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Need for Achieving Self-Sufficiency in Quality Cotton

Shri. T. Rajkumar graduated from the PSG College of Arts and Science and did his Masters in Business Administration from the PSG College of Technology. He is the Chairman of Confederation of Indian Textile Industry (CITI) New Delhi as well as Chairman of Sri Mahasakthi Mills Limited and Foundation One Infrastructures Pvt Ltd and Chairman of Textile Sector Skill Council (TSC), New Delhi. He is also a Director in National Skill Development Corporation, New Delhi. He is also the Former Chairman of The Southern India Mills' Association (SIMA) and The SIMA Cotton Development Research Association, (SIMA CDRA).

He is a Member of the Governing Council of The Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai and also a Member of the Governing Council of The South India Textile Research

Cotton, which is also known as "White Gold" is one of the prominent cash crops in India. Cotton and its allied sector hold a predominant position in the Indian Textiles & Apparel (T&A) sector. Cotton cultivation plays a major role in sustaining the livelihood of an estimated 6.5 million cotton farmers and several million people engaged in

Association (SITRA), Coimbatore. He is a Member of the Board of Governors of Sardar Vallabhbhai Patel International School of Textiles & Management (SVPISTM), Coimbatore. He is a Member of the CII National Committee on Textiles and Apparels for the year 2022-2023.

He has widely travelled overseas as a delegate for conferences on Textile Industry. He is also a member of the governing council of NGM College of Arts and Science, and PPG College of Technology. He is a Member of the

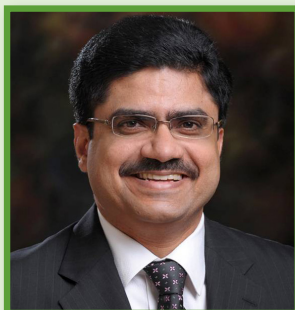
Academic Council of PSG College of Arts and Science and he is a member in the Board of Studies of Bharathiyar University and PSG Institute of Management.

He is also the Chairman and Managing Trustee of Global Pathway School, Coimbatore (an Indo Canadian Charity) run for the under privileged children.

related activities such as cotton processing and trade, thus, making cotton the backbone of the Indian economy.

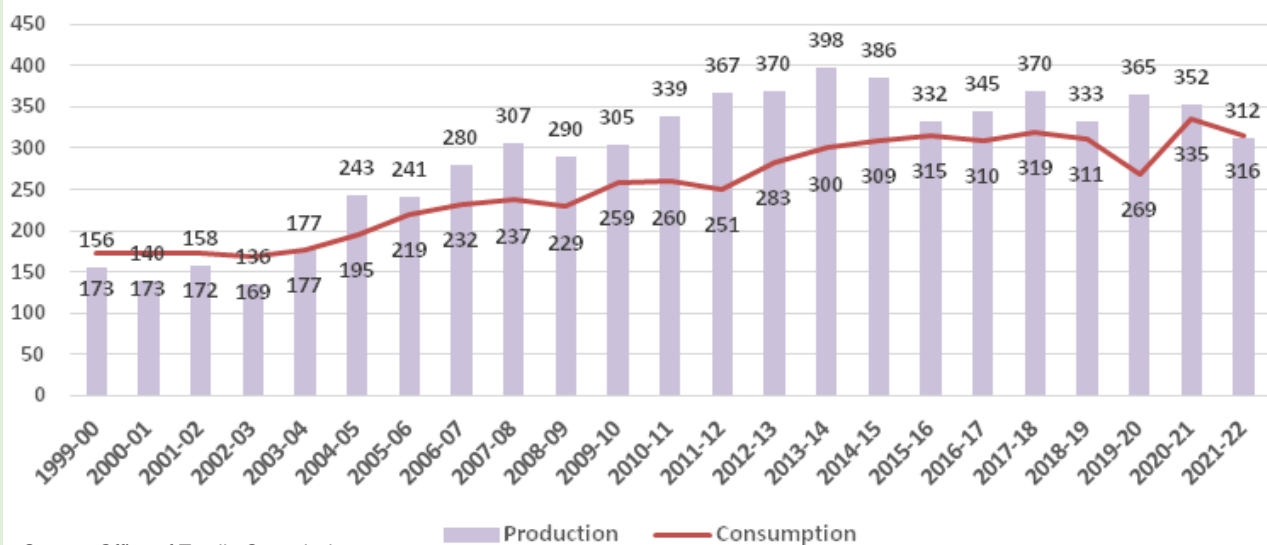
India is the largest producer of cotton in the world accounting for about 23% of the world's total cotton production during the cotton season

