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# Cotton Statistics And News

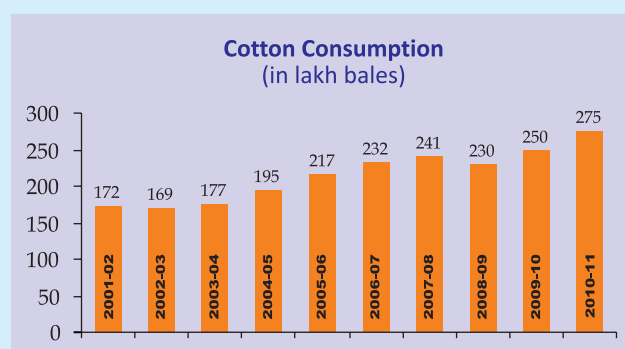
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## Cotton Mill Consumption Goes Up by 60 p.c. in 2000s

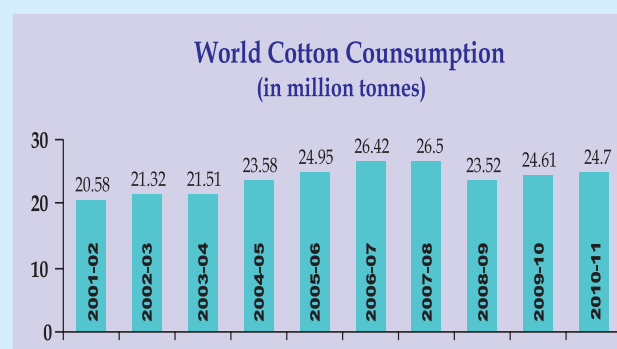
The Indian cotton textile industry has been expanding over the years as also the textile products. Not only the industry has been catering to the domestic market, which has been steadily growing mainly due to the rise in population and the improvement in per capita consumption, but it also emerged as an important player in the world textile market. Along with the expansion of the industry, its consumption of cotton has also been going up. The rise in the cotton consumption during the last decade is depicted in the following table:

| Year    | Cotton Consumption (lakh bales)<br>Mills, S.S. Units and Non-Mill |
|---------|---|
| 2001-02 | 172   |
| 2002-03 | 169   |
| 2003-04 | 177   |
| 2004-05 | 195   |
| 2005-06 | 217   |
| 2006-07 | 232   |
| 2007-08 | 241   |
| 2008-09 | 230   |
| 2009-10 | 250   |
| 2010-11 | 275   |



Barring a couple of years, consumption has been rising in all the years. The overall increase from 2001-02 to 2010-11 comes to 60 per cent or in physical term, 103 lakh bales. The increase in the previous decade was 58 per cent or 60 lakh bales. The steady increase in cotton consumption has motivated farmers to produce more and has also ensured them reasonable prices owing to the increasing domestic demand apart from the overseas demand. It can also be stated that the increase in cotton production facilitated the industry's steady expansion. As compared to the growth of 60 per cent in cotton consumption in India, the growth in world cotton consumption during the 2000s was only 20 per cent. The year-wise data are as under:

| Year    | World Cotton Consumption<br>(million tonnes) |
|---------|--|
| 2001-02 | 20.58  |
| 2002-03 | 21.32  |
| 2003-04 | 21.51  |
| 2004-05 | 23.58  |
| 2005-06 | 24.95  |
| 2006-07 | 26.42  |
| 2007-08 | 26.50  |
| 2008-09 | 23.52  |
| 2009-10 | 24.61  |
| 2010-11 | 24.70  |



## India May Face Lesser Competition from China in World Textile Market - Report

It is well known that China has been a major competitor to India in the world textile market. During the last ten years or so, Indian textile exporters have been facing severe pricing pressure from Chinese competitors. China is stated to have about 25 per cent share in the global textile market while the share of India is only in single digit of around 4-5 per cent. In value terms, China reportedly exports textiles worth \$ 65 billion and clothing worth \$ 120 billion.

It is now reported that China is losing its competitive edge mainly due to the increasing labour and wage costs. According to the authorities of Textiles Export Promotion Council (TEXPROCIL), the Indian textile industry has a great business opportunity in the next ten years due to the easing of the Chinese pressure. Along with this opportunity, increasing domestic consumption of textiles would also be of great

advantage to the Indian textile industry. A Member of the Planning Commission is quoted to have stated that clearly the country of our size, skills and talents, can do better not only in India's traditional markets in North America and Europe but also in new markets in Asia, Africa and Latin America.

