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# Cotton Statistics And News

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## **Update on Progress Under MM-III & IV of Technology Mission**

The Technology Mission on Cotton (TMC) with four component. Mini Missions was launched by the Government in February 2000. The object was to find solutions to the problems in cotton production, marketing and processing sectors and place the cotton economy on a sound footing. Originally, sanctioned for five years from 1999-2000, it was subsequently extended twice and the term is now scheduled to expire by March 2010. By and large, the work under the Mission has brought about vast improvement in cotton production, marketing and processing. In fact, the upgradation brought about in the quality and grade of Indian cotton has been one of the main reasons why India could rise to become the world's second largest exporter of cotton in 2007-08.

Mini Mission I of TMC, handles cotton research, MM-II promotes transfer of technology, MM-III attends to the development of market yards and MM-IV accelerates modernisation/upgradation of ginning and pressing factories. An update on the progress under MM-III and MM-IV is given below :

### **MM-III - Development of Market Yards**

A total of 250 market yards were targeted and sanctioned to be improved at a total estimated project cost of Rs. 489.48 crore with the share of Government of India placed at Rs. 253.36 crore. So far, 193 APMCs are reported to have completed their projects. The Government of India has already released Rs. 188.41 crore to the concerned APMCs that have developed or are developing their market yards.

### **MM-IV - Modernisation of G & P Factories**

Against the target of 1000 factories, 1013 projects have already been approved, allowing for future cancellations. The estimated cost of the projects is Rs. 1432.19 crore with the Government of India share placed at Rs. 224.74 crore. Already, 863 units are stated to have reported completion of the work and the Government of India has released Rs. 160.24 crore to 738 factories which have modernised or are modernising their units. Besides assistance provided under TMC, some of the factories are said to have availed of benefits under the Technology Upgradation Fund Scheme while some factories have modernised utilising their own funds. It is estimated that 1000 factories under TMC and another 250 with their own funds or with assistance under TUFSS will be modernised and will be able to process and turn out about 312 lakh bales of clean cotton, which is about the current size of Indian cotton crop.

### **Other Activities**

Apart from improving the infrastructure of market yards, TMC has also enlarged the role played by them in guiding farmers to maximise production of good quality cotton. For instance, TMC has developed best management practices and it motivates and encourages farmers, APMCs/market yards and factory owners to adopt them for higher production and to minimise contamination of cotton. Awareness meetings are also organised by TMC at frequent intervals in different States which are attended by growers, ginners, traders, mills, research scientists and senior

agricultural officials. Leaflets highlighting the best management practices in local languages are distributed at these meetings.

Further, supplementing the efforts of the State Agriculture Departments in transfer of technology, TMC has set up Farmers Information Centre in market yards developed under it and they have been provided with Input Supply Shops. APMCs have been advised to arrange for supply of good quality

seeds, fertilisers, pesticides and bio-agents to these shops for supply to farmers at reasonable rates. In addition, all the improved market yards have been provided with grading laboratories to promote quality based marketing of cotton whereby farmers get better price for better quality cotton.

State-wise details of market yards sanctioned for improvement and factories sanctioned for modernisation are given in the accompanying table:

State/U.T.	Market Yards		G & P Factories	
	Sanctioned	Completed	Sanctioned	Completed
Punjab	19	14	19	17
Haryana	20	18	7	6
Rajasthan	14	14	2	0
Gujarat	45	32	587	510
Madhya Pradesh	28	28	53	41
Maharashtra	50	39	314	250
Andhra Pradesh	48	27	34	19
Karnataka	13	10	15	13
Tamil Nadu	4	4	3	1
Orissa	9	7	8	5
Diu	-	-	1	1
Total	250	193	1013	863
Under Completion	-	57	-	150

## China Takes Steady Strides in the World of Cotton and Textiles

China has continued to take further strides in the world of cotton and textiles during the current decade, to consolidate its sway and retain its top slot. In cotton, it is by far the leader in production, consumption and imports. It is also

the largest producer of cotton yarn and fabrics in the world. The relevant data regarding cotton for the last 10 years, as published by the International Cotton Advisory Committee (ICAC) are given below :

Progress of Cotton in China						
Year	Production		Consumption		Imports	
	(in '000 tonnes)					
2000-01	4505	(19,537)	5259	(20,192)	52	(5748)
2001-02	5487	(21,679)	5869	(20,578)	98	(6211)
2002-03	5193	(19,586)	6602	(21,317)	682	(6543)
2003-04	5276	(21,117)	7224	(21,507)	1929	(7243)
2004-05	7085	(27,001)	8300	(23,578)	1394	(7320)
2005-06	6616	(25,639)	9439	(24,949)	4200	(9606)
2006-07	7975	(26,718)	10600	(26,362)	2306	(8129)
2007-08	8071	(26,171)	10900	(26,329)	2511	(8308)
2008-09	8025	(23,499)	9000	(22,968)	1422	(6171)
2009-10	6750	(22,170)	9270	(23,800)	1760	(7030)

[Note : World total given in brackets]  
Source : ICAC

In the case of cotton production, China's share was 23 per cent in 2000-01 and it gradually rose to 34 per cent in 2008-09 and is projected to be 30 per cent in 2009-10. As for cotton consumption, China's share in total world consumption has steadily gone up from 26 per cent in 2000-01 to a projected 39 per cent in 2009-10. Its share had touched the maximum of 41 per cent in 2007-08. Both world consumption and Chinese consumption had a fall in 2008-09 owing to the global economic and financial crisis which hit the world textile industry. Even so, China maintained its share at 39 per cent.