EXPERT'S Column



**Mr. T. Rajkumar
Chairman-CITI**

Production and Consumption of Cotton in India (Lakh Bales)



Source: Office of Textile Commissioner

2021-22. However, this production is coming from about 38% of the world's cotton acreage and it is quite worrisome for the Indian cotton industry. It will not be wrong to say that the Indian domestic industry is unable to reap the benefits of the largest cotton-producing country as the price advantage for the textile mills exists only during the cotton peak season, i.e. from December to March. Thus, a situation arises wherein Indian cotton is exported normally at a lower price during peak season and the mills end up importing at a higher price, which in turn affects the competitiveness.

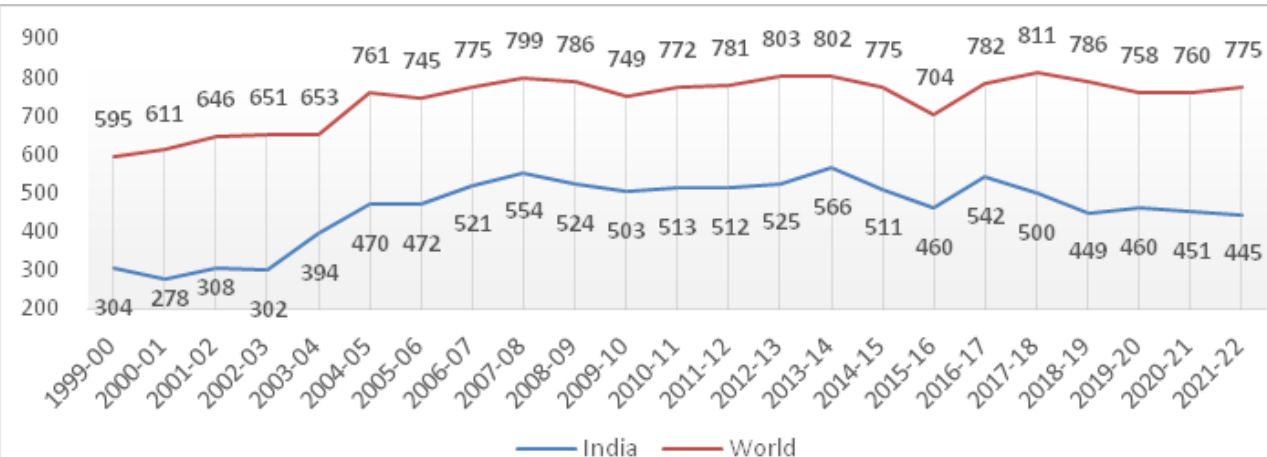
India's Cotton Production Scenario

The Technology Mission on Cotton (TMC) 1.0 implemented by the earlier NDA government led by Prime Minister Shri. Atal Bihari Vajpayee