Experts opine that in the interest of the Indian textile industry, there should be greater amount of value addition done within the country. It is suggested that spinners should increasingly and aggressively look at forward integration into the hosiery, fabrics and even woven material and increasingly look at export potential in terms of fabrics. This is especially true for material made from low and medium count yarns which will improve the supply of fabrics within the country for both domestic use as well as exports, it is stated.

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## Economy to Grow at or Over 8% this Fiscal - CII survey

Reflecting strong growth sentiment among industry verticals, a CII business outlook survey has found that 74 per cent of the respondents expect the economy to grow by 8 per cent or more in 2010-11.

As many as 74 per cent of the respondents expect GDP growth of 8 per cent or more as against 61 per cent in the previous October-December 2010-11 survey, it said.

The CII Northern Region Business Outlook Survey was conducted across Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand, and included 69 per cent of respondents from the manufacturing sector and 21 per cent from the services sector.

It found the overall business outlook for the current three months (January - March 2010-11) is better than the actual performance for the last three months (October-December 2010).

The survey also looked into expectations on various elements that build up business confidence in the form of investments, capacity utilisation, sales, production, new orders etc. 56

per cent of the respondents expect an increase in investments during the current three months and capacity utilisation is expected to increase in the current three months, it said. It added 68 per cent of the respondents expect capacity utilisation of 75 per cent or more during the current three months as against 42 per cent reporting the same in the last three months.

Outlook on exports, which according to experts are crucial for the country's economic recovery, seems to be much better for the current three months.

Eighty six per cent of the respondents expect an increase in volume of exports as compared to only 52 per cent actually reporting an increase in the last three months, it said.

The survey also highlighted cost and availability of labour followed by rising interest rates are the two most important concern areas for the industrial sector. Cost of labour may be due to shortage of skilled work force and implementation of NREGA scheme which has led to some of the industry witnessing a decline in availability of labour.

*(Source: Tecoya Trend - 24.02.2011)*

## World Cotton Area to Rise by 7 Percent in 2011-2012 - ICAC

The world cotton area is projected to rise by 7 percent in 2011-12 to 36 million hectares, the largest in 17 years, in response to record prices in 2010-11, according to International Cotton Advisory Committee (ICAC).

ICAC informed that farmers are expected to expand cotton area in 2011-12 in all producing countries. World cotton production is projected to increase by 9 percent to a record exceeding 27 million tons.

Rising cotton supplies will feed rising demand in 2011-12. However, although prices are expected to decline from current record levels, it is likely that prices will stay substantially higher than the average of 60 cents per pound that prevailed during the past decade, a communique received here from ICAC said.

Higher prices, and competition from chemical fibers, ICAC pointed out are expected to limit growth in mill use during 2011-12 to 3 percent to 25.4 million tons. The largest increases in mill use are projected for India, China, Pakistan and Turkey.

World cotton prices reached new records during February 2011. A limited supply, robust demand and depreciation of U.S dollar may have caused the surge in prices. The very scarce uncommitted supply as of 2011 may provide strong pressure

on prices and cause increased volatility through the rest of the season, ICAC stressed.

The Cotlook A Index reached a record of 233.5 cents per pound on February 18, 2011 and averaged 147 cents per pound during the first seven months of 2010-11 (77.5 cents per pound during 2009-10). The New York futures contract for March 2011 delivery rose from 77 cents per pound on August 2, 2010 to a record of 205 cents per pound on February 28, 2011.

In the current environment of volatility, the ICAC price model is less relevant than in other seasons. The Secretariat season-average projection for the 2010/11 Cotlook A Index is 161 cents per pound.

The projection is not based on the ICAC price model, but on the average price for the first seven months of the season and our judgment that during the rest of the season prices will remain close to the average recorded during the beginning of 2011.

*(Source: Tecoya Trend - 09.03.2011)*

### The CAI President visits Calcutta Cotton Association

The CAI President, Shri Dhiren N. Sheth, visited Calcutta Cotton Association on 9th March 2011.

Shri Sheth made a powerpoint presentation to apprise the members of the Calcutta Cotton Association of the activities and future plans of CAI.

He also had interactions with the office bearers and members of the Calcutta Cotton Association on cotton related issues and widening the membership base of our Association.

### Renewal of Subscription of Publication (Fortnightly) for April 2011-March 2012

Dear Subscribers,

We are glad to inform you that the Association has decided to bring out this publication every fortnight now with a new name as "CAI Cotton Review".

Your subscription for current publication expires in March 2011. To ensure uninterrupted and continuous supply of this publication to you during the period from April 2011 to March 2012, we request you to please send your renewal subscription amount of Rs.1,500/- p.a immediately.

Payment is to be made in the name of Cotton Association of India payable at par in Mumbai.

The members of the Association are not required to pay any subscription amount as they are entitled to a complimentary copy of this publication.

