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Cotton Statistics And News

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Phenomenal Progress of Bt. Cotton

The advent of Bt. Cotton in 2002-03 has virtually transformed the cotton situation in India, by boosting both production and productivity. Its spread in different States was nothing but phenomenal since it raised farmers' net returns quite substantially. Being resistant to bollworms, the most pernicious pest of cotton causing the maximum yield loss, farmers could do away with 5-6 chemical sprays which were necessary to obtain some check on them. Even such sprays were not often effective since they would not reach the worms once they enter the young bolls. By doing away with the costly sprays, farmers growing Bt. cotton could reduce the production cost considerably while at the same time raising the yield, leading to substantial increase in net returns per hectare. It is estimated that, on an average, the increase was around 35-40 per cent.

During the first year of its introduction for commercial cultivation in 2002-03, the area covered was just 29,000 hectares. During 2009-10, the coverage shot up to 79.43 lakh hectares or about 78 per cent of the country's total area of 101.5 lakh hectares. In the initial years, there was some constraint in seed supply since there was only one private seed company which sold it. However, a large number of seed companies are now in the field and the constraints in seed supply have been removed, enabling farmers to plant as much area under Bt. cotton as they intended. The expansion of Bt. cotton area has been particularly rapid from 2006-07 when the area trebled compared to 2005-06. The year-wise coverage of Bt. cotton is given in the accompanying table :

Year	Area under Bt. cotton (In lakh hectares)	Total cotton Area	% of Bt. cotton area
2002-03	0.29	73.90	0.4
2003-04	0.93	78.35	1.2
2004-05	4.98	89.70	5.6
2005-06	10.14	88.73	11.4
2006-07	34.61	91.58	37.8
2007-08	64.20	94.14	68.2
2008-09	68.90	94.06	73.2
2009-10	79.43	101.52	78.0

The State-wise details of the coverage by Bt. cotton during the last two years are given in the accompanying table :

State	Area under Bt. cotton (lakh ha)	
	2008-09	2009-10
Punjab	4.8 (91)	5.1 (94)
Haryana	3.8 (61)	4.9 (94)
Rajasthan	1.2 (40)	2.8 (64)
Gujarat	14.5 (62)	15.4 (59)
Maharashtra	25.7 (82)	30.5 (87)
Madhya Pradesh	5.1 (81)	6.1 (94)
Andhra Pradesh	11.4 (81)	12.5 (95)
Karnataka	1.7 (41)	1.9 (49)
Tamil Nadu	0.7 (64)	0.3 (33)
Total	68.9 (73)	79.4 (78)

(Figures in brackets indicate percentage to total area)

As may be seen, in States like Punjab, Haryana, Gujarat, Maharashtra, Madhya Pradesh and Andhra Pradesh area under Bt. cotton appears to have reached almost the saturation point.

World Cotton Production and Consumption to go Up in 2010-11 - ICAC

The International Cotton Advisory Committee (ICAC) has made only marginal changes in its latest release on January 4, 2010, from its previous release regarding world cotton scenario in 2009-10. World cotton production during 2009-10 is placed at 22.22 million tonnes (mt), a slight drop from the previous year's estimated production of 23.40 mt. The fall is accounted for by China whose crop is expected to be down, from last year's 8.03 mt to 6.75 mt in 2009-10, while the Indian crop is projected to be higher at 5.19 mt as against 4.93 mt in 2008-09. Not much change is visualised in most other leading countries during 2009-10 from the 2008-09 levels.

ICAC has retained the estimate of world cotton consumption during 2009-10 at 23.80 mt, slightly higher than the previous year's 23.24 mt. India and China account for most of this increase. Consumption in each of these countries is expected to go up by 0.27 mt in 2009-10 compared to 2008-09. World cotton trade in 2009-10 is projected at 7.09 mt compared to 6.56 mt in 2008-09. Import by China estimated slightly higher than last year at 1.80 mt mainly accounts for this projected increase. Although slightly lower than last year, US will continue to be the leading exporter with shipments placed at 2.29 mt. ICAC has projected India's exports to bounce back in 2009-10 to touch 1.37 mt from 0.52 mt in 2008-09.

World cotton prices remained firm in 2009-10 due to a tight demand-supply situation leading to an erosion in ending stocks. The ending stock to mill-use ratio went down to 53 in World-less-China during 2009-10 from 60 in the previous year. The ratio in China was also lower at 34 as against 43 in 2008-09. The net result was a rising Cotlook A Index which is projected to average 70 US Cents per pound in 2009-10 as compared to 61.2 Cents in 2008-09. The Index stood near 80 Cents per pound at the end of December 2009.

As for the ensuing season 2010-11, ICAC has forecast both world cotton production and consumption to go up in response to higher cotton prices and rising incomes. Production is projected at 24.2 mt up nearly 10 per cent from the 2009-10 crop. Production in China is estimated at 7.7 mt, one million tonnes higher than in the current season. Most of the increase, it is stated, will come from higher area in response to higher domestic prices. Not much change from 2009-10

is visualised by ICAC in regard to the Indian crop as most of the gain in yields tied to improved technology is stated to have already been achieved. Production in US is forecast to climb by one-tenth to reach three million tonnes, primarily because of higher cotton area.

