

## CHAPTER VI

# COTTON AND MAN-MADE FIBRE FILAMENT YARN INDUSTRY

## 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 56 % 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 the Minimum Support Price (MSP) to the farmers and through appropriate export – import intervention as and when necessary. It is the endeavour of the Government to improve the quality of cotton to that of international standards through effective implementation of the 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) in 1996-97. There has also been a substantial rise in area under cotton cultivation from 58.91 lakh hectares in 1950-51 to a record high of 92.87 lakh

hectares in 1998-99. The average yield has risen from 88 kgs. in 1950-51 to 387 kg. in 2003-04. For the cotton season 2004-05 (Oct-Sept), the production of cotton is estimated at a record high of 213 lakh bales with an area of 89.69 lakh hectares and the average yield of 404 kg per hectare. One of the reasons for low yield in India, as compared to world average of about 680 kg/hectare, is that 65% of the area under cotton cultivation is rainfed.

The largest share in the total production of cotton is that of medium staple & medium long staple varieties followed by long staple varieties. In 2003-04, the share of short staple cotton was about 4.5%, the share of medium and medium long staple varieties was 48.5 % and that of long and extra long staple varieties was 47 %. The main cotton producing States are Maharashtra, Gujarat, Andhra Pradesh, Madhya Pradesh, Punjab, Haryana, Rajasthan, Karnataka 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 high of



173.36 lakh bales in 1999-2000 cotton season. The domestic consumption during 2004-05 cotton season is estimated at a record high of 193 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 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 from 1992-93 to 2004-2005 is given at Table 6.1.

## PRICES OF COTTON

The Government announces the 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 agency for implementation of this policy in the country. The CCI enters the market and makes purchases of cotton under support price operation whenever prices touch the MSP level.

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 Fair Average Quality for the cotton season 2004-05. The Support Price for kapas (seed cotton) of fair average quality for the cotton season 2004-05 (Oct-Sept) has been fixed at Rs.1,760/- per quintal for medium staple variety (F-414/J-34/H-777), an increase of Rs.35/- per quintal over the support price of 2003-04. Similarly, the support price for H-4 (Long Staple) variety has been fixed at Rs.1,960/- per quintal,

**Table 6.1**  
**DATA ON AREA, PRODUCTION, YIELD AND CONSUMPTION OF COTTON**

| Cotton Year     | Area in Lakh Hectares | Cotton Production        |                 | Cotton Yield in Kg/ Hectare | Cotton Consumption Lakh Bales of 170 Kg. Each Mill + non Mill + small spinning |
|-----------------|-----------------------|--------------------------|-----------------|-----------------------------|--|
|                 |                       | in Lakh Bales of 170 Kg. | in 000's tonnes |                             |  |
| 1992-93         | 75.41                 | 138.00                   | 2,346.00        | 311                         | 125.01   |
| 1993-94         | 74.40                 | 121.50                   | 2,065.00        | 278                         | 127.00   |
| 1994-95         | 78.61                 | 138.50                   | 2,354.50        | 300                         | 135.00   |
| 1995-96         | 90.63                 | 170.70                   | 2,901.90        | 320                         | 154.29   |
| 1996-97         | 91.66                 | 177.90                   | 3,004.30        | 330                         | 170.16   |
| 1997-98         | 88.29                 | 158.00                   | 2,686.00        | 307                         | 159.01   |
| 1998-99         | 92.87                 | 165.00                   | 2,805.00        | 302                         | 165.36   |
| 1999-2000       | 87.31                 | 156.00                   | 2,652.00        | 304                         | 173.36   |
| 2000-2001       | 85.76                 | 140.00                   | 2,380.00        | 278                         | 173.03   |
| 2001-2002       | 87.30                 | 158.00                   | 2,686.00        | 308                         | 171.76   |
| 2002-2003       | 76.67                 | 136.00                   | 2,312.00        | 302                         | 168.83   |
| 2003-04         | 77.85                 | 177.00                   | 3,009.00        | 387                         | 173.25   |
| 2004-05 (Prov.) | 89.69                 | 213.00                   | 3,621.00        | 404                         | 193.00   |

Source: Cotton Advisory Board (CAB)

an increase of Rs.35/- per quintal over support price of 2003-04. The MSP fixed for F-414/H-777/J-34 variety of kapas is applicable only to Rajasthan. For other varieties, the Minimum Support Prices have been announced by the Textile Commissioner based on quality and market price differentials.

