403	4493	2000	2182	17078

Note : RMG - Readymade garments; CT - Cotton Textiles; MMT - Man-made Textiles; Others - include Silk Textiles, Wool and Woollen Textiles and Jute, Coir and Handicraft.

It will be seen that during the five-year period from 2001-02 to 2005-06, the total export of textile and clothing posted a growth of about 59 per cent. The maximum growth of 84.2 per cent was recorded by man-made textiles followed by readymade garments at about 68 per cent. Export of cotton textiles grew by a lower but reasonable 47 per cent.



## RBI Hikes CRR

One of the steps taken by the Reserve Bank of India (RBI) in its third quarter review of the monetary policy is to hike the cash reserve ratio (CRR) i.e. the proportion of the total deposits which the banks have to park with the RBI, by 0.75 percentage points to 5.75 per cent from the existing 5 per cent. This measure is expected to take Rs. 36,000 crore out of the banking system. It is not, however, likely to affect the availability of funds for lending since the banking system is said to be awash with surplus liquidity. The present step by the RBI had been widely expected as a measure to contain inflation.

While for some time now, the policy of RBI had been directed towards managing the economic

crisis, the main focus now is said to be to manage the country's economic recovery. It is claimed that any increase in interest rates could have affected economic growth in 2009-10 which the RBI now expects to be 7.5 per cent as against 6 per cent projected earlier. Hence, the Central bank has left the interest rates untouched, with the repo rate and reverse repo rate retained at 4.75 per cent and 3.25 per cent respectively. Repo rate is the rate at which the banks borrow from the Central Bank and the reverse repo rate is the rate at which banks can keep their surplus fund with the RBI. The RBI Governor is quoted to have stated that his focus has been on maintaining an interest rate environment consistent with price stability and financial stability.

## Per Capita Cloth Availability Risen by Nearly 50 per cent During Last Decade

Although there has been steady expansion in the country's population, it appears that cloth production has outpaced this growth resulting in an appreciable rise in the per capita availability of cloth, the data published by the Textile Commissioner reveal. The year-wise data in this regard for the last ten years are given below :

Per Capita Cloth Availability (sq. mtrs.)				
Year	Cotton	Non Cotton	Blended	Total
1998-99	13.07	10.99	4.13	28.19
1999-00	14.16	11.91	4.48	30.55
2000-01	14.22	11.96	4.50	30.68
2001-02	14.82	12.46	4.69	31.97
2002-03	14.40	12.59	4.38	31.37
2003-04	13.41	13.09	4.51	31.01
2004-05	14.08	15.32	4.11	33.51
2005-06	16.37	15.41	4.32	36.10
2006-07	17.90	17.01	4.69	39.60
2007-08	19.01	18.03	4.81	41.85

It will be observed that between 1998-99 and 2007-08, per capita availability of cloth registered a rise of 48.5 per cent from 28.19 sq. meters to 41.85 sq. meters. A fibre-wise study shows that the maximum increase was in the non-cotton segment which went up by 64 per cent during the period. The increase in the per capita availability of cotton cloth was also appreciable but quite lower at 45.4 per cent. The growth was much lower at 16.5 per cent in the case of blended cloth.

## CITI's Plea to Centre for Working Capital for Cotton Purchase

In a letter to the Union Finance Minister, the Chairman of the Confederation of Indian Textile Industry (CITI) is reported to have made a plea to the Centre to provide working capital liberally for purchase of cotton by mills. It is claimed that this would increase the consumption of cotton and also help the textile as well as farming sectors. As against the current 25 per cent, the request has been to reduce the margin to 10 per cent. Also, the interest rate has been requested to be brought down to 7 per cent while the period has been requested to be increased to 9 months instead of 3-4 months as at present.

The CITI Chairman has reportedly pointed out that there has been a huge increase in cotton prices consequent on the hike in the minimum support prices (MSP) and also because of the global shortage of cotton. The textile industry has been running into losses for two years now and as a result, mills do not have resources for purchase of cotton especially at the current high prices. Therefore, the Centre has to make provision for working capital for cotton purchase, he is quoted to have urged the Government.

Further, the CITI Chairman reportedly stated that on the export front, Indian textile and clothing products have become uncompetitive not only because of the high cost of production in the country but also because the competing countries in Asia have provided huge incentives in their export of textile products. In order to improve the competitiveness of Indian products he reportedly pleaded that export credit for textile and clothing units may be provided at a uniform rate of 5 per cent interest both for pre-shipment and post-shipment credit.

