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Cotton Statistics And News

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Cotton Prices Seek Lower Levels in February

Cotton prices in domestic market had been moving down during the first three months of the current season from October to December 2011. The uptrend was reversed with prices bouncing back in January 2012. This spurt was, however, shortlived and prices of all medium and long staple cottons sought lower levels in February, although that of DCH-32 retained the uptrend. The movement of monthly average prices of a few representative growths from the commencement of the season is traced below, along with the corresponding figures for the last season.

Month	Av. Spot Rate (Rs/Qtl.)				
	ICS-202 (J-34)	ICS-105 (H-4)	ICS-105 (S-6)	ICS-105 (Bunny)	ICS-107 (DCH-32)
Oct.'11	9,774 (10,236)	N.A. (11,135)	11,020 (11,389)	11,048 (11,501)	13,945 (13,301)
Nov.'11	8,687 (11,389)	9,679 (11,979)	10,558 (12,345)	10,461 (12,260)	13,567 (14,510)
Dec.'11	8,667 (11,136)	9,382 (11,220)	9,758 (11,726)	9,833 (11,670)	12,156 (14,594)
Jan.'12	9,452 (12,063)	9,915 (12,457)	10,296 (12,598)	10,317 (12,963)	12,945 (17,659)
Feb.'12	9,232 (15,297)	9,621 (15,438)	10,005 (15,663)	10,089 (16,134)	13,572 (22,890)

Note : Figures in brackets denote corresponding prices last year

The fall in prices in February compared to January ranged from Rs. 220 per quintal in the case of J-34 to Rs. 294 per quintal in the case of H-4. On the other hand, prices of DCH-32 shot up by as much

as Rs. 627 per quintal in February. When compared to the average prices in October, the drop was by higher margins ranging from Rs. 58 per quintal in the case of H-4 to Rs. 1015 per quintal in the case of S-6. The price was lower by Rs. 959 per quintal in the case of DCH-32 also.

While the uptrend from the first three months of the season was due to the strong demand from both mills and exporters, the reason for the fall in February was the slackening of such demand from both these segments. Mills had built up their cotton inventory to some extent earlier and they were not keen to add to it in the rising market, especially as the demand and prices for yarn were sluggish. Demand from exporters was also on the wane mainly because imports by China, which was building up its national reserve which, in turn, had triggered a price spiral, had gone down considerably.

Coming to the seasonal average prices, they were lower in 2011-12 in all cases compared to 2010-11. The comparative data are presented below:

Seasonal (Oct-Feb) Avg. Spot Rates (Rs/Qtl.)			
Growth	2010-11	2011-12	Decline
ICS-202 (J-34)	12,024	9,162	2,862
ICS-105 (H-4)	12,446	9,649	2,797
ICS-105 (S-6)	12,744	10,327	2,417
ICS-105 (Bunny)	12,906	10,350	2,556
ICS-107 (DCH-32)	16,591	13,237	3,354

Europe Worried Over Spread of Bt Cotton in India

India has made rapid strides in cotton production ever since adopting the genetically modified technology 10 years ago. It has also helped the country emerge as a key supplier of the natural fibre to the global market, especially China.

However, the large-scale adoption of genetically modified technology is causing concern to other nations, especially in Europe. This, in turn, could begin to hurt exports of other agricultural products, especially ones that are organic and non-genetically modified.

According to available statistics, India exported about 300 organic products fetching Rs 1,960 crore in 2011. In contrast, it shipped out 66 lakh bales (170 kg each) of cotton earning over Rs 15,500 crore. This year, it is projected to export 80 lakh bales and it could end up earning foreign exchange of about Rs 14,000 crore.

Of the nearly 12 million hectares brought under cotton this year, about 95 per cent grew Bt cotton.

The Agricultural and Processed Food Products Export Development Authority (APEDA) has fixed a target of touching Rs 5,000 crore in organic products exports by 2015.

Mr Ulrich Walter of Ulrich Walter GmbH, Germany has said that in Europe, particularly Germany, are worried over the spread of genetically modified organisms (GMOs) in India. Indian Government has to deal with that immediately. Mr Walter's company is one of the largest importers of organic Darjeeling tea. It is also importing coffee and spices from Kerala, and holy basil (tulsi) from Uttar Pradesh. He made these remarks at a session on tea at BioFach 2012 that was held here last week.

Mr. Ulrich added that Europeans want to consume products with a clear conscience. Therefore, there is increasing awareness on organic and fair-price products. He further stated that genetically modified and conventionally produced crops cannot coexist. They may be kept at a distance but still there could be pollution of conventional and organic crop through wind and pollen, he said, adding that people in Germany were particularly concerned over the strides made by India in Bt cotton.

