

## COTTON SECTOR

### 1. Cotton

1.1 Cotton is one of the principal crops of the country and is the major raw material for domestic textile industry. It provides sustenance to millions of farmers as also the workers involved in cotton industry, right from processing to trading of cotton. The Indian textile industry consumes a diverse range of fibres and yarn, but is predominantly cotton based. Indian Textile Industry has an overwhelming presence in the economic life of the country. Cotton is cultivated in about 335 lakh hectares across the world and in around 126 lakh hectares in India. Thus, India accounts for around 38% of the global cotton area and contributes to 26% (i.e. 6.80 Million MT equivalent to 400 lakh bales) of the global cotton produce of 26.36 Million MT (equivalent to 1550 lakh bales). Presently, nearly 60 million people depend on cotton cultivation, marketing, processing and exports for their livelihood. The textile industry, which consumes the cotton, as its principal raw material, contributes about 4% to the GDP and is the major exchange earner for the country. Hence, growth and development of cotton and cotton based textile industry has a vital bearing on the overall development of the Indian economy. India is the country to grow all four species of cultivated cotton *Gossypium arboreum* and *herbaceum* (Asian cotton), *G.barbadense* (Egyptian cotton) and *G. hirsutum* (American Upland cotton). *Gossypium hirsutum* represents 88% of the hybrid cotton production in India and all the current Bt cotton hybrids are *G.hirsutumim*. India produces large number of cotton hybrids and varieties. Most of the country's cotton production comes from ten cotton growing States, which can be grouped into three regions viz., **Northern Zone** comprising Punjab, Haryana and Rajasthan, **Central zone** comprising of Gujarat, Maharashtra, Madhya Pradesh & Orissa and **Southern Zone** comprising of Andhra Pradesh, Karnataka and Tamil Nadu.

1.2 With various governmental measures like Cotton Extension Schemes, “Grow More Cotton” campaign, Intensive Cotton Development Program (ICDP) in 1971-72 and setting up of Technology Mission on Cotton in 2000 coupled with release of Bt seeds for commercial cultivation in 2002-03, the cotton production of the country which used to be 140 lakh bales during 2000-01, reached to a record level of 398 lakh bales in 2013-14 and is expected to touch the level of 400 lakh bales in 2014-15. With these developments, Indian cotton yields and production have approximately double in the last decades. Now, India not only became self sufficient for own cotton requirement but also became a leading exporter of cotton globally.

1.3 Now, India occupies:

- 1<sup>st</sup> place in the world in cotton acreage with around 126 lakh hectares area under cotton cultivation i.e. around 38% of world area of 335 Lakh Hectares.
- First place in cotton production: 6.80 Million Metric Tons (equivalent to 400 lakh bales) i.e. 26% of world production of 26.36 Million Metric Tons (equivalent to 1550 lakh bales).
- Second largest consumer: 5.29 Million Metric Tons (equivalent to 311 lakh bales) after China i.e. 22% of world cotton consumption of 24.22 Million Metric Tons (equivalent to 1424 lakh bales).
- Second largest exporter: 1.53 Million Metric Tons (equivalent to 90 lakh bales) after United States i.e. around 20% of world exports of 7.40 Million Metric Tons (equivalent to 435 lakh bales).

## 2. Cotton Scenario during Cotton Season 2014-15:

2.1 The cotton season 2015-16 commenced from 1<sup>st</sup> October 2015. For current cotton season, sowing in almost all the cotton growing States got delayed by 3 to 4 weeks due to delayed onset of Monsoon. However, from 3<sup>rd</sup> week of July 2014, the rains were reported well across the cotton belt in the Country and agro-climatic conditions were satisfactory for cotton sowing. As a result, sowing of cotton progressed on faster pace and has been completed in all the cotton growing States and there are no reports of any major pest/diseases.

