

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

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

2009 * No. 39 * 29/12/2009

Edited & Published by : O. P. Agarwal

CAB Retains Earlier Estimates

It was indicated at the last meeting of the Cotton Advisory Board (CAB) held on November 13, 2009 that the Board would meet again soon so as to effect any revisions that may be warranted in its estimates. Accordingly, CAB met in Mumbai on December 18 under the Chairmanship of Shri A.B. Joshi, Textile Commissioner and took stock of the latest situation.

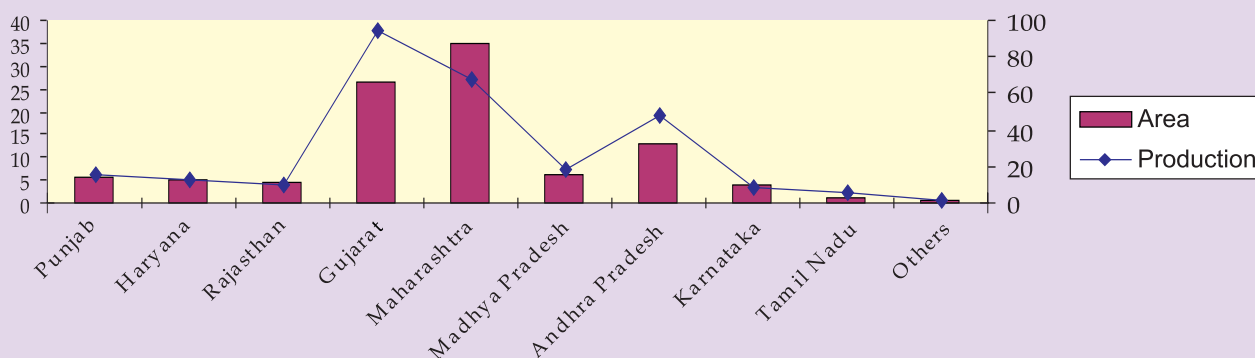
The CAB deliberated at length on the production prospects in the different States, up-to-date market arrivals etc. as indicated by the different agencies/individuals representing different segments. Not unexpectedly, there were conflicting views on different components. Ultimately, CAB decided to retain its estimates made on November 13 for the present. Thus, the production estimate was retained at 295 lakh bales during 2009-10. Except for a few minor changes in cotton area during 2009-10 in a few States, all other estimates were also retained. The State-wise details of area and production estimates now made are given in the accompanying table :

State	2008-09		2009-10	
	Area	Production	Area	Production
Punjab	5.27	17.50	5.36	16.00
Haryana	4.56	14.00	5.20	13.00
Rajasthan	3.02	7.50	4.44	10.00
Total North Zone	12.85	39.00	15.00	39.00
Gujarat	23.54	90.00	26.24	95.00
Maharashtra	31.42	62.00	35.03	67.00
Madhya Pradesh	6.25	18.00	6.46	18.00
Total Central Zone	61.21	170.00	67.73	180.00
Andhra Pradesh	13.99	53.00	13.19	48.00
Karnataka	4.08	9.00	3.95	9.00
Tamil Nadu	1.09	5.00	0.87	5.00
Total South Zone	19.16	67.00	18.01	62.00
Others	0.84	2.00	0.78	2.00
Total	94.06	278.00	101.52	283.00
Loose Production	-	12.00	-	12.00
All-India		290.00		295.00

(Area in lakh hectares; Production in lakh bales)

Cotton Area and Production during the season 2009-10

(Area in Lakh Hectares and Production in Lakh Bales)



One disquieting fact presenting itself from the above data is that there is a fall of 5.7 per cent in the national average yield from 524 kg per hectare in 2008-09 to 494 kg in 2009-10. In fact, the average yield had already declined from 554 kg in 2007-08 to 524 kg in 2008-09. Thus, compared to 2007-08, the decline in average yield is about 10.8 per cent. Although one of the main reasons for this may be the unfavourable seasonal conditions, particularly as the rainfall spread was erratic in 2009-10, it does not fully explain it. For instance, in the north zone where the crop is mostly irrigated, the average yield has declined by 14.5 per cent during 2009-10 compared to last year. This is a matter of concern and probably a study by the cotton scientists and development officers could be useful to identify the main causative factors so that corrective steps could be taken wherever possible. Compared to the north zone, the fall in the central zone where rainfed cotton predominates, is lower at 4.2 per cent.