According to APEDA, 4.84 million hectares are under organic farming in India and 75 per cent of this is grown in the wild. Again, only 16 per cent of organic products produced in the country is exported.

Among products treated as non-GMOs, soyameal accounts for a major share in exports. Indian organic products are primarily exported by Europe, the US, Canada and Japan. In Europe, Germany and Switzerland are the main buyers. Mr Gerald A. Herrmann of Organic Services Germany GmbH said that organic products' exports from India were increasing by 33 per cent every year and most products were being marketed as being free from pesticides. However, at the recent World Spice Congress at Pune in India one of the speakers pointed out that India topped in cases of pesticide residues being higher than permitted limits, he said.

Mr Herman Lanting, an agronomist, said that it was increasingly becoming difficult to find non-Bt cotton in India. India has begun to lose some great traditional varieties such as DCH-32, he said.

According to Ms Simone Seisl of Remei AG, Switzerland, her firm that sources organic cotton for retailing is finding it difficult as farmers were switching over to Bt varieties. Though some want to get back, it is a big task to get them going again, particularly due to the switch over, she said.

However, Mr Mukesh Gupta of Morarka Organics Foods said that Bt cotton is not posing danger since it was grown in irrigated areas. Organic products are mainly grown in rain-fed areas and there need not be any fear of GMOs getting mixed, he told in an interactive session at BioFach.

Every buyer, particularly in Europe, wants a face to any product that he or she buys. They are just not satisfied with buying organic products. What more is their question. In these circumstances, GMOs and mere non-GMO products could put Indian exports under pressure, said a global consultant.

(Source: The Hindu Business Line- February 27, 2012)

UPCOUNTRY SPOT RATES												(Rs. \ Quintal)		
2010-11 Crop						2011-12 Crop								
February 2012	V-797	Jayadhar	NHH-44	LRA-5166	BD(RG) A.	BD SG	V-797	Y-1*	J-34	H-4/ MECH-1	Shankar-6	Bunny/ Brahma	MCU-5/ Surabhi	DCH-32
	ICS-102	ICS-103	ICS-104	ICS-105	ICS-105	ICS-101	ICS-102	ICS-104	ICS-202	ICS-105	ICS-105	ICS-105	ICS-106	ICS-107
	22 mm	23 mm	24 mm	25 mm	27 mm	22 mm	22 mm	24 mm	25 mm	28 mm	29 mm	31 mm	33 mm	35 mm
	4.5-5.9	4.0-5.5	4.0-5.5	3.5-4.9	3.5-4.9	5.0-7.0	4.5-5.9	4.0-5.5	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.3-4.5	2.8-3.6
	19	19	20	22	24	15	19	20	23	25	26	27	28	31
1	6889	N.A.	N.A.	N.A.	10039	10320	-	9139	9364	9842	10208	10179	10714	13638
2	6889	N.A.	N.A.	N.A.	10039	10320	-	9139	9364	9814	10179	10151	10714	13638
3	6946	N.A.	N.A.	N.A.	10039	10320	-	9139	9420	9814	10179	10151	10714	13582
4	7030	N.A.	N.A.	N.A.	10095	10376	-	9195	9533	9898	10264	10236	10770	13582
6	7171	N.A.	N.A.	N.A.	10095	10376	-	9364	9701	9898	10376	10404	10770	13582
7	7114	N.A.	N.A.	N.A.	9983	10264	-	9308	9701	9842	10348	10348	10770	13526
8	7255	N.A.	N.A.	N.A.	9983	10264	-	9308	9617	9842	10292	10348	10770	13526
9	7255	N.A.	N.A.	N.A.	9926	10208	-	9308	9617	9842	10264	10320	10770	13498
10	7255	N.A.	N.A.	N.A.	9926	10208	-	9308	9589	9758	10179	10264	N.A.	13779
11	7255	N.A.	N.A.	N.A.	9926	10208	-	9280	9589	9758	10179	10179	N.A.	13779
13	7255	N.A.	N.A.	N.A.	9926	10208	-	9280	9589	9814	10123	10179	N.A.	13779
14	7255	N.A.	N.A.	N.A.	9842	10123	-	9280	9476	9758	10067	10123	N.A.	13779
15	7255	N.A.	N.A.	N.A.	9758	10039	-	9280	9392	9701	9983	10123	N.A.	13779
16	....	....	....	....	....	....	HOLIDAY	....	....	....	....	....	....	....
17	7255	N.A.	N.A.	N.A.	9758	10039	-	9280	9392	9701	9983	10123	N.A.	13779
18	7255	N.A.	N.A.	N.A.	9758	10039	-	9280	9448	9729	10011	10179	N.A.	13779
20	....	....	....	....	....	....	HOLIDAY	....	....	....	....	....	....	....
21	7255	N.A.	N.A.	N.A.	9701	9983	-	9280	9223	9533	9954	10123	N.A.	13723
22	7255	N.A.	N.A.	N.A.	9505	9786	-	9280	8942	9448	9870	10039	N.A.	13723
23	7255	N.A.	N.A.	N.A.	9420	9701	-	9280	8745	9336	9701	9898	N.A.	13441
24	7255	N.A.	N.A.	N.A.	9336	9617	-	9280	8548	9251	9589	9786	N.A.	13301
25	7255	N.A.	N.A.	N.A.	9336	9617	-	9280	8605	9251	9645	9786	N.A.	13301
27	7171	N.A.	N.A.	N.A.	9336	9617	7452	9223	8464	9139	9561	9701	N.A.	13216
28	7171	N.A.	N.A.	N.A.	9336	9617	7452	9223	8492	9139	9561	9701	N.A.	13216
29	7171	N.A.	N.A.	N.A.	9336	9617	7452	9223	8520	9167	9589	9701	N.A.	13216
H	7255	-	-	-	10095	10376	7452	9364	9701	9898	10376	10404	10770	13779
L	6889	-	-	-	9336	9617	7452	9139	8464	9139	9561	9701	10714	13216
A	7179	-	-	-	9756	10038	7452	9259	9232	9621	10005	10089	10749	13572