In imports of cotton also, it has always been playing a dominant role. From a mere one per cent in the beginning of the current decade, its share in world imports rose to 30 per cent in 2007-08 and forms about 25 per cent now. Imports of cotton by China are governed by its domestic demand-supply situation. China holds a large quantity of cotton in reserve which is released for auction in pre-determined volume as per needs. Similarly, quotas for imports are released as and when needed, over and above the customary import quota of 894,000 tonnes released in January of each year. The basic intention in these policies is to safeguard the interests of both the farmer and the textile industry by ensuring that domestic prices are in parity with international prices.

In the case of cotton yarn and fabric production also, China dominates the world scene, as may be noticed from the data given in the table below:

<b>Production of Yarn &amp; Fabrics (in 000 tonnes)</b>				
<b>Year</b>	<b>Cotton Yarn</b>		<b>Cotton Fabrics</b>	
	<b>China</b>	<b>World</b>	<b>China</b>	<b>World</b>
2000-01	6,575	19,199	2,477	11,685
2001-02	7,016	19,355	2,437	11,763
2002-03	8,500	21,001	4,201	13,953
2003-04	9,836	22,598	4,607	14,137
2004-05	12,913	26,337	6,282	17,084
2005-06	14,505	27,987	6,312	17,768
2006-07	17,430	30,031	7,800	19,235
2007-08	19,956	33,663	6,330	17,920
2008-09	21,489	34,059	6,877	17,719
2009-10	18,529	30,497	5,904	16,410

Source : ICAC

China's share in the global production of cotton yarn has nearly doubled from 34 per cent in 2000-01 to 63 per cent in 2009-10. Likewise, its share

in the world production of cotton fabrics has shot up from 21 per cent to 39 per cent during the same period. In fact, its share touched a peak level of 41 per cent in 2006-07. China's exports of cotton yarn and fabrics are also quite substantial. In the case of cotton yarn, Chinese exports constituted about 34 per cent of the world total in 2009-10, while the share of cotton fabric exports came to as much as 46 per cent. China is also a major importer of cotton yarn and its imports touched 1.4 million tonnes or 42 per cent of the total world imports of 3.3 million tonnes in 2008.

### Import of Cotton by China

Import of cotton by China is known to exert a decisive influence not only on world cotton trade but also on world cotton prices. According to a recent report, indications seem to be that the Chinese Government would announce the 2010 cotton import quota very soon. The expectation is that a total of 1.89 million tonnes of quota might initially be forthcoming, comprising 894,000 tonnes of the annual tariff-rated quota and one million tonnes of sliding scale duty quota. It is stated that the sliding scale duty might be expected to work in a similar manner as in the past i.e. a range of 5 to 40 per cent depending on quantity, and be valid during the calendar year 2010. According to the ICAC, import by China in the cotton year 2009-10 may be higher at 1.76 million tonnes compared to 1.52 mt in 2008-09.

The second meeting of the Cotton Advisory Board for the season 2009-10 was held on 18th December 2009 under the Chairmanship of Shri A.B. Joshi, Textile Commissioner.

The CAB maintained its earlier estimates of cotton production at 295 lakh bales. There is no change in cotton balance sheet and cotton production when compared to last months' CAB estimates.

The only meager change is in cotton acreage which has been increased by 32000 hectares from last months' level of 101.20 lakh hectares to 101.52 lakh hectares for the ongoing 2009-2010 cotton season.

*(The detailed report in the next issue)*

## S N I P P E T S

Cotton arrivals upto December 12 touched 85.5 lakh bales, almost the same arrivals by the same date last year, according to the data available from the Cotton Corporation of India. Daily arrivals are said to have increased to 2.00 lakh bales from 1.80 lakh bales a week ago. Arrivals were particularly higher in Gujarat at 31 lakh bales, 59 per cent higher compared to last season. On the other hand, arrivals are stated to have been lower than last year in the Northern and Southern States.



The growth of India's industrial output rose to 10.3 per cent in October, it is reported. Significantly, manufacturing sector which accounts for 80 per cent of overall industrial output grew by 11.1 per cent compared to 10 per cent in the previous month. Consumer durables sector is stated to have also posted a remarkable growth of 21 per cent reflecting a

sustained consumer spending. Further, output of capital goods reportedly grew by 12.2 per cent in October on the back of a 13 per cent growth recorded in September. Despite a slump in agriculture due to drought, faster industrial growth is expected to help overall economic growth, it is stated.



The textile industry is reported to have shown signs of recovery as reflected in the employment of 3.18 lakh additional hands during the July-September quarter. In the previous quarter, April-June, an overall retrenchment had taken place with the total number of people employed in the sector going down to 1.54 lakh. Textiles are stated to provide direct employment to 33.17 million people with a total market size of \$ 52 billion.



### 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					
					12 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	18 <sup>th</sup>
03.	ICS-102	22mm	V-797	4.5-5.9	19		21200	21400	21400	21400
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19	H	21200	21200	21200	21200
2009-10 CROP										
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	O	24000	24000	23500	23500
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15		25000	25000	24500	24500
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	23900	24000	24000	24000
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23		24500	24500	24700	24700
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	I	24900	25000	25000	25000
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25		25700	25900	25900	25900
10.	ICS-105	29mm	S-6	3.5-4.9	26	D	27000	27100	27000	26900
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27		27000	27200	27200	27200
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	A	27400	27700	27700	27700
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		43000	43000	41000	41000
14.	ICS-301	26mm	ICC	3.7-4.3	25	Y	25300	25500	25500	25500