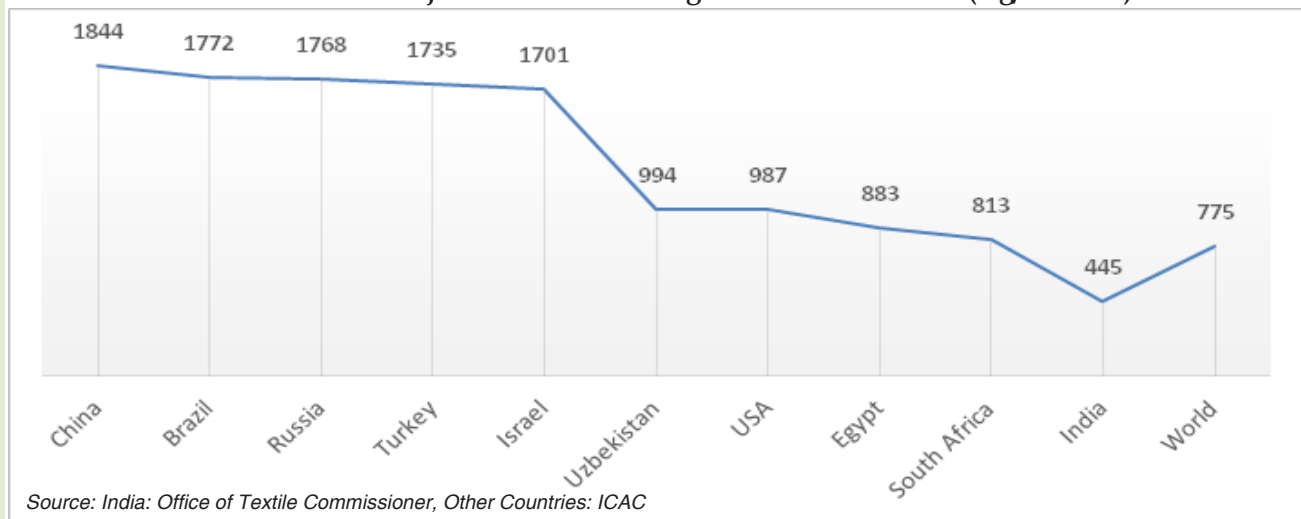
proved to be a boon for the cotton farmers and India's cotton production which prevailed at around 156 lakh bales during 1999-00 increased to 398 lakh bales during 2013-14 due to TMC. However, from 2013-14, India's cotton production has declined and reached just about 312 lakh bales during 2021-22.

Similarly, because of the TMC, India also saw a significant improvement in per hectare cotton yield upto 2013-14, however, since then Indian cotton yield has stagnated between about 450-500 kg lint per hectare which is almost one-fourth of the cotton yield of major cotton producing countries such as China, Brazil, Russia, etc. India's cotton yield for the season 2021-22 was even lower than the world average cotton yield by about 43%.

Comparison of India's Cotton Yield with the World Average (Kg/Hectare)



Source: India: Office of Textile Commissioner, World: ICAC

Cotton Yield of Major Cotton Producing Nations for 2021-22 (Kg/Hectare)

Low Yield & High Contamination: Major Cause of Worry for Indian Cotton Sector

Lower yield and high contamination in cotton are major causes of worry for the Indian textile industry as it limits the availability of cotton which directly impacts the output across the cotton value chain i.e. yarn, fabric, and apparel. Therefore, it is important to assess the issues impacting the cotton output and work towards resolving the same. There are many reasons which account for low cotton productivity in India. Some of which are:

- **Long Duration of Cotton Crop** which leads to prolonged vulnerability of the crop to insect pests and diseases thus ultimately leading to yield losses
- **Low Harvest Indices** ranging from 0.2 to 0.5 in India as compared to harvest indices of about 0.5 to 1.0 in other cotton-producing countries. A low harvest index with excessive vegetation leads to a massive wastage of fertilizers thereby resulting in low yields
- **Low Ginning Out Turn** of 32-34% in India as compared to 38-34% in other major cotton-producing countries.

Despite having excellent fibre qualities, Indian cotton suffers from a high level of contamination mainly because it is handpicked. Improper storage and movement of cotton from fields to ginning factories further deteriorate the quality of cotton due to which farmers also get a lower value of their crop. Many a time, this trash content goes along with the cotton fibre unnoticed

and undetected which causes a serious problem for the downstream textile industry.

Way Forward

Under the leadership of Hon'ble Prime Minister, Shri. Narendra Modi, India achieved its highest ever merchandise exports during 2021-22 and in same year India's exports of T&A products also reached its all-time high of about US\$ 43.4 bn. Moreover, as of March 2022, India has become the 5th largest economy in the world surpassing the United Kingdom and during the April-June quarter of 2022-23, India's economy grew by 13.5%, making it one of the fastest growing economies in the world.