N.A. = Not Available H = Highest L = Lowest A = Average * = Nominal

Update on Cotton Export Ban

As the readers are aware, by Notification No. 102 (RE-2010)/2009-14 dated 5th March 2012 issued by the Ministry of Commerce, the Government had prohibited export of cotton (Tariff Codes 5201 and 5203) till further orders. This Notification also stipulated that the transitional arrangement under para 1.5 of the Foreign Trade Policy will not be applicable and export against Registration Certifications (RCs) already issued will also not be permitted.

Subsequently, the Government came out with a Policy Circular No. 58 dated 9th March 2012 clarifying that the Notification No. 102 will not be applicable to the consignments for which Let Export Orders (LEOs) have been issued till 2400 hours on Sunday, the 4th March 2012.

Now, the Government has issued another Notification No. 106 (RE-2010)/2009-14 dated 12th March 2012 notifying removal of prohibition on export of cotton and placing cotton export under free list again. The said Notification, however, stipulates that issue of new RCs will continue to remain suspended until further orders and it goes on to add that in view of the prohibition on cotton export imposed in terms of the Notification No. 102, time to export (validity of RCs), which is 30 days from the issue of RCs, may require to be extended in respect of those RCs which were valid as on 5th March 2012 and for which LEOs are yet to be issued and exports completed. All such RCs would therefore be required to be submitted to DGFT for scrutiny and re-validation and the export can be affected only after such RCs are re-validated.

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) 2010-11 CROP
March 2012

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	3 rd	5 th	6 th	7 th	8 th	9 th
03.	ICS-102	22mm	4.5-5.9	19	V-797	7311 (26000)	7030 (25000)	6749 (24000)	6749 (24000)	H	6749 (24000)
2011-12 CROP											
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Desi (RG)	9617 (34200)	9336 (33200)	9336 (33200)	9336 (33200)	O	9476 (33700)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Desi (SG)	9954 (35400)	9533 (33900)	9533 (33900)	9533 (33900)		9701 (34500)
03.	ICS-102	22mm	4.5-5.9	19	V-797	7592 (27000)	7311 (26000)	7030 (25000)	7030 (25000)	L	7030 (25000)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	-	-	-	-		-
05.	ICS-104	24mm	4.0-5.5	20	Y-1	9280* (33000)	N.Q.	N.Q.	N.Q.	I	N.Q.
06.	ICS-202	25mm	3.5-4.9	23	J-34	8858 (31500)	8577 (30500)	8577 (30500)	8605 (30600)	D	8661 (30800)
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	-	-	-	-		-
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	-	-	-	-		-
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9420 (33500)	8858 (31500)	8717 (31000)	8858 (31500)	A	8998 (32000)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	9842 (35000)	9280 (33000)	9139 (32500)	9280 (33000)		9420 (33500)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	9954 (35400)	9392 (33400)	9280 (33000)	9280 (33000)	Y	9420 (33500)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	N.Q.	N.Q.	N.Q.	N.Q.		N.Q.
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	13357 (47500)	12795 (45500)	12654 (45000)	12513 (44500)		12513 (44500)

Note: Figures in bracket indicate prices in Rs./candy * - Nominal