2.2 The Cotton Advisory Board in its meeting held on 13<sup>th</sup> October 2014 has projected the cotton acreage for cotton season 2014-15 at 126.55 lakh hectares as against 117.27 lakh hectares of previous year. Similarly, based on the prevailing agro-climatic conditions during the season, the CAB has projected the cotton production at 390 lakh bales as against 398 lakh bales in previous year. Based on the above crop projections, the CAB has drawn cotton balance sheet for cotton season 2014-15 as follows:

(Quantity in lakh bales)

Item	13-14	14-15
<b>SUPPLY</b>		
Opening stock	40.00	32.00
Crop size	398.00	390.00
Imports	10.80	8.00
<b>Total Availability</b>	<b>448.80</b>	<b>430.00</b>
<b>DEMAND</b>		
Mill consumption	266.00	278.50
Small mill consumption	24.88	26.50
Non-Mill consumption	8.00	15.00
<b>Total consumption</b>	<b>298.88</b>	<b>320.00</b>
Exports	117.92	70.00
<b>Total disappearance</b>	<b>416.80</b>	<b>390.00</b>
<b>Carry Forward</b>	<b>32.00</b>	<b>40.00</b>

Source: Cotton Advisory Board meeting dated 31-03-2015

## 3. Minimum Support Price Operations

3.1 Every year before the commencement of the Cotton Season (October to September), the Ministry of Agriculture based on the recommendations of Advisory Board viz., Commission for Agricultural Costs and Prices (CACP) fixes the MSP with a view to give incentives to the Cotton farmers of the country. Accordingly, taking into consideration of the recommendation of CACP and the approval of CCEA the Ministry of Agriculture had fixed MSP for two basic varieties of cotton viz. Medium Staple length cotton having staple length of 24.5 mm to 25.5 mm with micronaire value of 4.3 to 5.1 and long staple length having staple length of 29.5 to 30.5 mm with micronaire of 3.5 to 4.3 of new crop of seed cotton (kapas) of Fair Average Quality (FAQ) for cotton season 2015-16. The support price for medium staple length cotton has been fixed at Rs. 3800/- per quintal and for long staple at Rs. 4100/- per quintal for the cotton season 2015-16.

3.2 Based on the Support Price of these two basic varieties of Seed cotton (Kapas) and taking into account the quality differential, normal price differential and other relevant factors, the MSP for other classes of Seed cotton (Kapas) of Fair Average Quality (FAQ) has been fixed by

Textile Commissioner. The MSP for other varieties of cotton for Cotton Season 2015-16 (October-September) as fixed by the Textile Commissioner is as under:-

₹/Quintal

Sr. No.	Classes of Cotton	Fibre Quality Parameters		Minimum Support Price (MSP) for 2015-16	Names of the Indicative Varieties used by the Trade
		Basic Staple Length (2.5% Span Length) in MM	Micronaire Value		
(I)	(II)	(III)	(IV)	(V)	(VI)
<b>Short Staple (20 mm &amp; below)</b>					
1		-	7.0 - 8.0	<b>3300</b>	Assam Comilla
2		-	6.8 - 7.2	<b>3300</b>	Bengal Deshi
<b>Medium Staple(20.5 mm – 24.5 mm)</b>					
3		21.5 - 22.5	4.8 - 5.8	<b>3550</b>	Jayadhar
4		21.5 - 23.5	4.2 - 6.0	<b>3600</b>	V-797/G.Cot.13/G.Cot.21
5		23.5 - 24.5	3.4 - 5.5	<b>3650</b>	AK/Y-1(Mah&M.P.)/MCU-7(TN)/SVPR-2(TN)/PCO-2 (AP&Kar)/K-11(TN)
<b>Medium Long Staples(25.0mm-27.0mm)</b>					
6		24.5 - 25.5	4.3 - 5.1	<b>3800</b>	J-34(Raj)
7		26.0 - 26.5	3.4 - 4.9	<b>3900</b>	LRA-5166/KC-2(TN)
8		26.5 - 27.0	3.8 - 4.8	<b>3950</b>	F-414/H-777/J-34 Hybrid
<b>Long Staple(27.5mm-32.0mm)</b>					
9		27.5 - 28.5	4.0 - 4.8	<b>4000</b>	F-414/H-777/J-34 Hybrid
10		27.5 - 28.5	3.5 - 4.7	<b>4000</b>	H-4/H-6/MECH/RCH-2
11		27.5 - 29.0	3.6 - 4.8	<b>4050</b>	Shankar-6/10
12		29.5 - 30.5	3.5 - 4.3	<b>4100</b>	Bunny/Brahma
<b>Extra Long Staple(32.5 mm &amp; above)</b>					
13		32.5 - 33.5	3.2 - 4.3	<b>4300</b>	MCU-5/Surabhi
14		34.0 - 36.0	3.0 - 3.5	<b>4500</b>	DCH-32
15		37.0 - 39.0	3.2 - 3.6	<b>5300</b>	Suvin

