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# Cotton Statistics And News

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## **CAB Pares Cotton Production Estimate to 312 Lakh Bales**

The second meeting of the Cotton Advisory Board (CAB) for the ongoing Cotton season was held in Mumbai on February 26, 2011 under the Chairmanship of Shri A.B. Joshi, Textile Commissioner. Expectedly, there was considerable discussion on the current season's crop size with the projections of different stakeholders varying widely. For instance, while the Association placed the crop at 339 lakh bales, the Confederation of the Textile Industry (CITI) projected it at 307 lakh bales. The Directorate of Cotton Development estimated the production at 337 lakh bales. Ultimately, taking into all viewpoints and projections, the CAB placed the crop at 312 lakh bales. CAB's estimate of the crop at its last meeting held on 6th January 2011 was 329 lakh bales. The Board did not make any revisions in its estimate of the crop during 2009-10. The State-wise break-up of the CAB's latest estimate is given below.



State	(lakh bales)	
	2009-10 Production	2010-11 Production
Punjab	14.25	16.00
Haryana	14.75	14.00
Rajasthan	11.00	9.00
<b>Total North Zone</b>	<b>40.00</b>	<b>39.00</b>
Gujarat	98.00	102.00
Maharashtra	63.00	82.00
Madhya Pradesh	15.00	17.00
<b>Total Central Zone</b>	<b>176.00</b>	<b>201.00</b>
Andhra Pradesh	52.00	53.00
Karnataka	9.00	10.00
Tamil Nadu	5.00	5.00
<b>Total South Zone</b>	<b>66.00</b>	<b>68.00</b>
Orissa	-	2.00
Others	1.00	2.00
<b>Total</b>	<b>283.00</b>	<b>312.00</b>
Loose Cotton	12.00	-
<b>All-India</b>	<b>295.00</b>	<b>312.00</b>

As usual, the Central zone continues to dominate the production scene. In fact, it has slightly improved its share of the total crop from 60 per cent in 2009-10 to 64 per cent this year. Interestingly, the share of Maharashtra which has the largest area under rainfed cotton, has gone up from last year's 2.1 per cent to 26 per cent this year. In fact, this State has posted the highest increase of 19 lakh bales from last year, as against four lakh bales in Gujarat. Most other States have shown only slight increase this year while production in Rajasthan this year is estimated to be lower than last year.

The CAB has made revision in its estimate of mill consumption this year. The Cotton Balance Sheet as now drawn up by the Board is given in the accompanying table.

It may be noticed that the CAB has estimated much lower closing stock compared to the opening stock of 40.50 lakh bales from last year. Last year also, the CAB had estimated the closing stock significantly lower than the opening stock of 71.50 lakh bales. It now remains to be seen whether the tightening of stock will further fuel the price escalation.

	(in lakh bales)	
	2009-10	2010-11
<b>Supply</b>		
Opening Stock	71.50	40.50
Crop	295.00	312.00
Imports	7.00	5.00
<b>Total Supply</b>	<b>373.50</b>	<b>357.50</b>
<b>Demand</b>		
Mill Consumption	207.00	} 258.00
SSI Consumption	23.00	
Non-mill Consumption	20.00	17.00
Exports	83.00	55.00
<b>Total Offtake</b>	<b>333.00</b>	<b>330.00</b>
Carryover Stock	40.50	27.50

## Factors That Influence World Cotton Price - Agritrade View

It is well known that perhaps in no other agricultural commodity does the prices display so much wide fluctuation so quickly. It is truly said that if there is anything certain about cotton prices it is their uncertainty. A recent issue of Agritrade has focused on factors that influence cotton prices. Being of general interest, some of the main factors that influence cotton price as indicated in the Agritrade issue are mentioned below:

- The US government has provided cotton subsidies to farmers since 1930, which directly hinder trade agreements around the world. In 2005, cotton subsidies averaged \$ 230 per acre of cotton farmland, amounting to \$ 3.3 billion in subsidies. This is five times more than the subsidies offered to grain producers.
- Directly because of subsidies, an estimated 68 per cent of US cotton is sold internationally below production costs. This led Brazil to launch a formal complaint with the World Trade Organisation (WTO) in 2004, and the following year WTO sided with Brazil and claimed that US subsidies were illegal.
- In 2000, China was considered a net exporter of cotton. By 2008, China became the largest net importer of the commodity, with no end to the demand in sight.
- Worldwide water shortages are being exacerbated by changing weather patterns and potential global warming. Cotton's intensive need for water pushed the industry

to the forefront of the debate over water rationing and drought management. In 2006, droughts throughout Texas and the Southern belt forced cotton farmers to ration water and yielded smaller-than-expected crops. In Uzbekistan, a leading cotton exporter, entire areas have experienced decertification in order to supply enough water to cotton crops.

- As with many agriculture products, genetic modification has been applied to cotton in order to help it resist various pests. As of 2003, 73 per cent of US cotton was genetically modified. As genetically modified cotton crops become more common, some pests, particularly the cotton bollworm that it was meant to fend off, have developed resistance, leading scientists to develop new strains.
- The backlash against US subsidies and their impact on cotton prices worldwide has led to the development of fair trade cooperatives in Africa. In 2005, Cameroon, Mali and Senegal combined forces to help protect their farms in the global market place.