Hence with the increasing exports coupled with the rising domestic demand, Indian Textile & Apparel industry is racing towards achieving a target market size of US\$ 350 bn. including US\$ 100 bn exports by 2025-26 which will result in increased demand of cotton in years to come. Since it is difficult to increase cotton acreage further, there is a dire need for India to work towards increasing cotton yields by adopting best farm practices which other leading cotton growing nations are practising such as high-density planting system, conservation tillage, plastic mulching, canopy management, precision chemical input management, etc.

The Central Institute for Cotton Research has pioneered the concept of 'high-density planting systems' (HDPS) which is modified agronomy to improve the plant population and regulate the growth by using growing regulators. Indian farmers typically grow between 11,000-16,000

plants per acre, whereas most of the important cotton-growing countries like China and USA, grow more than 80,000-1,00,000 plants per acre. India cannot take up such a high plant population initially, but can definitely move towards increasing plant population by adopting:

- Early maturing
- Synchronous boll bearing
- Dwarf stature

HDPS has the potential to increase India's cotton yield from the current level of around 460 kg lint per hectare to at least 1000 kg lint per hectare in the short term, thus doubling the income of cotton farmers directly.

Though, HDPS can prove to be beneficial for the cotton farmers, however, making the farmers change from the current farm practices to the new farm practice is not easy until the new agronomy practices are demonstrated in all the cotton-growing villages and actually shown to the farmers for a period of 2-3 years.

The estimated cost for each demonstration is worked out to be about Rs. 10,000 / hectare including the supply of seeds and growth retardant for free of cost. The Government may consider subsidising the laying of such demonstrations across every cotton-growing village to the extent of at least 0.40 hectares.

CITI through its research arm Cotton Development & Research Association (CITI-CDRA) has been actively involved in cotton development activities in the states of Maharashtra, Madhya Pradesh and Rajasthan for the past many years and has achieved commendable results in improving cotton productivity in these areas. CITI-CDRA had done HDPS trials in 2014 and was able to achieve higher yields ranging from 47% - 97% as compared to the yield in the conventional planting system. This year also, CITI-CDRA has undertaken HDPS across 39 clusters, 9 districts, in its three states of operation and is expecting a considerable improvement in cotton yields in all the areas.

The present Government is also very much active in resolving the issues of the Indian cotton sector and is stressing a collaborative approach among the industry stakeholders and the Government to substantially work towards improving the quality, productivity, and branding of Indian cotton.

In this regard, the Hon'ble Union Minister of Textiles has recently formed a Textile Advisory Group (TAG) under the Chairmanship of cotton veteran Shri. Suresh Kotak. TAG will also have representation from the Ministry of Textiles, Ministry of Agriculture & Farmers Welfare, Ministry of Commerce & Industry, Office of the Textile Commissioner, The Cotton Corporation of India Ltd. and stakeholders from the textile value chain. TAG is working in its full capacity to deal with the various underlying issues of the Indian cotton value chain.

To support the cause of the Government, CITI-CDRA is planning to take the initiative of HDPS forward and scale up its operations not just in project areas but also in other cotton growing states like Haryana, Andhra Pradesh, Telangana, Karnataka and Tamil Nadu and has requested the Government to provide the necessary support for the betterment of all the stakeholders of the cotton value chain.

To conclude, India has access to all the latest advanced cotton technologies. It has the best scientific networks in the world. Farmers in very few countries enjoy as much support from the Government policies as in India. Thus, it will not be wrong to say that India has everything which can lead the Indian cotton industry to become a global leader. All we require is some amendments in our approaches to specific cultivation patterns so that yields increase at least above the global average and the fibre quality competes with the best in the world.

