



## CHAPTER VI

# RAW MATERIAL

## COTTON

**C**otton is one of the major crops cultivated in India. It accounts for more than 75 % of the total fibre consumption in the spinning mills and more than 58 % of the total fibre consumption in the textile sector. The twin objectives of assuring off-take of the farmers' produce at remunerative prices and making available adequate quantity of cotton at a reasonable prices to the domestic textile industry, are sought to be achieved through timely announcement of Minimum Support Price (MSP) to the farmer and through appropriate export – import intervention as and when necessary. The New Textile Policy - 2000 (NTxP-2000) aims at improving the quality of cotton to that of international standards through effective implementation of Technology Mission on Cotton (TMC).

## PRODUCTION AND CONSUMPTION

During the last five decades, the production of cotton increased from 30 lakh bales of 170 kgs. each in 1950-51 to an all time high of 177.90 lakh bales (170 Kg each). There has also been a substantial rise in area under cultivation from 58.91 lakh hectares in 1950-51 to a record high of 93.87 lakh hectares in 1998-99. The average yield has also rose from 88 kgs. in 1950-51 to a high of 330 kg. in 1996-97. In the Cotton Advisory Board' meeting held on 29.11.2002, for the cotton

season 2002-2003 (Oct-Sept), the production of cotton was estimated at 152 lakh bales, area at 78 lakh hectares and the average yield per hectare at 331 Kg.. One of the reasons for low yield in India as compared to world average of about 600 kg/hectare is that 65% of the area under cotton cultivation is rainfed.

The largest share in the total production of cotton is of medium staple & medium long staple varieties followed by long staple. The share of short staple cotton is about 7%. The share of medium and medium long staple varieties was about 54% and that of long and extra long staple varieties was 36% and 3% respectively in 2000-2001. The main cotton producing States are Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and Tamil Nadu.

Consumption of cotton has been increasing over the last few years. As against a total consumption of 115.50 lakh bales during 1990-91 (Mill and Non-Mill), the consumption level including consumption by spinning units in the small-scale sector and non-mill consumption touched a record highest 173.36 lakh bales in 1999-2000 cotton season. The domestic consumption for 2002-03 cotton season is estimated at 177 lakh bales. The variety-wise demand for cotton almost follows the same pattern as the variety-wise production. The major demand is for medium and medium long staple variety, which also has the largest



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share in the total production of cotton. The demand for short staple varieties is relatively very small.

Data on area, production, yield, and consumption of cotton is given in the following Table.

### DATA ON AREA, PRODUCTION, YIELD AND CONSUMPTION OF COTTON FOR THE PERIOD FROM 1992-93 TO 2002-2003 SEASON

Cotton Year Lakh	Area in Lakh Hectares	Cotton in lakh Bales of 170 Kgs.	Production in 000's tonnes	Cotton Yield in Kg/ Hectare	Cotton Consumption Bales of 170 Kg. Each Mill + non Mill+small spinning
1992-93	75.41	138.00	2346.00	311	125.01
1993-94	74.40	121.50	2065.00	278	127.00
1994-95	78.61	138.50	2354.50	300	135.04
1995-96	90.63	170.70	2901.90	320	154.29
1996-97	91.66	177.90	3004.30	330	170.16
1997-98	88.29	158.00	2686.00	307	159.01
1998-99	92.87	165.00	2805.00	302	165.36
1999-2000	87.31	156.00	2652.00	304	173.36
2000-2001	85.76	140.00	2380.00	277	173.03
2001-2002	87.30	158.00	2686.00	308	170.70
2002-2003 (Estimated)	78.00	152.00	2584.00	331	177.00

\* Source Cotton Advisory Board.

### PRICES OF COTTON

The Government announces Minimum Support Price (MSP) for different varieties of cotton every year to ensure remunerative prices for the cotton growers. The Cotton Corporation of India (CCI) is the only agency for implementation of this policy in the country except in the State of Maharashtra. The CCI enters the market and makes purchases of cotton under support price operation whenever prices touch the MSP level.

During 2001-02 cotton season there was a

continuing declining trend in the price of kapas in the beginning of the cotton season and the prices of most of the variety touched the MSP level in all cotton growing States except Punjab and Tamil Nadu. The CCI undertook support price operations in the state of Andhra Pradesh, Gujarat, Haryana, Karnataka, Orissa, Madhya Pradesh, Meghalaya and Rajasthan and procured kapas equivalent to lint cotton of about 9 lakh bales.

