

Interesting Developments of Interest to the Indian Textiles



Source: Textile Review

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By: Seshadri Ramkumar

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The World Agriculture Supply Demand Estimates released today by the United States Department of Agriculture, projects the world cotton ending stocks of 41.55 million bales (480 pound each) for the marketing year 2010/11. This is 780,000 bales less than the March projection. Considering the ending stocks for 2008/09 season, the world's cotton stock will end 18.97 million bales less as the ending stocks for the 2008/09 season was 60.52 million bales.

There have been some new developments around the world as far as Australia, which may be of interest to the Indian textiles sector. As has been the case in the recent months, cotton and technical textiles have garnered much attention. India has officially launched the Technological Mission on Technical Textiles with the announcement of the creation of four new Centers for Excellence in Technical Textiles. While this is being happening in India, the Central Government of Australia along with some partners has setup a huge program to boost technical textiles. Cotton is occupying an important part of the textiles equation with the December New York Futures settling at \$ 1.32 per pound on Monday, April 25th. Meanwhile the Indian spinning body, SIMA has pleaded directly to the Prime Minister of India to stop cotton exports till the end of January each year. This article highlights these developments so as to better inform the Indian textiles industry of the happenings in India and elsewhere.

Australia Invests US\$ 100 Million to Setup a New Advanced Fibers Research Center Australian Government and collaborators will invest US\$ 100 over a period of 3 years to set up Australian Future Fibers Research and Innovation Centre (AFFRIC) in Deakin University campus in Geelong, Australia. The funding period is for the period July 2010-June 2013. Geelong is located 70 kilometers south west of Melbourne, Australia. Australian Government through its educational investment fund will provide a total of US\$37 million. AFFRIC is also receiving funding support from Deakin University, CSIRO, Victorian Centre for Advanced Material Manufacturing and the Victoria State Government. In speaking to this scribe on the sidelines of the international conference of the American Association of Textile Chemists and Colorists in Charleston, SC, USA on March 24th, Professor Xungai Wang, Director for Center for Material and Fiber Innovation of Deakin University said the US\$ 100 million is for capital equipment and infrastructure for the new center. According to Dr. Wang, the new center will transform the fiber and composite industry in Australia.

The center has already started functioning with Phase-I funding of US\$ 10 million. The AFFRIC will focus on four primary areas which will involve Carbon Fibers and Composites; Nanofiber Technology; Green Natural Fibers and Functional Fibrous Materials. The multimillion dollar funding will allow two new buildings to be built on Deakin's Waurin Ponds campus in Geelong, alongside its current Centre for Material and Fiber Innovation. Research at this centre has received the highest score of 5 in the recently released national report on research excellence in Australia. Wang mentioned cotton and wool fiber research will be performed within the research platform of natural fibers. Recently, in addition to the US\$ 100 million, Deakin University has provided additional US\$3 million to recruit scientists to work on projects. India Establishes 4 New Centers of

Excellence in Technical Textiles, Indian Government on March 25th officially announced the creation of 4 new Centers of Excellence in technical Textiles as part of Technology Mission on Technical Textiles (TMTT). Total investment will be about US\$ 22 million for a period of three years.

In speaking to this scribe on March 25th (11 PM US-CST), Mr. Anil Joshi, India's Textile Commissioner advised that the Project Advisory Committee under the chairpersonship of India's Textile Secretary met on March 18th and selected the four new centers. He said Phase I money will be released as soon as possible once the designated centers establish suitable launch vehicle to execute the program. The four focus areas are nonwovens, sportech, indutech and composites. The funding will be for a period of three years from 2010 till 2013. Each center will receive a government support of Rupees 24.5 crores (US\$ 5.44 million) which will be used for infrastructure and personnel support. Majority of the funding support will go towards capital equipment. Ichalkaranji based DKTE Textile & Engineering Institute will establish the center for nonwovens. Professor Kadole, project coordinator for this proposed center spoke from Ichalkaranji, India to the author on March 25th and expressed his thanks to the Government of India for establishing the first one-stop R&D center for nonwoven technology in India. Texas Tech University, USA is collaborating with this institute in establishing the center of excellence in nonwovens. Kadole said the institute will provide Rupees 6.5 crores (US\$ 1.44 million) towards establishing the center.

Guru Gobind Singhji Institute of Engineering and Technology, Nanded and Garware Wall Ropes, Ltd. Pune will establish the center for sportech. Coimbatore based PSG College of Technology will create center for industrial textiles. Ahmedabad Textile Industry's Research Association will focus on composites.

Total investment from the government of India for the new centers will be Rupees 98 crores (US\$ 22 million).

United States Cotton Production is Expected to Rise

United States cotton producers are expected to plant 12.57 million acres of all cotton which includes Upland and American Pima in 2011. On March 31st, the United States Department of Agriculture (USDA) released the prospective plantings report for 2011.