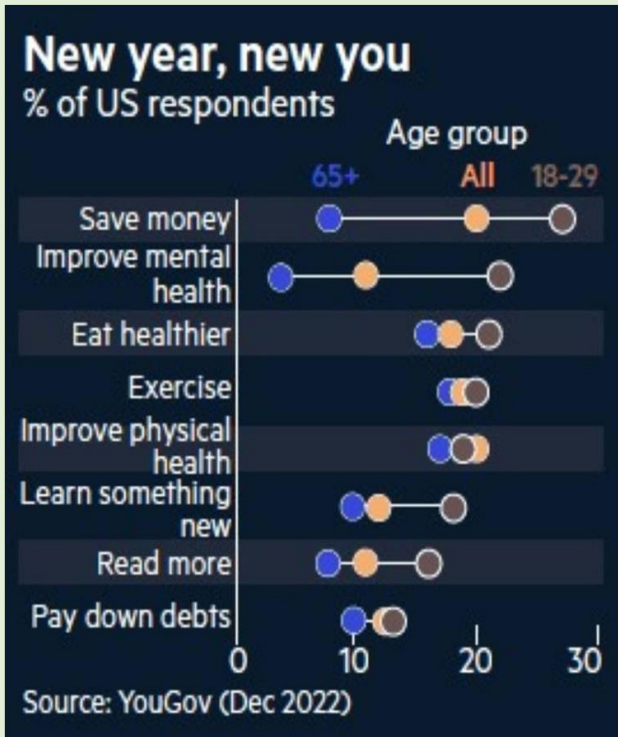
Moreover, as global markets are rapidly geared towards establishing sustainable systems of cotton production, textile processing and apparel use, as these conserve ecological balance and enhance the sustainability of ecosystems and the environment; there is also a dire need for India to initiate commendable measures towards developing sustainability metrics, measurement, quantification, traceability and labelling of sustainability to enhance trade competitiveness in a global market.

Source : CAI Centenary Special 2022

(The views expressed in this column is of the author and not that of Cotton Association of India)

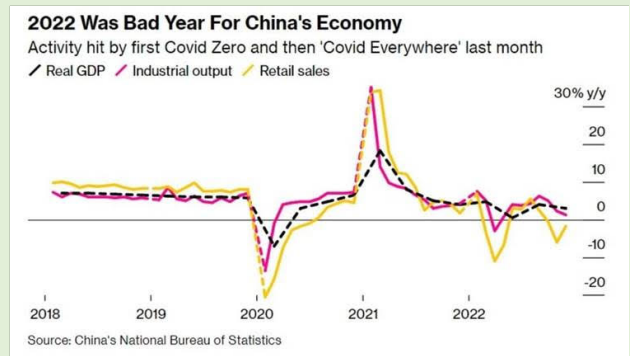
The Month That Was - Snippets for January 2023

New Year, New You



About 37 per cent of Americans went into 2023 with some kind of resolution. Younger respondents were more likely to look for self-improvement in the new year, while older generations were more sanguine about their current lifestyle.

China Reassures Davos That Growth Will Return, Covid Has Peaked

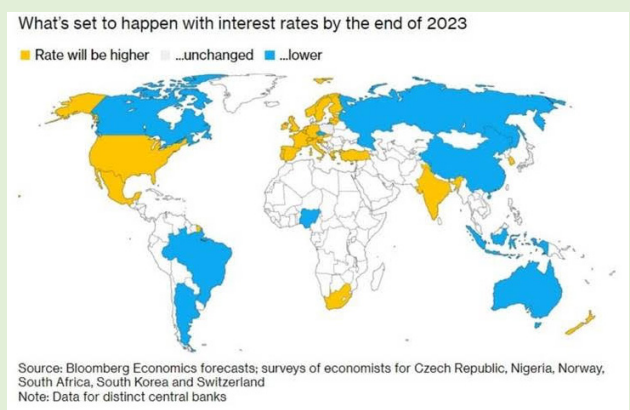


Life has been restored to normal, Liu He says in speech. Liu addresses concern China has turned away from globalization. Liu, a close confidante of China's President Xi Jinping, sought to allay international concern that Beijing is turning away from globalization to focus on self-sufficiency. "China's national reality dictates that opening up to the world is a must, not an expediency," Liu said. "We must open up wider and make it work better. We oppose unilateralism and protectionism," he said, adding that opening up "is a key driver of economic progress."

