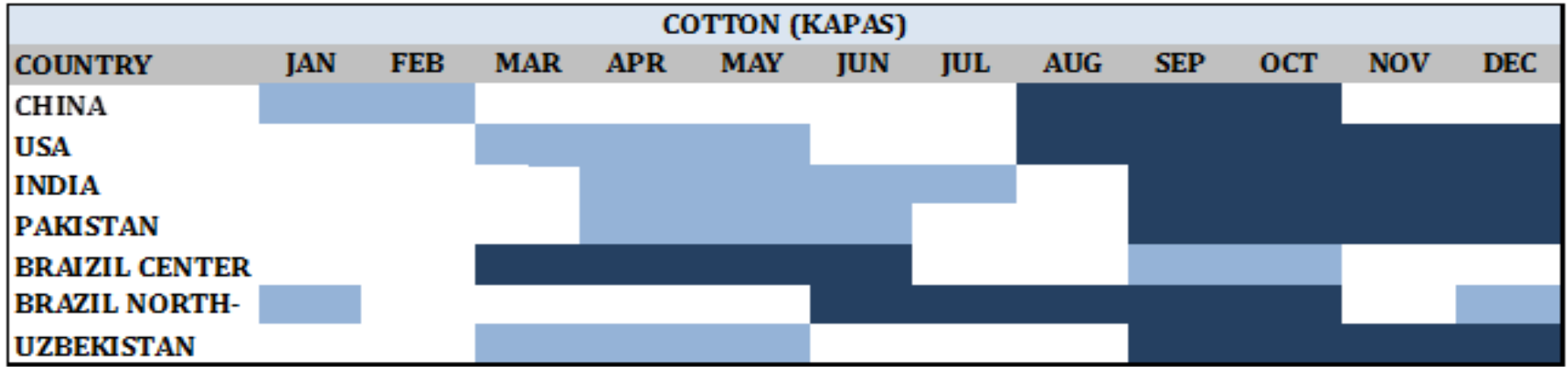


# *Cotton*

Monday, July 14, 2014

- ❖ Cotton is a base (raw material) for the textile industry which contributes about 4% to the total GDP
- ❖ India ranks first in terms of area covering about 34% of world's total cotton growing acreage and second in production contributing about 22% of world's total cotton production
- ❖ Major Cotton producing states in India are Gujarat, Maharashtra, MP, and AP. Thus arrivals of cotton start first from the Northern regions like Punjab, Haryana, Rajasthan Gujarat U.P, M.P followed by the Southern regions
- ❖ The North zone contributes nearly 14% of total cotton area & production of the country having productivity average of 482 kg lint per ha which is higher than National average (481 kg lint per ha)
- ❖ Cotton is classified on the basis of staple, grade and character of each bale—staple refers to the fibre length; grade ranges from coarse to premium and is a function of colour, brightness and purity; and character refers to the fibre's strength and uniformity



**SOWING**            **HARVESTING**     

- ❖ Cotton is grown in different seasons in different countries. Among major countries, US, India and Pakistan have similar seasonality
- ❖ Cotton season begins in India from June – July and ends in November. However, arrivals extend till February-March of every year. Crop duration is generally 120 days
- ❖ Cotton is grown mostly as Kharif crop in Punjab, Haryana, Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Karnataka and Andhra Pradesh but in Tamil Nadu it is grown as a summer crop

# Cotton Supply and Demand: Global

Years	Total Supply (000' Bales)			Total Demand (000' Bales)		
	Beg. stocks	Imports	Production	Exports	Consumption	Ending Stocks
2007-08	63056	39435	120310	39026	121471	62304
2008-09	62304	30597	107773	30179	108401	62094
2009-10	62094	36763	102757	35597	118874	47143
2010-11	47143	36426	116990	35458	114709	50392
2011-12	50392	45120	126590	45886	102750	73466
2012-13	73466	46196	122952	46687	105896	90031
2013-14*	90031	40351	117130	40343	109262	97907
2014-15*	97907	36287	115456	36286	111706	101658

Source: USDA (\* Estimates), (Unit – (000' 480 Lb Bales)

- ❖ Area under cotton across the world has grown slowly at CAGR of 0.14% for the last 12 years; production has grown moderately at CAGR of 2.28%
- ❖ China, India and US contribute together almost 60% of total global cotton production
- ❖ However, out of them only US and India have a major share of 50% in global cotton exports
- ❖ The top three consumers of cotton are China, India and Pakistan, which together account for two thirds of the world's consumption.

# Sugar Supply and Demand: India

Years	Total Supply (000' Bales)			Total Demand (000' Bales)		
	Beg. stocks	Imports	Production	Exports	Consumption	Ending Stocks
2007-08	7829	600	24700	7500	18600	7029
2008-09	7029	800	23300	2360	17750	11019
2009-10	11019	480	24500	6550	19750	9699
2010-11	9699	450	27200	5000	20550	11799
2011-12	11799	600	29000	11080	19450	10869
2012-13	10869	1200	28500	7750	20850	11969
2013-14*	11969	750	29500	8800	23000	10419
2014-15*	10419	1000	28500	5700	23500	10719

Source: USDA (\* Estimates), (Unit – (000' 480 Lb Bales)

❖ About 66% of area under cotton cultivation in India comes under rain fed conditions and 34% under irrigated conditions

❖ Major Cotton producing states in India are Gujarat, Maharashtra, MP, and AP. Thus arrivals of cotton start first from the Northern regions like Punjab, Haryana, Rajasthan Gujarat U.P, M.P followed by the Southern regions

❖ The states of Gujarat, Maharashtra and Andhra Pradesh are the major producers of cotton, accounting for about 75% of the total production

❖ The North zone includes mainly Punjab, Haryana and Rajasthan is irrigated cotton area and cultivated during Kharif season in the Indo-Gangetic alluvial soils

❖ This zone contributes nearly 14% of total cotton area

- ❖ Weather, pests, diseases and other risk factors associated with agricultural crops also have a bearing on cotton production
- ❖ The domestic demand supply scenario, inter-crop price parity, cost of production and international price situation are the major factors that influence prices in the market
- ❖ Government policies with relation to import, export and Minimum Support Price are significant influencers of cotton prices
- ❖ As cotton is used primarily in manufacturing products such as clothing and home furnishings, the overall health of associated industries and the economic well-being of final consumers are important
- ❖ New developments in the textile industry, with regard to the adoption of new technology, fibres, mechanisation, and so forth, impact cotton prices in the long run
- ❖ Demand from local ginners and textile units
- ❖ Global inventory level

NYBOT-ICE: Trading Unit- cents/lb

MCX: Trading Unit- Rs./Bales(170 kg)

Spot Markets: Rajkot(Gujarat), Kadi (Gujarat), Adilabad (Andhra Pradesh)

*Thank you*

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