#### 4. Procurement of Cotton

4.1 The Cotton Corporation of India Ltd. (CCI), a Public Sector Undertaking under the Ministry of Textiles, is one of the primary agency of the Government for undertaking MSP operations and losses, if any, incurred by it for MSP operations are reimbursed by the Government. CCI remains active in the market from day one of the beginning till the end of the Cotton Season. During the Cotton Season 2014-15, CCI has procured 86.96 lakh bales of cotton

(i.e. 451 lakh quintals kapas) valuing Rs. 18114 Crores under MSP operations across the country. Out of the said stock, CCI has already sold 74.46 lakh bales through e-auction.

4.2 For the cotton season 2015-16, CCI has made all necessary arrangements for meeting any eventuality of MSP operations in all the cotton growing States, to avoid distress sale by the cotton farmers. CCI operates more than 340 procurement centres all over the country under MSP during 2015-16 across 92 District in 11 Cotton growing States in the country. As on 16.10.2015, 6.19 lakh bales arrived for cotton season 2015-16. Out of which, 307 bales have been procured by CCI under MSP operations.

## **5. Promotion of Natural Coloured Cotton**

5.1 Ministry of Textiles made presentation before Hon'ble Prime Minister on 27<sup>th</sup> June, 2014. One of the action points that emerged during the discussion was promoting colour cotton wherein, it was directed that Ministry of Textiles will examine the possibilities for colour cotton and work in a coordinated manner on this issue.

5.2 The seed cotton yield of the colour-cotton is reportedly more or less at par with the traditional varieties of white cotton in India. Though the fibre is shorter and weaker, it has great softer feel and is used for producing textiles for specific markets. There are major deficiencies in the colour cotton varieties viz. Short Staple length, Lower fibre Strength resulting into poor machine spinnability, colour shades presently restricted to Brown and Green only. As such Colour-Cotton can not be spun/weaved on machine. This restricts the development of Naturally Coloured Cotton. Therefore, the development of Naturally Coloured Cotton entirely depends on development of colour cotton varieties of better fibre properties. At present the coloured Cotton fabrics are made largely blended with white Cotton fibre due to its weaker fibre properties and as such pure colour cotton fabrics are fewer in use. There appears a need for development of new varieties/hybrids suiting the industrial demand for long stapled naturally coloured cotton besides creating new colour mosaic of existing Naturally Coloured Cotton.

5.3 Currently, Naturally Coloured Cotton is cultivated in a smaller scale in Dharwad region of Karnataka, Coimbatore region of Tamil Nadu, Vidharbha region of Maharashtra and Guntur region of Andhra Pradesh under the patronage of Research Institution in the areas. The estimated total area under Naturally Coloured Cotton is around 200 acres. The total production of Naturally Coloured Cotton lint from these areas together is approximately 330 quintal. The lint thus produced at Dharwad is processed by converting into roving at the Chitradurga KVIC Sliver plant and the roving is distributed amongst different societies for hand spinning and weaving on Handlooms, as also for knitting. It is noteworthy to state that the products made out of Naturally Coloured Cotton do not undergo any chemical dyeing process. Hence it is eco-friendly and sustainable. The product profile consists of Hand Made Towels, Saris, Salwar Suits, Shirts, Denim, etc. at present. The limited production and lack of visibility has led to lack of product innovation and market expansion.

5.4 In order to promote colour cotton, the State Government of Karnataka, Maharashtra, Tamilnadu and Andhra Pradesh have been specifically requested to cultivate colour cotton on a commercial scale and extend required support from the research institution and Khadi & Village Industries Board for processing and marketing of the products for giving a remunerative price to the growers.

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