## SUPPLY AND DISTRIBUTION OF COTTON

### February 01, 2010

Years Beginning August 1	Million Metric Tons					
	2005/06	2006/07	2007/08	2008/09Est	2009/10Proj.	2010/11proj.
<b>BEGINNING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>11.611</b>	<b>12.271</b>	<b>12.601</b>	<b>12.029</b>	12.28	10.53
China(Mainland)	2.622	3.991	3.653	3.321	3.85	3.12
USA	1.196	1.321	2.064	2.187	<b>1.38</b>	<b>0.94</b>
<b>PRODUCTION</b>						
<b>WORLD TOTAL</b>	<b>25.646</b>	<b>26.766</b>	<b>26.037</b>	<b>23.413</b>	<b>22.18</b>	<b>24.12</b>
China (Mainland)	6.616	7.975	8.071	8.025	6.80	7.40
India	4.097	4.760	5.219	4.930	5.10	5.33
USA	5.201	4.700	4.182	2.790	2.70	3.36
Pakistan	2.194	2.147	1.894	1.960	2.11	2.23
Brazil	1.038	1.524	1.602	1.214	1.20	1.30
Uzbekistan	1.210	1.171	1.206	1.000	0.95	0.96
Others	5.290	4.488	3.864	3.494	3.32	3.54
<b>CONSUMPTION</b>						
<b>WORLD TOTAL</b>	<b>24.985</b>	<b>26.434</b>	<b>26.484</b>	<b>23.282</b>	<b>23.93</b>	<b>24.53</b>
China (Mainland)	9.439	10.600	10.900	9.000	9.32	9.55
India	3.655	3.908	4.050	3.863	4.13	4.34
Pakistan	2.532	2.633	2.637	2.452	2.55	2.63
EU, C.Eur. & Turkey	2.117	2.087	1.751	1.433	1.42	1.44
East Asia & Australia	1.884	1.869	1.843	1.690	1.71	1.73
USA	1.278	1.074	0.999	0.781	0.74	0.70
Brazil	0.973	0.992	1.007	0.974	0.96	1.01
CIS	0.633	0.682	0.664	0.602	0.59	0.58
Others	2.473	2.589	2.632	2.485	2.52	2.56
<b>TRADE IMBALANCE 1/</b>	<b>-0.124</b>	<b>0.084</b>	<b>0.031</b>	<b>0.045</b>	<b>0.00</b>	<b>0.00</b>
<b>STOCKS ADJUSTMENT 2/</b>	<b>0.123</b>	<b>-0.086</b>	<b>-0.157</b>	<b>0.076</b>	<b>0.00</b>	<b>0.00</b>
<b>ENDING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>12.271</b>	<b>12.601</b>	<b>12.029</b>	<b>12.281</b>	<b>10.53</b>	<b>10.11</b>
China (Mainland)	3.991	3.653	3.321	3.850	3.12	3.03
USA	1.321	2.064	2.187	1.379	0.94	0.98
<b>ENDING STOCKS/MILL USE (%)</b>						
<b>WORLD-LESS-CHINA(M) 3/</b>	<b>53</b>	<b>57</b>	<b>56</b>	<b>59</b>	<b>51</b>	<b>47</b>
<b>CHINA (MAINLAND) 4/</b>	<b>42</b>	<b>34</b>	<b>30</b>	<b>43</b>	<b>33</b>	<b>32</b>
<b>Cotlook A Index 5/</b>	<b>56.15</b>	<b>59.15</b>	<b>72.90</b>	<b>61.20</b>	<b>72*</b>	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China (Mainland) ending stocks divided by world-less-China (Mainland)'s mill use, multiplied by 100.

4/ China (Mainland)'s ending stocks divided by China (Mainland)'s mill use, multiplied by 100.

5/ U.S.Cents per pound

\* The price projection for 2009-10 is based on the ending stocks/consumption ratio in the world-less-China in 2007-08(estimate), in 2008-09 (estimate) and in 2009-10(projection), and on the ratio of Chinese net imports to world imports in 2008-09(estimate) and 2009-10 (projection), and on the average price for the first six months of 2009-10

95% confidence interval: 66 to 78 cents per pound

