

Weekly Cotton Review, Trading in new crop starts

KARACHI: Trading in cotton crop of new season 2020-21 has started in the cotton market. 3000 bales of new cotton crop were sold between Rs7900 to Rs8000 per maund. Textile sector and export sector were ignored in the budget. The budget proposals given by Pakistan Cotton Ginners Association (PCGA) were also not accepted in the budget. The threat of locusts attack is increasing day by day.

In the local cotton market during the last week deals of new cotton crop 2020-21 were recorded. One ginning factory of Sanghar Sindh cleared the deal of 200 bales of cotton sold at Rs7800 per maund. Two ginning factories of Burewala Punjab sold 400 bales between Rs8450 and Rs8500. In this way partial trading of new season 2020-21 has started.

The representatives of PCGA presented their longstanding demands to the government which includes elimination of 5 percent sales tax on Khal. The government assured them that their demands will be considered. The office bearers of PCGA has appealed to the ginners that they should stop running their factories in order to pressurise the government to accept their demands. However, some ginners acted against the direction of PCGA.

On the other hand it is first time in the history of Pakistan that seed companies are buying Banola between Rs2500 to Rs2600 per maund for using it as seed. Good quality seeds are not available in the market. Usually the price of Banola is between Rs1750 and Rs1800.

Last week the rate of old cotton in Sindh and Punjab was Rs6500-8400 per maund, while the rate of new season cotton of Sindh was between Rs7900 to Rs8000 per maund. The rate Phutti's new crop is between Rs3800 to Rs4000 per 40 kg, however, in Sindh the rate of Banola is in between Rs1900 to Rs2000.

The budget for 2020-21, presented on June 12, has been described as disappointing by the business and industry circles. The textile and ginning sector closely associated with the cotton has been ignored. Almost all the institutions and associations related to textile and export sector have shown their disappointment on the budget and some have rejected the budget. They were of the view that budget was incomplete and possibly many new mini budgets will be presented during the year.

On Friday the new cotton crop was sold in the market at the rate of Rs7900 to Rs8000 per maund. 3000 bales of new cotton crop were sold during the week. Moreover it is feared that this year it is expected that agriculture production as well as cotton crop will be badly affected by the attack of locusts.

Currently, locusts have damaged cotton plants in some areas due to which cotton has to be sown two or three times in the coming days as there is a serious threat of pending locust attack. The relevant government departments along with Pakistan army are working on war footing to control the locust attack.

Few days back speaker Punjab Assembly Chaudhry Pervez Elahi showed his dissatisfaction on the measures taken by the Punjab government for the uplift of the agriculture sector of the province. He also said that it looks that government is not serious in solving the problems of the farmers. He also said that farmers are not getting good quality seeds.

Pervez Elahi also said that agriculture universities had done nothing in the field of research. He said that no university had produced seed of international quality. While agreeing with the speaker agriculture minister Punjab Malik Noman Ahmad Langrial also said that no Pakistani university has produced any seed of international standards. He said that one of the major reasons for the decline in cotton production is below average rainfall, however, whatever amount of cotton produced is of best quality.

MNA from Sakrand (Nawab Shah) Syed Ghulam Mustafa Shah while expressing his views on the threats of locust on crop in the National Assembly said that in recent days, locusts have caused irreparable damage to our cotton crop and mangoes.

People try to repel locusts by blowing tin cans and through fire and smoke. The locusts had destroyed the cotton crop very badly at the initial stage due to which cotton has been sown two to three times. The steps should be taken on war footings to control the locusts attack.

Shah said that it can not be controlled by blowing tin cans, through fire and smoke and by running cars here and there. It can only be controlled through aerial spray.

He said that it will be difficult to control the biggest attack of locusts which is coming from Africa.

He also said that it would be difficult for the government to control the agrarian crisis. Federal government should allocate funds for it. The crises can not be controlled with empty speeches.

Chairman Karachi Cotton Brokers Forum, Naseem Usman told that mixed trend was witnessed in international cotton market. Bearish trend was seen in New York Cotton Market after fluctuation. Rate of Promise (Waday Ka Bhao) of New York cotton fell from 62.63 cent to 60 US cents. Although according to the weekly USDA export report the exports remained stable. China emerges as a big buyer. The rate of cotton remained stable in China while increasing trend was witnessed in India.

Moreover, columnist and trade analyst Syed Muddabar Shah while giving remarks on the budget ironically said that it is expected that government will lift sales tax on the biggest export based textile industry but no such announcements was made. He said people related to textile industry should invest in construction sector where there is no income tax, sales tax and with holding tax as well as no fear of paying monthly salaries and gratuity.

Textile sector, which is 60 percent export based industry, had taken only 5 percent loan of the total loan given by commercial banks of the country, which means that Pakistani banks had given loans of worth Rs20 trillion out of which Rs15 trillion were taken by the government while only one trillion which was only five percent was taken by textile sector which means very low working capital and then there was a sales tax. In this situation how can one run textile industry in Pakistan.