The Upland cotton acreage is expected to be 12.31 million acres and the farmers are expected to plant 253,000 acres of American Pima. The percentage increase in the all cotton planting from the 2010 season will be 14.58. Texas is expected to plant 6.1 million acres of Upland cotton, which is 550,000 acres higher than the last year acreage of 5.55 million acres of Upland cotton. Georgia is expected to plant 1.45 million acres of Upland cotton, up from the last year planted area of 1.3 million acres. The largest acreage increase for all cotton will be in Texas with an increase of 548,000 acres followed by North Carolina with an increase of 200,000 acres compared to the 2010 acres. In communicating with this scribe, Mr. Steve Verett, Executive Vice-President of Lubbock based Plains Cotton Growers, Inc., said "6.1 million acres of cotton projected by USDA is just about what we had expected. The final planted number in Texas could be a bit more than 6.1 million acres depending on the number of acres of failed wheat due to the drought and if planting rains come in April and May allowing some of those acres to be planted to cotton".

Mr. Roger Haldenby of Asia Pacific Cotton based in Ho Chi Minh City, Vietnam and a consultant to Plains Cotton Growers, Inc., said, "the overall increase in cotton planting

intentions can most certainly be attributed to the significantly higher prices for our crop in the December 11 and March 12 futures markets over recent years. However, continued strength in the grain markets may have persuaded growers in southeastern U.S. to remain with their alternate crop choice rather than switch back to cotton. This could account for the 12.6 million acres now forecast by USDA to be shy of the 13 plus million acres foreseen by some."

Additionally, Mr. Verett commented, "increased cotton prices certainly have been the primary impetus for those increased acres, but the dry conditions in Texas have influenced some of the switch from other crops. But remember, regardless of the number of acres planted, due to the drought conditions we are now facing in Texas, total production will remain at risk the whole growing season depending on timely rainfall."

The top five cotton producing states in the U.S. based on the latest intended planting survey are Texas, Georgia, North Carolina, Arkansas and Mississippi.

According to the latest USDA report, the United States is estimated to enhance its cotton acreage by 15 % in 2011. The harvested acreage will of course depend on weather conditions this season.

India Removes Restriction on Cotton Yarn Exports Government of India has lifted the restriction on cotton yarn exports effective April 1, 2011.

In a notification dated March 31st, Director General of Foreign Trade of India advised the removal of restrictions on cotton yarn exports effective April 1st for the fiscal year 2011-12. According to the revised regulation, cotton yarns other than sewing threads not put up for retail sale are now listed under "free list." The contracts for cotton yarn exports should be only registered with Directorate General of Foreign Trade and shipment can go ahead against the verification by the Indian customs. Previously, cotton yarn exports were under license category with a maximum limit of 720 million kgs for the 2010-11 fiscal year, ending on March 31st, 2011.

In speaking to this scribe on April 4th from India, Dr. Selvaraju, Secretary General of the Coimbatore based The Southern India Mills' Association which has over 400 spinning mills as its members said, "India can export up to 1200 million kgs of yarns as the domestic demand has shrunk." As the upstream processing industry in Tirupur has shrunk by 30%, spinning mills' production capacity can easily meet the domestic demand, he said. Dr. Selvaraju further stated that the Ministry of Textiles may ask for export restriction of 845 million kgs of cotton yarn later this year.

However, the latest export policy for cotton yarns has not been received well by the Tirupur Exporters Association, which represents the knitters and readymade garment exporters. Indian Spinning Industry Body Pleads to Curb Further Cotton Exports. The Southern India Mills' Association (SIMA) has urged the Prime Minister of India not to allow any further export of raw cotton till January 2012. In response to the media report that the Indian Agriculture Ministry has recommended to enhance the export quota of raw cotton by 1.5 million bales to reach a ceiling of 7 million bales (170 kg each) for this cotton season ending in September 2011, the chairman of SIMA, Mr. J. Thulasidharan on April 6th, has written to Mr. Manmohan Singh, the Prime Minister of India and the Cabinet Ministers of Finance, Commerce & Trade and Textiles urging them not to allow any further cotton exports from India.

In speaking to this scribe on April 6th from India Dr. K Selvaraju, Secretary General of SIMA told that the spinning industry will face a shortage of 2 million bales of cotton (170 kg each) during the tail end of this cotton season even with the current export limit. He added that the SIMA has urged the Indian government to curb further cotton exports due to the supply shortfall and the interest from the Indian Ministry of Agriculture to enhance the export ceiling limit. In the letter to the Prime Minister, Mr. Thulasidharan has forecast the shortage of cotton from July of this season and insisted that there needs to be a closing stock of at least 5.5 million bales (170 kg each) for this season. However, on February 25th, India's Cotton Advisory Board has estimated the closing stock for this season to be 2.75 million bales (170 kg each). Mr. Thulasidharan has stated that allowing further export of cotton will result in the closure of large number of spinning mills between July and October. He has commented that any further cotton export will be disastrous for the spinning industry which is already suffering due to enormous inventory of cotton yarns and poor upstream demand. A cotton procurement executive from a textile conglomerate who wants to remain anonymous said to this scribe that the enhancement of the export level may be a bonus for this year; but he feels this situation is highly unlikely as the cotton arrivals in India are in the last throw. Producers are likely to bring 5th or 6th picking to the market limiting the availability and the planting season in the State of Punjab is on the horizon. He ruled out that the export enhancement is merely a speculation at this juncture.

