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A PRESENTATION
ON
OUTLOOK FOR COTTON SUPPLY AND USE
IN INDIA DURING 2006-07 & 2007-08

BY

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INTRODUCTION AND APPROACH

1. RADICAL TRANSFORMATION OF INDIAN COTTON –SUPPLY AND USE IN GLOBAL CONTEXT.
2. AEROPLANE VIEW OF CONTENTS
3. "OUTLOOK" PREPARED WITH SEARCHING "LOOK OUTS" ON IMPORTANT ASPECTS.

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ZONAL AREA IN MILLION HECTARE

ZONE	2003-04	2004-05	2005-06	2006-07 PROJECTED	2007-08 PROJECTED
NORTH	1.32	1.57	1.61	1.55	1.57
CENTRAL	5.00	5.46	5.57	5.86	5.73
SOUTH	1.25	1.83	1.62	1.71	1.70
OTHERS	0.04	0.06	0.07	0.08	0.10
TOTAL	7.62	8.92	8.87	9.20	9.10

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HIGHLIGHTS - ACREAGE

- LARGEST AREA IN WORLD - 25 % SHARE
- YEAR 2006-07 INCREASE IN AREA- APROX. 4%
- AREA REACHING TO SATURATION LEVEL
- YEAR 2007- 08 EXTRA LONG STAPLE AREA TO INCREASE–FROM 0.2 MN TO 0.375 MN HECTARE

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ZONAL PRODUCTION IN MILLION BALES (Bales of 170 kg)

ZONE	2003-04	2004-05	2005-06	2006-07 PROJECTED	2007-08 PROJECTED
NORTH	3.10	4.30	4.40	4.70	5.10
CENTRAL	10.07	14.10	14.5	16.85	18.15
SOUTH	3.54	4.60	4.35	4.50	4.80
OTHERS	0.10	0.10	0.15	0.15	0.15
LOOSE	1.10	1.20	1.30	1.30	1.30
TOTAL	17.91	24.20	24.70	27.50	29.50

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HIGHLIGHTS - PRODUCTION

- YEAR 2006-07, EXPECTING 11% INCREASE – ANOTHER CROP RECORD
- YEAR 2007-08 AND YEARS SUBSEQUENT EXPECTED GROWTH RATE 7 TO 8 % - SUBJECT TO NORMAL WEATHER CONDITION.
- CHANGE IN PRODUCTION PROFILE :-
  i) SHIFT FROM SHORT STAPLE TO MEDIUM AND LONG
  ii) RELOCATING EXTRA LONG STAPLE SELECTIVELY

PRODUCTIVITY TREND IN INDIA

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YEAR	2003-04	2004-05	2005-06	2006-07 PROJECTED	2007-08 PROJECTED
AREA (Mn Hectre)	7.62	8.92	8.87	9.20	9.10
CROP ("000 MT)	3043	4131	4199	4675	5015
YIELD (Kg / Hectre)	399.34	463.12	473.39	508.15	551.10

HIGHLIGHTS-PRODUCTIVITY

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- A VITAL PRODUCTION CONTRIBUTOR
- 2006-07 AREA ***UNDER IRRIGATION*** AT LEVEL OF 35%
  2007-08 AND SUBSEQUENT YEARS INCREASE ABT 3%
- 2006-07 TOTAL ***AREA UNDER BT*** ABT 55%,
  i) AUTHORISED- 35% - UNAUTHORISED – 20%
  ii) 2007-08 AND SUBSEQUENT YEARS - AREA INCREASE @10% YEARLY UP TO TOTAL 80 % BY 2010
- LIKELY PRODUCTIVITY INCREASE @ 7 TO 9 % ANNUALY FOR NEXT THREE YEARS
- ALL EYES, FOCUS & ATTENTION TO RAISE MAHARASHTRA YIELDS

GROWTH RATE - AREA / PRODUCTION / YIELD

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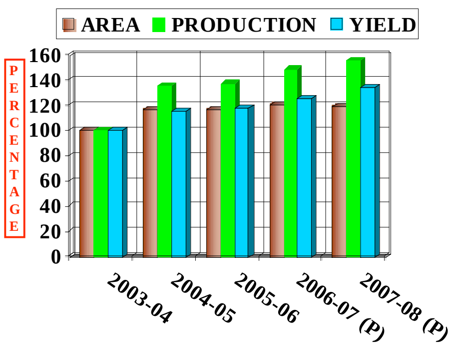

KEY PRODUCTION CONTRIBUTORS

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FOUR STATES

PUNJAB (NORTH ZONE),
GUJARAT, MAHARASHTRA (CENTRAL ZONE)
ANDHRA PRADESH (SOUTH ZONE)

CONSTITUTING

75% OF AREA

78% OF PRODUCTION

YEAR 2006 - 07

PROJECTED

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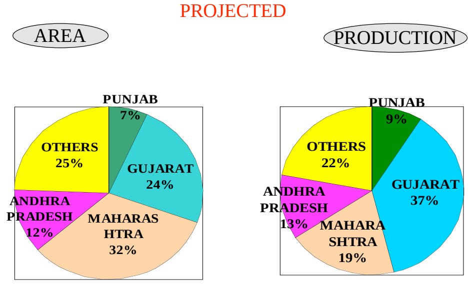