We solicit your co-operation.

## Apparel Exports up by 18.1 Percent in January 2011

Apparel exports have increased by 18.1 per cent in January to Rs 5,193 crore as compared to the same month last year due to growth in demand from countries like the US, an industry body today said.

The exports stood at Rs 4,398 crore in January 2010, the apex body of apparel exporters Apparel Export Promotion Council (AEPC) said in a statement here.

"There was substantial increase in exports from previous month to countries like the US," it said. US imports of apparel from India increased by 9.3 per cent from January to December 2010 to 3.1 billion dollars.

However, India's export to the European Union in from January to December 2010 amounted to 5.56 billion dollars with decline of 1.8 per cent.

Similarly, Canada's imports of apparel from India from January to October 2010 accounted for 237 million dollars with a decline of 9.2 per cent, it added.

However, the cumulative exports from April-January showed a decline of five per cent at Rs 41,771 crore compared to Rs 39,787 crore in the corresponding period last year.

(Source: Tecoya Trend - 10.3.2011)

### 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 |                  |                  |                  |                  |                  |                  |
|--|---------|------------|-------------------|---------|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  |         |            |                   |         | March 2011                           |                  |                  |                  |                  |                  |                  |
|  |         |            |                   |         | 5 <sup>th</sup>                      | 7 <sup>th</sup>  | 8 <sup>th</sup>  | 9 <sup>th</sup>  | 10 <sup>th</sup> | 11 <sup>th</sup> |                  |
| 04.  | ICS-103 | 23mm       | Jayadhar          | 4.0-5   | 19                                   | N.A.             | 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                                   | 13919<br>(49500) | 13976<br>(49700) | 14004<br>(49800) | 14004<br>(49800) | 13947<br>(49600) | 13947<br>(49600) |
| 02.  | ICS-201 | Below 22mm | Bengal Deshi (SG) | 5.0-7.0 | 15                                   | 14172<br>(50400) | 14229<br>(50600) | 14229<br>(50600) | 14229<br>(50600) | 14144<br>(50300) | 14144<br>(50300) |
| 03.  | ICS-102 | 22mm       | V-797             | 4.5-5.9 | 19                                   | 12795<br>(45500) | 12654<br>(45000) | 12373<br>(44000) | 12232<br>(43500) | 12232<br>(43500) | 12232<br>(43500) |
| 05.  | ICS-104 | 24mm       | Y-1               | 4.0-5.5 | 20                                   | 15466<br>(55000) | 15382<br>(54700) | 15325<br>(54500) | 15044<br>(53500) | 15044<br>(53500) | 15044<br>(53500) |
| 06.  | ICS-202 | 25mm       | J-34              | 3.5-4.9 | 23                                   | 16591<br>(59000) | 16535<br>(58800) | 16394<br>(58300) | 16310<br>(58000) | 16310<br>(58000) | 16169<br>(57500) |
| 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                                   | 15747<br>(56000) | 15663<br>(55700) | 15466<br>(55000) | 15325<br>(54500) | 15325<br>(54500) | 15466<br>(55000) |
| 09.  | ICS-105 | 28mm       | H-4/<br>MECH-1    | 3.5-4.9 | 25                                   | 16310<br>(58000) | 16169<br>(57500) | 16028<br>(57000) | 15888<br>(56500) | 15888<br>(56500) | 16028<br>(57000) |
| 10.  | ICS-105 | 29mm       | S-6               | 3.5-4.9 | 26                                   | 16731<br>(59500) | 16506<br>(58700) | 16450<br>(58500) | 16169<br>(57500) | 16366<br>(58200) | 16366<br>(58200) |
| 11.  | ICS-105 | 31mm       | Bunny/<br>Brahma  | 3.5-4.9 | 27                                   | 17153<br>(61000) | 17013<br>(60500) | 17013<br>(60500) | 16872<br>(60000) | 16872<br>(60000) | 16872<br>(60000) |
| 12.  | ICS-106 | 33mm       | MCU-5/            | 3.3-4.5 | 28                                   | 17716<br>(63000) | 17575<br>(62500) | 17716<br>(63000) | 17716<br>(63000) | 17716<br>(63000) | 17800<br>(63300) |
| 13.  | ICS-107 | 35mm       | DCH-32            | 2.8-3.6 | 31                                   | 23621<br>(84000) | 23058<br>(82000) | 23058<br>(82000) | 23058<br>(82000) | 23058<br>(82000) | 23058<br>(82000) |
| <i>Note: Figures in bracket indicate prices in Rs./candy</i>   |         |            |                   |         |                                      |                  |                  |                  |                  |                  |                  |