ICAC states that forecasts by the IMF, UNCTAD, US Federal Reserve and OECD all indicate that recovery in world GDP growth during 2010 and 2011 will be gradual. Accordingly, since income growth is an important explanatory variable in models of fibre use, projections of fibre use at the consumer level for 2010 and 2011 indicate only modest growth. Thus, cotton mill use is forecast at 24.4 mt in 2010-11, a rise of only 2 per cent from 2009-10. With the rise in cotton prices during 2009, it is stated that cotton is less competitive with polyester than previously.

ICAC has forecast world cotton trade at 6.9 mt in 2010-11, almost unchanged from the level expected in 2009-10. It is stated that imports are expected to remain low relative to mill use during 2010-11 unless import policies by the Government of China change substantially. ICAC has not made forecast on prices, nor has it projected the season-average Cotlook A Index for 2010-11.



CAI Estimates 2009-10 Cotton Crop at 303 lakh bales

In its latest estimate, the Association has made a downward revision of its cotton production estimate for the current season. As against the estimate of 307 lakh bales made in November, the Association's current estimate of the crop is 4 lakh bales lower at 303 lakh bales as on 31st December 2009.

The total supply to be 383.50 lakh bales, comprising of opening stock at 71.50 lakh bales and imports at 9 lakh bales, while the domestic consumption was estimated at 247.00 lakh bales, thus leaving a surplus of 136.50 lakh bales. Cotton exports during 2009-10 season is estimated at 65 lakh bales.

The arrivals as of 31st December 2009 constitute approximately 44% of the expected crop which is almost the same percentage at the same time last year indicating a higher crop this season.

Raw Cotton Export Takes a Dip in December

As compared to October and November, export of raw cotton in December was substantially lower. In fact, both registrations and shipments in December were only just above one-third of those in November. The relevant data as available from the office of the Textile Commissioner, are presented in the following table:

Month	(In lakh bales)			
	Registrations		Shipments	
	2008-09	2009-10	2008-09	2009-10
October	1.77	7.96	0.29	5.19
November	3.03	29.46	3.30	7.15
December	1.57	9.04	1.93	2.72
Total	6.37	46.46	5.52	15.06

It will be seen that the shipments during December this year were only 2.72 lakh bales as against 7.15 lakh bales shipped in November. The disparity was similarly wide in the case of registrations also which came to 9.04 lakh bales in December as against 29.46 lakh bales in November. It is understood that there was a rush for registrations in November mainly due to pressure being mounted on the Government by the industry

to ban exports to contain cotton prices. Probably exporters desired to make maximum registrations prior to any ban being imposed by the Government. This fear was removed in December when the Textile Minister clarified that there was no proposal to ban cotton exports.

It is also noteworthy that both export registrations and shipments during the first three months of the current season had been much higher compared to the corresponding period of 2008-09. The actual exports during 2008-09 came to about 31 lakh bales according to the data maintained by the Textile Commissioner against the estimate of 35 lakh bales made by the Cotton Advisory Board. The CAB estimate of the current season's exports is 55 lakh bales and it appears that if the current trend continues, actual shipments may exceed this estimate, particularly as the overseas demand is said to be strong as the world textile industry is limping back to normalcy after the serious setback caused by the global economic crisis. The only hitch may be the prevailing high domestic prices owing to the strong domestic and overseas demand. It is pertinent to mention here that the ICAC has projected India's exports during 2009-10 at about 80 lakh bales.

Executive Director of ICAC Visits CAI

Mr. Terry Townsend, Executive Director of International Cotton Advisory Committee was in India recently and also visited our Association.



Mr. Townsend at the Cotton Exchange Building

Our President, Mr. Dhiren N. Sheth and other office bearers welcomed Mr. Townsend and took him around the Cotton Exchange Building.

Mr. Townsend also visited our Laboratory and Standards Room. Our President apprised Mr. Townsend of the role and activities of CAI and the Association's cotton promotion plans.

Mr. Townsend also had an interactive session with Trustees of COTAAP Research Foundation on the various projects undertaken by COTAAP for cotton development.



Mr. Townsend visits the Standards Room

A dinner was also hosted in the honour of Mr. Townsend which proved a good opportunity for him to interact with our members and other invited guests from the cotton trade.

SNIPPETS

The Union Finance Secretary is quoted to have stated that the Government does not propose to offer further fiscal stimulus to the textile sector as there is a rise in exports and domestic demand. He, however, is reported to have added that the Government may consider tax incentives for garment machinery and extend the present easy bank lending rates. The Government had introduced duty cuts and provided two per cent subsidy on bank loans for textile and other exports.



According to a report, Bangladesh has overtaken India in garment exports for the first time. Garment exports from Bangladesh during the first nine months of 2009 were valued at \$ 2.66 billion against such exports worth \$ 2.27 billion achieved by Indian exporters.



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 January 2010						
					9th	11th	12th	13th	14th	15th	
03.	ICS-102	22mm	V-797	4.5-5.9	19		21200	21200	21200	21200	21200
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19	H	21200	21200	23200	23200	23200
2009-10 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	O	22700	22700	22700	22700	22700
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15		23700	23700	23700	23700	23700
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	24400	24400	24400	24400	24400
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23		26600	26600	26600	26600	26600
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	I	25300	25300	25300	25300	25300
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25		25500	25600	25600	25600	25600
10.	ICS-105	29mm	S-6	3.5-4.9	26	D	26800	26800	26800	26800	26800
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27		26800	26800	26800	26800	26800
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	A	27700	27700	27700	27700	27700
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		40300	40300	40300	40300	40300
14.	ICS-301	26mm	ICC	3.7-4.3	25	Y	25200	25200	25200	25200	25200