The Government of India has fixed the



Support Price of two basic varieties of cotton, viz. F-414/H 777/J-34 and H-4 of new crop kapas of Fair Average Quality for Cotton Season 2002-03. The Support Price for F-414/H-777/J-34 variety has been fixed at last year level of Rs. 1675/- per quintal. The Support Price for H-4 (Long Staple) variety has been fixed at Rs.1875/- per quintal. For other varieties, the Minimum Support Prices are announced by the Textile Commissioner based on market differentials. In addition, Government has announced the payment of Special Drought Relief Price (SDRP) in respect of kharif crop which inter-alia includes raw cotton (kapas) of 2002-03. The SDRP would not become part of the MSP and this would be provided by way of special relief and not by way of any bonus. The approved SDRP is Rs.20/- per quintal payable on all varieties of cotton irrespective of their quality and grade.

The 9th plan period witnessed a significant decrease in cotton export mainly due to the high domestic price vis-à-vis low international price. Out of an export quota of 9 lakh bales released during 2000-01 cotton season, only 60,000 bales of raw cotton were exported. With effect from July 2, 2001, all restrictions on export of cotton have been removed.

#### **COTTON ADVISORY BOARD**

The Cotton Advisory Board (CAB) is a representative body of Government agencies, Growers, Industry & Trade. It advises the Government generally on matters pertaining to production, consumption and marketing of cotton, and also provides a forum for liaison among

the cotton textile mill industry, the cotton growers, the cotton trade and the government. The Board, reconstituted on 10.7.2001, has 47 members of which 7 are Central Government nominees, 11 State Government nominees, 6 representatives of Cotton Growers, 6 representatives of the Textile Industry, 5 representatives of the Cotton Trade, 3 representative of G & P Sector, 4 representatives of Cotton Research & Development Institutions, 2 representatives of Powerloom Sector and 3 representative of Handloom Sector. The reconstituted Board is valid upto 9.7.2003.

#### **INTERNATIONAL COTTON ADVISORY COMMITTEE (ICAC)**

The International Cotton Advisory Committee is an association of governments having an interest in the production, export, import and consumption of cotton. It is an organisation designed to promote cooperation in the solution of cotton problems, particularly those of international scope and significance. The functions of the International Cotton Advisory Committee, as defined in the Rules and Regulations, are :-

- To observe and keep in close touch with developments affecting the world cotton situation.
- To collect and disseminate complete, authentic, and timely statistics on world cotton production, trade, consumption, stocks and prices.
- To suggest, as and when advisable, to the governments represented, any measures the Advisory Committee



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considers suitable and practicable for the furtherance of international collaboration directed towards developing and maintaining a sound world cotton economy.

- To be the forum of international discussions on matters related to cotton prices.

For the fiscal year 2002 (July, 2002-June, 2003), India's contribution to ICAC is US\$ 36,100 (approximately Rs.18,00,000/-).

The 61st Plenary Session of the ICAC was held in Cairo, Egypt from October 20 - 25, 2002. The Indian delegation, was led by Joint Secretary, Ministry of Textiles. The theme of the meeting was "21st Century Cotton Industry. Growth through Private Investment. Representatives from 38 governments and 8 international organisations participated in the meeting.

### COTTON TECHNOLOGY MISSION

The Government of India had launched the Technology Mission on Cotton (TMC) in February, 2000 to give a focussed impetus to cotton research and development. A total amount of Rs.593 crore was allocated for the last three years (1999-2002) of the Ninth Five Year Plan. The Mission comprises four mini missions with specific objectives of 'research', 'dissemination of technology to farmers', 'improvement in market infrastructure' and 'modernisation of ginning and pressing sector'. The Ministry of Textiles is implementing Mini Missions III & IV relating to improvement in market infrastructure and modernisation of Ginning & Pressing factories.

Upto January,2003 under MM-III & IV, development of 101 market yards and modernization of 221 Ginning & Pressing Factories have been sanctioned at an estimated cost of Rs.449 crore out of which Government of India share would be Rs.136 crore.

Out of 51 market yard sanctioned for development during the IXth Plan, 39 market yards have been completed and remaining yards are expected to be developed shortly. Out of 150 ginning and pressing factories sanctioned for modernisation during the IXth Plan, 122 ginning & pressing factories have modernised and the remaining ginning and pressing factories are expected to be modernised shortly.

### MAN-MADE FIBRE & FILAMENT YARN INDUSTRY:

The man-made fibre & yarn industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/yarn industry is under the administrative control of the Ministry of Textiles while non-cellulosic industry is under the control of Ministry of Chemicals & Fertilizers (Department of Chemicals & Petro Chemicals). This industry has a vital role to play in the Textile industry in the sense that about **39%** of the raw material consumed is manufactured by the man-made fibre/yarn industry.

The production of man-made fibre is expected to increase by around 7% during **2002-03** as compared to the production

during **2001 -02** The production of viscose staple fibre, polyester staple fibre and acrylic staple fibre during **2002-03** is expected to increase by **11 %**, **5%** and **8 %** respectively as compared to **2001-02**.