The Bloomberg Central Bank Outlook

The world economy looks to be transitioning to a more difficult era where interest rates will be higher, geopolitical tensions greater and uncertainties more pronounced. That's the message that emanated from this year's annual meeting of the American Economic Association in New Orleans. Economic luminaries — including former US Treasury Secretary Lawrence Summers, ex-International Monetary Fund chief economist Kenneth Rogoff and former Bank of England policymaker Kristin Forbes — warned of perils ahead.

On the way out is an era of ultra-low interest rates and rapid Chinese growth. Investors and policymakers will instead confront a new world

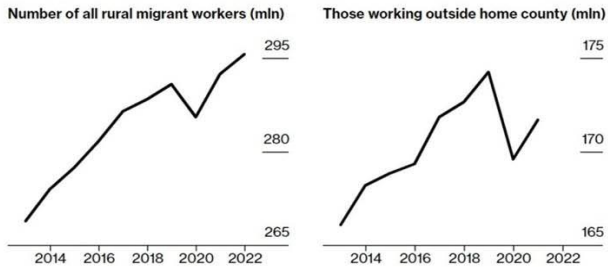


where an intensifying US-China rivalry and dangerous debt blow-ups are more the norm.

China's Lunar New Year Exodus Threatens More Factory Disruption

China's Migrant Workers Expand After Falling in 2020

More workers have stayed closer to home since the pandemic



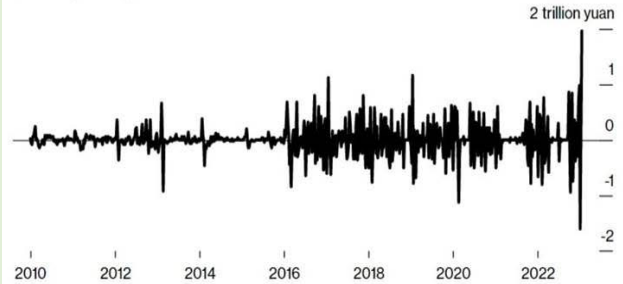
Source: National Bureau of Statistics
Note: Migrant workers are defined as rural residents employed in non-agricultural sectors in local or non-local regions

Millions of workers travel again after Covid rules ended. Factories are doling out cash to lure staff back after holiday. Like hundreds of millions of workers across China, it's the first time in three years that Liu, 48, will travel to his hometown during the Lunar New Year holidays, having endured three years of Covid travel restrictions, which had made the journey home complicated and costly. With China's 296 million migrant workers on the move this year, factories and local governments are braced for disruptions during a longer-than-usual holiday period. China has seven days of public holidays for the Lunar New Year — which ran this year from Jan. 21-27 — but many workers don't plan to return until after Feb. 5, the day of the traditional Lantern Festival.

China Injects Record Amount of Cash Before Holidays

PBOC's Cash Injection Hits Record This Week

Weekly cash injection



Source: Bloomberg

PBOC added 1.97 trillion yuan short-term cash before Lunar New Year holidays. Higher mobility after reopening boosted cash demand: Maybank. China's central bank has pumped a record amount of short-term cash into the banking system as demand rose following the removal of Covid restrictions and ahead of the Lunar New Year holidays. The People's Bank of China added a net 1.97 trillion yuan (\$291 billion) of cash this week via open market operations, a record high, according to data compiled by Bloomberg. That's more than nine times the size of last week's injection. The large cash infusion is expected to ease China's benchmark seven-day money-market rate, which rose to the highest in nearly a month this week amid cash withdrawals for gift giving and travel during the upcoming week-long holiday.