In conclusion, Agritrade states that cotton's long and varied history makes it one of the most intriguing and enduring commodities. In the years ahead, US subsidies, China's insatiable demand and ongoing water shortages will continue to play significant roles in cotton's advancement. Agritrade adds that the goal of the individual trader is to understand these fundamental factors enough to make intelligent trading decisions.

(Source: Agritrade)

## 'Mahashivratri' Festival Celebrated at Colaba

The Trustees of Shree Bhid Bhanjan Mahadev Temple Trust organised 'Mahashivratri' festival on 2nd March 2011 at Colaba with great spiritual fervour. A large number of devotees visited the shrine at Colaba for blessings of the Lord Shiva.

On this occasion, Shri Rishit Dholakia, Director, CAI performed Pooja and took the blessings of Lord Shiva. A Palkhi was also taken out on the occasion.



Glimpses of the Mahashivratri Festival



## Budget Highlights

The Union Budget for 2011-12 was presented to the Parliament by the Finance Minister on February 28, 2011. The Budget envisages receipts of Rs. 8.45 lakh crore while the expenditure is estimated to be Rs. 12.58 lakh crore, leading to an estimated fiscal deficit of Rs. 4.13 lakh crore. The Budget does not appear to include anything specifically concerning cotton or the cotton textile industry. In this connection, some of the highlights in the Economic Survey 2010-11 presented before the Budget are given below:

- Economy is expected to grow at 8.6 per cent in 2010-11 and 9 per cent in the next fiscal.
- Growth in broad based with rebound in Agriculture, continued momentum in manufacturing and private services.
- Fundamentals are strong with Savings and Investments up, exports rising rapidly and inflation falling.
- Agriculture is likely to grow at 5.4 per cent in 2010-11.
- Industrial output grows by 8.6 per cent; manufacturing sector registers 9.1 per cent growth.
- Exports in April-December 2010 are up by 29.5 per cent.
- Imports in April-December are up by 19 per cent.
- Trade gap has narrowed to \$ 82.1 billion in April-December 2010.
- There has been a rise of 59 per cent in Net Bank Credit.
- Social programme spending was stepped up by 5 percentage points of GDP over the past five years.
- GDP grows by 9.7 per cent at market prices.
- Inflation expected to be 1.5 per cent higher than what it would be without the growth.
- Forex reserves are estimated at \$ 297.3 billion.
- Gross deficit stands at 4.8 percent of GDP, down from 6.3 percent last year.

## SNIPPETS

According to a press report, companies which sell Bt cotton seeds anticipate a shortage of over 10 per cent in seeds during the ensuing kharif season. This, it is stated, may lead to a fall of about one million hectares in the total area under the crop. While the demand for Bt cotton seeds during the ensuing kharif season is placed at about four crore packets, the estimated stock with the seed companies is said to be about 3.3 to 3.5 crore packets. The supply of Bt cotton seeds for planting in 2009-10 is reported to have been around four crore packets which covered about 90 per cent of the total area under cotton. In case there is an actual shortage of seeds and a consequent fall in Bt cotton area, it is likely that it may affect cotton production also to some extent.



According to China General Administration of Customs, January 2011 exports of textiles and apparels climbed 38.6 percent over the same month of last year to US\$ 21.62 billion, thus breaking the previous record of US\$ 20.8 billion made in July 2010. Textile exports grew by 47.5 percent to US\$ 8.24 billion, and those of apparel rose by 33.5 percent to US\$ 13.38 billion. It was the first time that monthly textile exports approached the US\$ 13.6 billion record made in July 2010.

Exports of textiles and apparel have been vigorous to Europe, U.S and South & East Asia since second half of last year.



## 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  
February - March 2011

					25 <sup>th</sup>	28 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
04.	ICS-103	23mm	Jayadhar	4.0-5 19	H	N.A.	N.A.	N.A.	N.A.	N.A.
<b>2010-11 CROP</b>										
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0 15	O	13638 (48500)	13919 (49500)	13919 (49500)	13919 (49500)	13919 (49500)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0 15		13891 (49400)	14172 (50400)	14172 (50400)	14172 (50400)	14172 (50400)
03.	ICS-102	22mm	V-797	4.5-5.9 19	L	11810 (42000)	12092 (43000)	12373 (44000)	12795 (45500)	12795 (45500)
05.	ICS-104	24mm	Y-1	4.0-5.5 20		14904 (53000)	15185 (54000)	15185 (54000)	15466 (55000)	15466 (55000)
06.	ICS-202	25mm	J-34	3.5-4.9 23	I	16169 (57500)	16450 (58500)	16450 (58500)	16591 (59000)	16591 (59000)
07.	ICS-105	25mm	NHH-44	3.5-4.9 22		N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24	D	15185 (54000)	15466 (55000)	15466 (55000)	15747 (56000)	15747 (56000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25		15747 (56000)	16028 (57000)	16028 (57000)	16310 (58000)	16310 (58000)
10.	ICS-105	29mm	S-6	3.5-4.9 26	A	16310 (58000)	16591 (59000)	16591 (59000)	16731 (59500)	16731 (59500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27		16872 (60000)	17153 (61000)	17153 (61000)	17153 (61000)	17153 (61000)
12.	ICS-106	33mm	MCU-5/ DCH-32	3.3-4.5 28		(62000)	(63000)	(63000)	(63000)	(63000)
13.	ICS-107	35mm	DCH-32	2.8-3.6 31	Y	23340 (83000)	23621 (84000)	23621 (84000)	23621 (84000)	23621 (84000)

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