World Cotton Ending Stock Projected to be Low

United States Department of Agriculture on April 8th projected lower cotton ending stocks for the marketing year 2010/11 ending on July 31st.

The World Agriculture Supply Demand Estimates released today by the United States Department of Agriculture, projects the world cotton ending stocks of 41.55 million bales (480 pound each) for the marketing year 2010/11. This is 780,000 bales less than the March projection. Considering the ending stocks for 2008/09 season, the world's cotton stock will end 18.97 million bales less as the ending stocks for the 2008/09 season was 60.52 million bales.

World's total cotton supply for 2010/11 season is projected to be 196.65 million bales. The total use is projected to be at 155.25 million bales. The United States is projected to supply 21 million bales of which the production is pegged at 18.10 million bales. The U.S production has been lowered by 220,000 bales from the March projection. The U.S. consumption is increased by 100,000 bales from the last month estimate. Chinese domestic consumption is projected to be 47 million bales which remain unchanged from the March estimate. According to United States Department of Agriculture, Indian mills are estimated to consume 21.5 million bales (480 lbs each). India's export during the current marketing year is projected to be 4.8 million bales. The production is projected to be 25 million bales of 480 lbs each, which remain unchanged from the March estimate. The ending stock in India for this season is projected to be 5.35 million bales which is 170,000 bales less than the March estimate. This translates to an ending stock 6.85 million Indian bales of 170 kg each. This year, India's ending stock will be less than the estimated 2009/10 ending stock of 7.93 million bales of 170 kg each. According to the latest projection, India's beginning and ending stocks for this marketing year have been lowered since last estimates in March 2011.

Shawn Wade, Director of Communications for the Lubbock USA based Plains Cottons Growers, Inc., commenting on the projected low U.S. ending stocks said, "It is hard to

believe the US started the 2008 marketing year with beginning stocks of 10 million bales and in just three years has seen demand for US cotton shrink that figure by over 85 percent. The journey to today's projected ending stock figure of 1.6 million bales began in 2008 when demand for US cotton exceeded new crop production by 4 million bales. The next year, 2009, the pattern repeated and left us with just 2.95 million bales in carryover at the beginning of the 2010 US cotton marketing year on August 1, 2010." "This year," Wade noted, "demand for 2010 -crop US cotton has again exceeded what we produced, despite a significant increase in US production levels. Looking forward it appears that cotton supplies worldwide will continue to be constricted as the world responds to the need for more cotton in 2011 and strives to meet the high demand for cotton in developing economies such as China, India, Vietnam and Bangladesh."

Stop Cotton Exports till January End Each Year: Spinning Body Pleads to the Indian Prime Minister

The Southern India Mills' Association (SIMA) Chairman has met with the Indian Prime Minister on cotton situation on April 9, 2011.

Mr. Manmohan Singh, the Prime Minister of India visited the textile city, Coimbatore on April 9th as part of an election campaign for the forthcoming State of Tamil Nadu assembly elections. Mr. J. Thulasidharan, Chairman of SIMA met the Prime Minister during his visit to Coimbatore. Dr. K. Selvaraju, Secretary General of SIMA in a telephone conversation with this scribe on April 19th confirmed that the SIMA chairman Thulasidharan personally handed over the memorandum request to the Prime Minister on Saturday, April 9th. SIMA has pleaded the Prime Minister that the raw cotton export should be permitted from India only after January every season. In addition, the spinning body is asking special assistance with regard to working capital such as the interest rate to be brought down to 7% from the current rate of 14 %, increase the credit period from 3 months to 9 months and also reduce the margin money from 25% to 10%. In the memorandum plea, the association has emphasized that the export of 5.5 million bales (170 Kgs each), which is the allotted amount for this current season, will result in cotton scarcity during the end of the current cotton season and the beginning of the next season. The association estimates that at the current consumption rate, an ending stock of at least 6 million bales (170 Kgs each) is needed which necessitates the immediate curbing of cotton exports from India till January 31st, 2012. In addition to the SIMA plea, according to media reports, the Prime Minister in the public rally on April 9th has said that his Government wants to find a viable solution to the pollution problems facing the dyeing units in Tirupur, the hosiery town in South India.

Sanitary Napkins Shine in Indian Political Arena

Assembly elections were held recently in India the southern state of Tamil Nadu on April 13th. Freebies ruled this election war and prominent parties unleashed a battery of gifts to woo away the electorate ranging from food processors to laptops to stationary items. The Bharathia Janata Party, popularly known as BJP which is the opposition party to the ruling United Progressive Alliance Congress led coalition government at the central level waged the election war in Tamil Nadu by announcing that if its wins, it will distribute sanitary napkins for women through government operated shops popularly known in India as ration shops.

The BJP party is not strong in the state of Tamil Nadu and is highly unlikely to win, but it is the only party during this election season to think about the free distribution of sanitary

napkins. Interesting as it is, this gives a hint about the mass appeal of technical textiles products such as baby nappies and feminine care products. Given the huge population and the growing middle class population, looks like there will be a huge demand for absorbent fibers such as cotton and technical textiles.

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