Investors Buy the Peak Inflation Narrative

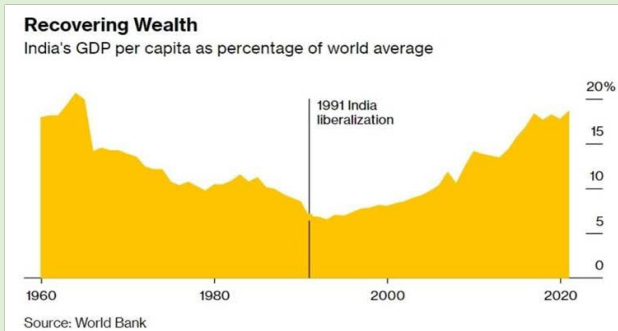


Source: MSCI, Bloomberg

Three significant economies get their latest readings on consumer prices. New Zealand kicked things off, and for the third-straight time, headline inflation came in hotter than forecast. Still, the beat

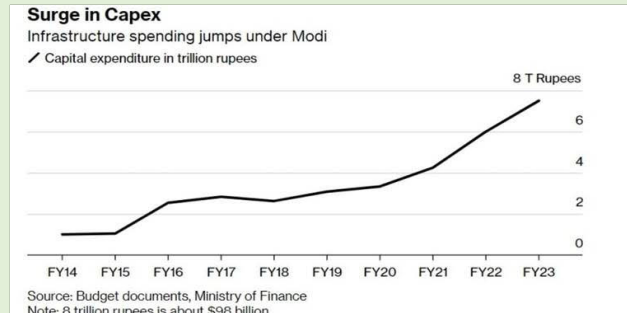
was only modest, and bond yields dropped as rates traders firmed up bets the central bank there will only hike half a point next month instead of the three-quarter point move some were expecting earlier. Similar to New Zealand, Australian inflation is expected to quicken but to come in under the central bank's forecasts. Singapore is projected to report slower price growth later on. Bonds and equities are surging as investors anticipate an easier approach from central banks after inflation topped out across the globe. The concern remaining is that price growth remains at very elevated levels. Even if this batch of data allows for further gains in asset prices, those could reverse unless inflation continues to decelerate rapidly.

The Global Economy Needs a New Powerhouse



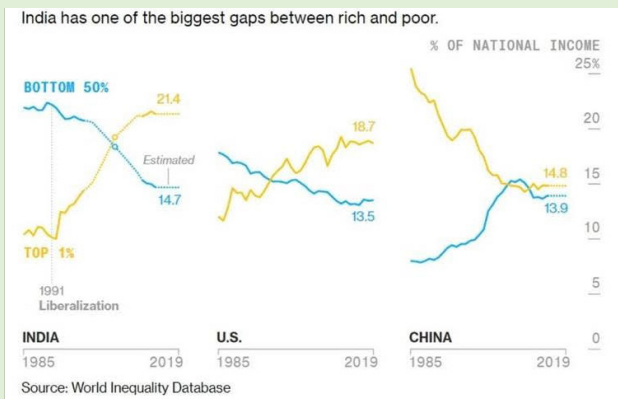
India is stepping up. Prime Minister Narendra Modi wants to make India a developed nation. How soon can a country once synonymous with red tape become a \$10 trillion economy? That's the billiondollar question.

Jump in India Infrastructure



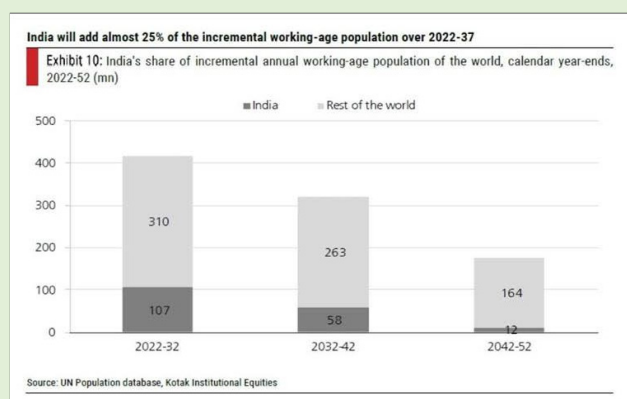
Since Modi's election win in 2014, India's national highway network grew more than 50% longer, domestic air passengers roughly doubled and a vast biometric system helped several hundred million people open bank accounts for the first time.

India's Widening Income Inequality



Nowhere else is the super wealthy growing faster than in India, drawing comparisons to the heady times of America's Gilded Age. Since 1995, the wealth gap between the top 1% and bottom 50% has soared about three times more than the equivalent metric for the US.