During 2004-05 cotton season, due to higher global production, the prevailing kapas prices have been ruling lower than the prices during the corresponding period last year. Kapas prices have touched the MSP level in almost all the cotton growing states and the CCI has undertaken MSP operations. As on 08.03.2005, the CCI has procured 128.80 lakh quintal of kapas (equivalent to 25.04 lakh bales of lint cotton). This is an all time high procurement by the CCI.

In conformity with the liberalized economy policy, both import and export of cotton is free without any restrictions.

### **COTTON ADVISORY BOARD**

The Cotton Advisory Board (CAB) is a representative body of Government Agencies, Growers, Industry & Trade. It advises the Government on matters pertaining to production, consumption and marketing of cotton, and also provides a forum for liaison among the cotton textile industry, the cotton growers, the cotton trade and the government. The Board was reconstituted on 06.02.2004. It consists of 56 members, and its reconstitution was subsequently modified on 27.07.2004 and 10.02.2005. At present it has 49 members, which includes 8 Central Government

nominees, 11 State Governments representative, 6 cotton growers representative, 2 representatives of the Textile Industry, 5 representatives of the Cotton Trade, 4 representatives of G&P Sector, 3 representatives of Cotton Research & Development Institutions, 3 representative of Powerloom Sector and 1 representative of Handloom Sector. The tenure of reconstituted Board is upto 05.02.2006.

### **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 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 to the governments any measures, which the Committee considers suitable and practicable for the furtherance of international collaboration directed towards



developing and maintaining a sound world cotton economy; and

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

For the fiscal year 2004 (July 2004-June 2005), India's contribution to ICAC is US\$ 55,300 (approximately Rs. 25.50 lakh).

The 63<sup>rd</sup> Plenary Meeting of the ICAC was held in Mumbai, India from 29.11.2004 to 03.12.2004 at the invitation of the Ministry of Textiles, Government of India. The Indian delegation was led by Joint Secretary, Ministry of Textiles. The theme of the meeting was "Enhancing Cotton Competitiveness".

The next (64<sup>th</sup>) Plenary Meeting of the ICAC will be held in UK in 2005.

## **COTTON TECHNOLOGY MISSION**

The Government of India launched the Technology Mission on Cotton (TMC) in February 2000 to give a focussed impetus to cotton research and development. The Mission comprises four mini missions with specific objectives of 'research', 'dissemination of technology to farmers', 'improvement in market infrastructure' and 'modernization of ginning and pressing sector'. The Ministry of Textiles is implementing Mini Missions III & IV relating to improvement in market infrastructure and modernization of Ginning & Pressing factories.

Upto February 2005, development of 112 market yards and modernization of 447

Ginning & Pressing Factories have been sanctioned at an estimated cost of Rs.781.23 crore out of which Government of India share would be Rs 200.29 crore.

So far, 83 market yards have been completed and 289 ginning & pressing factories have modernized.

## **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).

The production of man-made fibre during April-October, 2004 showed an increase of 15% as compared to the corresponding previous period (April-October 2003). The total man-made production is expected to increase by about 11% during 2004-05 as compared to the production in 2003-04. The production of viscose staple fibre, polyester staple fibre, acrylic staple fibre and polypropylene staple fibre is expected to increase by 10%, 11% and 9% respectively during 2004-05.

The total production of man-made filament yarn also increased by around 7.52% during April-October, 2004 as compared to the corresponding period of the previous year. However the production of polypropylene filament yarn

declined by 21% during the period. The total filament yarn production during 2004-05 is expected to increase by about 3% as compared to the production during 2003-04. The production of nylon filament yarn is expected to increase by about 26% and polyester filament yarn is expected to increase by 3% during 2004-05. However the production of polypropylene filament yarn is expected to decline by about 22%.

The production of nylon filament yarn is expected to increase by about 26% and polyester filament yarn is expected to increase by 3% during 2004-05. However the production of polypropylene filament yarn is expected to decline by about 22%

and viscose filament yarn is expected to decline by about 1% during 2004-05. The installed capacity and details of production of man-made fibre and filament yarn are at Table 6.2.

## IMPORTS

The import of man-made fibre / filament yarn increased during the last five years but the total import has declined by 25 % during 2003-04 as compared to the corresponding period of last year. The import of polyester filament yarn constituted about 73 % of the total imports during 2003-04. The details of imports of man-made fibres and yarns are at Table 6.3 on page 63.