The CAB has retained its earlier estimate of imports and exports also. Similarly, no change has been made in the case of consumption by mills, small scale units and also non-mill consumption. The cotton Balance Sheet drawn up by the Board is given below :

Cotton Balance Sheet (in lakh bales)		
	2008-09	2009-10
Supply		
Opening Stock	35.50	71.50
Crop	290.00	295.00
Imports	10.00	7.00
Total Supply	335.50	373.50
Demand		
Mill Consumption	190.00	207.00
SSI Consumption	20.00	23.00
Non-Mill Consumption	19.00	20.00
Exports	35.00	55.00
Total Offtake	264.00	305.00
Carryover Stock	71.50	68.50

2.4% Decline in Cotton Consumption by Mills in 2008-09

Consumption of cotton by mills has been consistently on the rise in the last few years and it reached a peak of 195.67 lakh bales in 2007-08. The relevant data for the six years ending 2008-09 are given below.

Year	Cotton Mill Consumption (lakh bales)
2003-04	150.39
2004-05	163.98
2005-06	180.10
2006-07	194.91
2007-08	195.67
2008-09	190.91

The above data show that mill consumption between 2003-04 and 2007-08 went up by 30 percent. According to the data available from the office of the Textile Commissioner, the monthly consumption during 2007-08 and 2008-09 has been given in the accompanying table:

The fall in consumption during the year 2008-09 has come to 4.76 lakh bales or about 2.4 percent as compared to 2007-08. The major factor contributed to fall in consumption was the recession in demand both in India and abroad. The textile industry received a setback in 2008-09 because of the slowdown in the domestic economic growth and the global financial crisis, both of which brought down the demand for

Month	Mill Consumption (lakh bales)	
	2007-08	2008-09
October	16.40	14.93
November	15.20	15.26
December	16.91	16.23
January	16.69	15.43
February	16.33	14.66
March	16.59	15.74
April	16.18	15.45
May	17.05	16.12
June	16.66	16.28
July	16.63	17.26
August	15.88	16.91
September	15.15	16.64
Total	195.67	190.91

textiles both in the domestic and overseas markets. Adding to this, the domestic cotton prices shot up in 2008-09 owing to a steep hike in the minimum support prices. Fortunately, there has been recovery in the economic growth and improvement in the situation in the coming months.

Consumption of cotton by small scale unit was also lower in 2008-09 and is placed at 20.22 lakh bales as compared to 22.08 lakh bales in 2007-08. However, there was only a minor decline in the case of non-mill use which is estimated at 19 lakh bales in 2008-09 as against 19.13 lakh bales in 2007-08.

Record Cotton Procurement by CCI in 2008-09

Owing to the steep and unprecedented hike of about 40 per cent by the Government in the minimum support price (MSP) for cotton during 2008-09, the Cotton Corporation of India (CCI) was obliged to procure large quantity of cotton as the market prices ruled below the MSP. As per report, it procured as much as 89.3 lakh bales of cotton from the different States in 2008-09.

The Government retained the same MSP for 2009-10 also without any further hike. However, the situation has been somewhat different this year. Market prices have been fluctuating and were sometimes above and sometimes below the MSP. Accordingly, CCI had been adjusting its price support operations to suit the changing situation.

As per the information given by the Minister of State for Textiles to the Parliament, CCI had procured about 2.5 lakh bales by the end of November by which time market arrivals have been about 71 lakh bales.