The production of man-made filament yarn in general is expected to increase by around **8%** during **2002-03** as compared to

the production during **2001-02** The production of polyester filament yarn is expected to increase by **10%** over the previous year. The production of viscose filament yarn and nylon filament yarn is expected to decline. The installed capacity and details of production of man-made fibre and filament yarn are given in the Table below :

**TABLE**  
**INSTALLED CAPACITY AND PRODUCTION OF MAN-MADE FIBRE/FILAMENT YARN**  
(In Mn Kg)

Type	No. of units	Installed capacity (tpa) 31/08/2002 (p)	1997-98	1998-99	1999-2000	2000-2001	2001-2002	2002-2003 (April-Aug) (p)	2002-2003 (a)
<b>Fibre</b>									
Viscose *	** 6	305.48	188.40	178.18	202.04	236.17	185.28	85.45	205
Polyester	15	639.27	438.62	522.67	551.49	566.42	551.42	238.38	580
Acrylic	8	137.50	79.43	78.92	79.31	99.43	94.84	43.04	103
Polypropylene	3	7.30	1.97	1.88	2.14	2.26	2.38	1.02	2
<b>Total</b>	<b>32</b>	<b>1089.55</b>	<b>708.42</b>	<b>781.65</b>	<b>834.97</b>	<b>904.28</b>	<b>833.92</b>	<b>367.89</b>	<b>890</b>
<b>Filament yarn</b>									
Viscose	7	75.20	57.02	60.91	49.48	55.26	48.35	20.66	4 5
Nylon #	10	24.00	29.84	28.63	26.05	26.27	27.83	12.56	26
Polyester ##	41	1018.15	667.90	745.38	801.02	819.70	866.16	400.55	950
Polypropylene #	13	17.38	13.79	15.41	17.21	18.49	19.84	9.15	20
<b>Total</b>	<b>71</b>	<b>1134.73</b>	<b>768.55</b>	<b>850.33</b>	<b>893.76</b>	<b>919.72</b>	<b>962.17</b>	<b>442.87</b>	<b>1041</b>

P = Provisional,

A = Anticipated

\* Including HWM fibre.

\*\* Grasim Industries at Mavoor, Kharach, Harihar & Nagda are treated as four units.

#: The exclusive capacity of N.F.Y. and P.P.F.Y.

##: The Capacity under Board Banding Scheme have been indicated against P.F.Y.

### IMPORTS

The import of man-made fibre / filament yarn showed a mixed trend during the last five years. The import increased by **27 %** during 2001-02 in comparison with previous year. The imports have increased by **50 %** during the last five years. Polyester staple fibre and polyester filament yarn contribute about **87 %** of total imports during 2001-02 gives the details of imports of man-made fibres and yarns since 1997-98.

### EXPORTS

The Export of man-made fibre / filament yarn showed a mixed trend during the last five years. The exports had grown by about **51 %** during the last five years. The exports had declined by about **30 %** during the year 2001-02 in comparison with previous year. Polyester staple fibre and polyester filament yarn contribute around **87 %** of total export during 2001-02 gives the details of exports of man-made fibres and yarns since 1997-98.

#### IMPORTS OF MAN-MADE FIBRE / FILAMENT YARN

(In Tonnes)

Years	Viscose staple fibre	Polyester staple fibre/ ddw/tops	Acrylic staple fibre /tow/tops	Viscose filament yarn	Nylon filament yarn	Polyester filament yarn	Total
1997-98	13610	29766	34087	1370	1211	2924	82968
1998-99	2270	17444	31279	1024	1342	28661	82020
1999-2000	975	13830	14374	842	2979	75248	108248
2000-01	1168	21309	14066	500	3641	57644	98328
2001-02	1717	26947	9669	1592	3710	80955	124590

**SOURCE:** Directorate General of Commercial Intelligence and Statistics (DGCIS), Kolkata.

#### EXPORT OF MAN-MADE FIBRE / FILAMENT YARN

(In Tonnes)

Years	Viscose staple fibre	Polyester staple fibre/ ddw/tops	Acrylic staple fibre /tow/tops	Viscose filament yarn	Nylon filament yarn	Polyester filament yarn	Total
1997-98	1162	7966	117	4479	1066	50010	64800
1998-99	914	16587	438	5005	1556	36699	61199
1999-2000	1597	51065	728	7851	1464	49182	111887
2000-2001	2423	29238	461	10892	3761	92089	138864
2001-02	1516	17902	321	7884	3294	66749	97666

**Source:** - Directorate General of Commercial Intelligence and statistics (DGCIS), Kolkata.