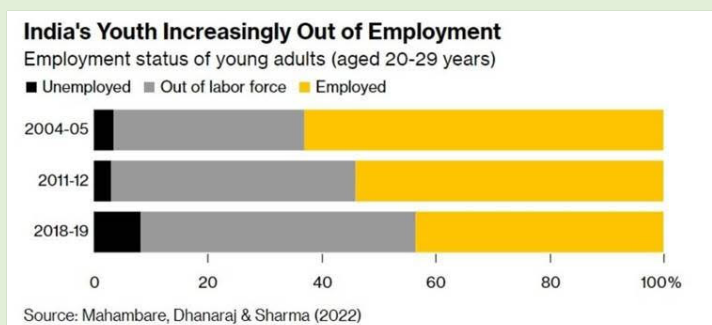
India Need to Create 5-7 Million Jobs Per Year



India's population will rise from 1.42 billion in 2022 to 1.68 billion in 2052 & its working age population will rise by 177 million in this period. India will add 25% of incremental global working age population between 2022-37 and will need to create 5-7 million jobs per year.

India's Youth Seek Employment

The numbers can also explained by changing employment patterns, especially in rural areas, home to much of India's population.



UPCOUNTRY SPOT RATES													
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]								Spot Rate (Upcountry) 2022-23 Crop January 2023					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	23rd	24th	25th	26th	27th	28th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	18362 (65300)	18081 (64300)	18081 (64300)		18250 (64900)	18250 (64900)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	18503 (65800)	18222 (64800)	18222 (64800)	H	18390 (65400)	18390 (65400)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	13216 (47000)	13216 (47000)	13076 (46500)		13160 (46800)	13160 (46800)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	-	-	-		-	-
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	16872 (60000)	16872 (60000)	16872 (60000)	O	16928 (60200)	16928 (60200)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	16647 (59200)	16563 (58900)	16563 (58900)		16759 (59600)	16759 (59600)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	-	-	-		-	-
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	16759 (59600)	16675 (59300)	16675 (59300)	L	16872 (60000)	16872 (60000)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	-	-	-		-	-
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	-	-	-		-	-
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	17069 (60700)	16984 (60400)	16984 (60400)	I	17181 (61100)	17181 (61100)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	16816 (59800)	16816 (59800)	16816 (59800)		16872 (60000)	16872 (60000)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	16872 (60000)	16872 (60000)	16872 (60000)		16928 (60200)	16928 (60200)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	17041 (60600)	16956 (60300)	16900 (60100)	D	16984 (60400)	17013 (60500)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	17153 (61000)	17069 (60700)	17069 (60700)		17266 (61400)	17266 (61400)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	17153 (61000)	17097 (60800)	17097 (60800)		17153 (61000)	17209 (61200)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	17181 (61100)	17153 (61000)	17153 (61000)	A	17209 (61200)	17266 (61400)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	17378 (61800)	17378 (61800)	17350 (61700)		17434 (62000)	17462 (62100)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	17462 (62100)	17378 (61800)	17350 (61700)		17434 (62000)	17462 (62100)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	17519 (62300)	17434 (62000)	17406 (61900)	Y	17491 (62200)	17519 (62300)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	17800 (63300)	17716 (63000)	17659 (62800)		17716 (63000)	17716 (63000)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	17912 (63700)	17828 (63400)	17772 (63200)		17828 (63400)	17828 (63400)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	18137 (64500)	18137 (64500)	18137 (64500)		18137 (64500)	18137 (64500)
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	18559 (66000)	18559 (66000)	18559 (66000)		18559 (66000)	18700 (66500)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	18981 (67500)	18981 (67500)	18981 (67500)		18981 (67500)	19122 (68000)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	18981 (67500)	18981 (67500)	18981 (67500)		18981 (67500)	19122 (68000)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	19403 (69000)	19403 (69000)	19403 (69000)		19403 (69000)	19543 (69500)

(Note: Figures in bracket indicate prices in Rs./Candy)