KEY PRODUCTION CONTRIBUTORS-2006-07

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STATE	IRRIGATION %	BT AREA %	YIELD (KG/HR)	PRODN. (Mn BLS)
PUNJAB (N-ZN)	ALMOST 100%	45 %	630	2.3
MAH. (C-ZN)	3 %	66 %	282	5.05
GUJARAT (C-ZN)	45 %	75 %	757	9.8
A.P. (S-ZN)	20 %	20 %	515	3.3
TOTAL				20.45

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HIGHLIGHTS-COTTON CONSUMPTION

CONSUMPTION SPIRALING

BY

1.5 TO 2 MN BALES ANNUALY

OWING TO

- GDP & INCOME GROWTH – SPURRING CONSUMPTION
- BURGEONING MIDDLE CLASS- WANTING STATUS SYMBOL COTTON
- WEARBRAND COTTON PREFERRED AS FASHION FABRIC
- DOMESTIC MARKET GROWN FROM US$ 25 BILLION IN 2002-03 TO US$ 45 BILLION IN 2006-07

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HIGHLIGHTS-COTTON CONSUMPTION

- 2ND LARGEST SPINDLAGE IN THE WORLD AND CONTINUOUS ADDITION – ANNUALLY 1.5 MN
- LARGEST LOOMAGE NUMBER IN THE WORLD
- POST W T O DEVELOPMENT - RISING TEXTILE EXPORTS GREATEST SHARE BEING COTTON IN - YARN, FABRIC, APPAREL, HOME FURNISHINGS AND MADE – UPS
- INDIAN COTTON CONSUMPTION SHARES 65% OF TOTAL FIBRE CONSUMPTION VS. WORLD WITH 40%

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BALANCE SHEET OF INDIAN COTTON

(IN MILLION BALES)

	2005-06	2006-07 PROJECTED	2007-08 PROJECTED
OPENING STOCK	7.20	6.00	5.80
PRODUCTION	24.70	27.50	29.50
IMPORTS	0.40	0.50	0.60
TOTAL SUPPLY	**32.30**	**34.00**	**35.90**
CONSUMPTION	22.00	23.50	25.20
EXPORTS	4.30	4.70	5.00
TOTAL DEMAND	**26.30**	**28.20**	**30.20**
CLOSING STOCK	6.00	5.80	5.70
STOCK TO USE RATIO (Export not included)	27.27%	24.68%	22.62%

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BALANCE SHEET- HIGHLIGHTS

STOCK TO USE RATIO DECLINING

DUE TO

- SURGING CONSUMPTION
- RAPIDLY INCREASING EXPORTS
- RECEEDING IMPORTS

WHAT IS HAPPENING TO IMPORTS?

INDIA NEEDS TO CONTINUE MAINLY ELS COTTON IMPORTS TO FILL THE CRITICAL GAP OF EXTRA SUPER FINE COTTONS.

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BALANCE SHEET- HIGHLIGHTS

WHY EXPORT IS RISING ?

- UNIQUE ROLLER GINNED COTTONS OF INDIA GIVES BETTER FIBRE VALUE AND PRODUCTIVITY.
- TECHNOLOGY MISSION (GOVT. BODY) APPROVED MODERN GINNING FACTORIES DELIVER BETTER GRADED AND CONTROLLED CONTAMINATED COTTON INCLUDING PACKING.
- SHANKAR-6 OF GUJARAT HAS DESIRABLE FIBRE PROPERTIES.
- LOGISTIC ADVANTAGE FOR SUPPLY TO ASIAN COUNTRIES

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INDIA AND WORLD

(In Mn MT)

YEAR	2005	2006 (PROJ.)	2007 (PROJ.)
	% OF WORLD SHARE	% OF WORLD SHARE	% OF WORLD SHARE
OPENING STOCK	11.04%	9.32%	10.09%
PRODUCTION	16.95%	18.93%	18.94%
CONSUMPTION	14.96%	15.45%	16.11%
IMPORT	0.72%	0.90%	1.07%
EXPORT	7.76%	8.42%	8.90%
END STOCK	9.33%	10.09%	10.03%

SOURCE: WORLD FIGURES- ICAC

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CONCLUSION

THE OUTLOOK FOR INDIAN COTTON IS ROBUST BEING 2ND LARGEST CONSUMER, 2ND LARGEST PRODUCER AND 3RD LARGEST EXPORTER OF COTTON

THE DRIVERS OF COTTON ECONOMY ARE

- SUSTAINED DOMESTIC DEMAND
- GREATER EXPORTABILITY
- INCREASING PRODUCTIVITY
- RISING POPULARITY

COTTON WILL ALWAYS REMAIN THE CULTURE AND HERITAGE OF INDIA.

THANK YOU FOR YOUR ATTENTION.