The State-wise details of procurement during

2008-09 and 2009-10 are stated to have been as under :

State	Procurement by CCI (in bales)	
	2008-09	2009-10
Punjab	10,43,814	86,591
Haryana	2,55,342	21,762
Rajasthan	1,55,217	4,480
Gujarat	12,36,114	162
Maharashtra	19,97,091	504
Madhya Pradesh	7,36,526	-
Andhra Pradesh	32,75,754	1,33,864
Karnataka	1,63,123	3,682
Tamil Nadu	-	-
Orissa	71,717	-
West Bengal	132	-
Total	89,34,830	2,51,045

Since kapas prices have been ruling generally above MSP in different States in recent weeks, current year's price support operations are likely to be much lower than last year.

Data on Area, Production, Yield and Consumption of Cotton for the period from 1995-96 season onwards

Cotton Year	Area in Lakh Hectares	Cotton prodn. In lakh bales	Production in(mn.kg.)	Cotton yield in kg/Hectare	Cotton Consumption in lakh bales (mill + non-Mill +small spinning)
1995-1996	90.63	170.70	2901.90	320.00	154.29
1996-1997	91.66	177.90	3004.30	330.00	170.16
1997-1998	88.29	158.00	2686.00	307.00	159.01
1998-1999	92.87	165.00	2805.00	302.00	165.36
1999-2000	87.31	156.00	2652.00	304.00	173.36
2000-2001	85.76	140.00	2380.00	277.52	173.03
2001-2002	87.30	158.00	2686.00	307.67	171.76
2002-2003	76.67	136.00	2312.00	301.55	168.83
2003-2004	76.30	179.00	3043.00	398.82	177.10
2004-2005	87.86	243.00	4131.00	470.11	195.03
2005-2006	86.77	241.00	4097.00	472.17	217.00
2006-2007	91.44	280.00	4760.00	520.56	232.03
2007-2008	94.14	307.00	5219.00	554.39	236.88
(as per CAB 29/08/2009)					
2008-2009	94.06	290.00	4930.00	524.13	229.00
(as per CAB 29.08.2009)					

Source: Office of the Textile Commissioner (October 2009)

SNIPPETS

After 13 consecutive months of decline, India's merchandise exports are reported to have posted a positive growth of 18 per cent to touch \$ 13.2 billion in November. This has been quite encouraging soon after the report that the economic growth exceeded all expectations and forecasts by recording a growth of 7.9 per cent in November. Merchandise shipments had fallen by as much as 30 per cent in May this year and ever since the economic crisis hit the economies of several countries in September last, exports from India had been steadily declining. The expectation is that from now on, there may be steady improvement in exports.



According to a report, the next (69th) Plenary Meeting of the International Cotton Advisory Committee (ICAC) is to be held at Lubbock, Texas, USA during the last week of September 2010. The report adds that the participants will have a chance to meet industry officials, as also to see harvesting, ginning, transportation and classing activities.



Issue of Certificates of Origin (Non-Preferential)

The CAI has been enlisted by the Director General of Foreign Trade, New Delhi and is authorized us to issue Certificates of Origin (Non-Preferential). This service has already been commenced by CAI from 20th November 2008.

The purpose of this is to serve all the stakeholders in cotton value chain better and more effectively. We invite all of you to avail of these services.

The interested parties may contact the CAI Secretariat or visit our website: www.caionline.in for more details.

UPCOUNTRY SPOT RATES

(Rs./Candy)

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) 2008-09 CROP					
						December 2009					
						19th	21st	22nd	23rd	24th	25th
03.	ICS-102	22mm	V-797	4.5-5.9	19	21400	21400	21400	21400	21400	
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19	21200	21200	21200	21200	21200	H
2009-10 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	23500	23500	23500	23500	23500	O
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15	24500	24500	24500	24500	24500	
05.	ICS-104	24mm	Y-1	4.0-5.5	20	24000	24000	24000	24000	24000	L
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23	24700	24700	24700	24700	24700	
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	25000	25000	25000	25000	25000	I
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	25900	25700	25500	25300	25300	
10.	ICS-105	29mm	S-6	3.5-4.9	26	26900	26700	26500	26300	26300	D
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	27200	26900	26800	26600	26600	
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	27700	27400	27400	27400	27400	A
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	41000	40500	40500	40500	40500	
14.	ICS-301	26mm	ICC	3.7-4.3	25	25500	25400	25400	25200	25200	Y