**Table 6.2**  
**INSTALLED CAPACITY AND PRODUCTION OF MAN-MADE FIBRE/FILAMENT YARN**

*(In Mn Kg)*

| Items: Type                  | No. of units | Installed capacity (tpa) 31/10/2004(p) | 2002-2003 | 2003-2004 | %age of growth | 2003-2004 (Apr-Oct.) | 2004-2005 (Apr-Oct.)(P) | %age of growth |
|------------------------------|--------------|--|-----------|-----------|----------------|----------------------|-------------------------|----------------|
| Viscose Staple Fibre         | ** 6         | 336.55                                 | 224.61    | 221.01    | -1.60          | 118.52               | 142.52                  | 20.16          |
| Polyester Staple Fibre       | 15           | 695.59                                 | 582.13    | 612.58    | 5.23           | 347.81               | 347.81                  | 13.82          |
| Acrylic Staple Fibre         | 8            | 137.50                                 | 105.27    | 117.00    | 11.13          | 66.30                | 75.53                   | 13.92          |
| Polypropylene Staple Fibre   | 3            | 8.00                                   | 2.46      | 2.74      | 11.38          | 1.52                 | 1.75                    | 15.13          |
| Total                        | 32           | 1,177.64                               | 914.47    | 953.33    | 4.25           | 534.15               | 615.57                  | 15.24          |
| Viscose Filament Yarn        | 7            | 78.10                                  | 50.80     | 53.17     | 4.67           | 30.18                | 30.81                   | 0.00           |
| Nylon Filament Yarn#         | 10           | 24.00                                  | 29.73     | 30.99     | 4.24           | 16.27                | 22.76                   | 39.39          |
| Polyester Filament Yarn ##   | 41           | 1,172.25                               | 995.37    | 1,013.00  | 1.77           | 564.79               | 607.82                  | 7.02           |
| Polypropylene Filament Yarn# | 13           | 17.38                                  | 24.41     | 20.82     | -14.71         | 12.12                | 9.52                    | -21.45         |
| Total                        | 71           | 1,291.73                               | 1,100.31  | 1,117.98  | 1.61           | 623.99               | 670.91                  | 7.52           |

*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 Broad Banding Scheme have been indicated against P.F.Y.*

## EXPORTS

The Export of man-made fibre / filament yarn showed a mixed trend during the last five years. The exports declined marginally by about 4 % during 2003-04 as compared

to the previous year. Polyester staple fibre and polyester filament yarn constituted around 73 % of total export of exports of man-made fibres and yarns during 2003-04. The details are at Table 6.4.

**Table 6.3**  
**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           |
|-----------|----------------------|----------------------------------|---------------------------------|-----------------------|---------------------|-------------------------|-----------------|
| 1998-99   | 2,270                | 17,444                           | 31,279                          | 1,024                 | 1,342               | 28,661                  | <b>82,020</b>   |
| 1999-2000 | 975                  | 13,830                           | 14,374                          | 842                   | 2,979               | 75,248                  | <b>1,08,248</b> |
| 2000-01   | 1,168                | 21,309                           | 14,066                          | 500                   | 3,641               | 57,644                  | <b>98,328</b>   |
| 2001-02   | 1,717                | 26,947                           | 9,669                           | 1,592                 | 3,710               | 80,955                  | <b>1,24,590</b> |
| 2002-03   | 2,712                | 25,812                           | 21,719                          | 6,780                 | 3,356               | 1,10,830                | <b>1,71,209</b> |
| 2003-03   | 2,672                | 12,057                           | 12,754                          | 3,429                 | 3,290               | 93,837                  | <b>1,28,039</b> |

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS), Kolkata

**Table 6.4**  
**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           |
|------------|----------------------|----------------------------------|---------------------------------|-----------------------|---------------------|-------------------------|-----------------|
| 1998-99    | 914                  | 16,587                           | 438                             | 5,005                 | 1,556               | 36,699                  | <b>61,199</b>   |
| 1999- 2000 | 1,597                | 51,065                           | 728                             | 7,851                 | 1,464               | 49,182                  | <b>1,11,887</b> |
| 2000-2001  | 2,423                | 29,238                           | 461                             | 10,892                | 3,761               | 92,089                  | <b>1,38,864</b> |
| 2001-02    | 1,516                | 17,902                           | 321                             | 7,884                 | 3,294               | 66,749                  | <b>97,666</b>   |
| 2002-03    | 5,896                | 29,320                           | 5,176                           | 10,347                | 4,973               | 91,148                  | <b>1,46,860</b> |
| 2003-04    | 9,287                | 31,746                           | 13,832                          | 3,855                 | 11,788              | 70,705                  | <b>1,47,223</b> |

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