

India's Import Values of Raw Cotton and Raw Jute in Post Reform Period: A Study of Stability

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Abstract: *Over the years in the post reform period Indian foreign trade has been experiencing ups and downs in its import values of raw cotton and raw jute. Raw cotton and jute are vital items of import for India. These two items comprise of a good share of India's import. Due to the economic importance of cotton in India, it is also termed as "White - Gold". Although India is a leading producer and exporter of cotton, some quantity of the total consumption of cotton in India is imported by the textile industry to meet their specific requirement. The jute industry in India plays an important role in the national economy. Jute, the "Golden Fibre" meets all standards for safe packaging being natural, renewable, eco - friendly and bio - degradable. The paper will focus on the stability aspect of import values of raw cotton and jute in US \$ million during the period 1998 - 99 TO 2021 - 2022.*

Keywords: stability, cotton, jute, import, values

1. Introduction

Cotton is one of the most important commercial crops cultivated in India. It accounts for around 25% of the total global cotton production. Cotton plays a major role in sustaining the livelihood of an estimated 6 million cotton farmers and 40 - 50 million people engaged in related activity such as cotton processing & trade. Ministry of Commerce & Industry, India reports that Imports of Cotton in India decreased to 351.77 USD Million in 2023 from 1703.37 USD Million in 2022. Imports of Cotton in India averaged 504.05 USD Million from 1996 until 2023, reaching an all - time high of 1703.37 USD Million in 2022 and a record low of 36.17 USD Million in 1996. In 2022, India imported \$1.34B in Raw Cotton, mainly from United States (\$503M), Australia (\$258M), Singapore (\$124M), Switzerland (\$83.3M), and Egypt (\$80.7M). The Cotton Association of India (CAI) commented that it is imperative to provide policy support to scientists and technology to increase productivity. "Popularizing high density planting, farm mechanization and giving a thrust to research - oriented agronomy are some other important way - forwards to increase our cotton productivity at least to the world cotton average productivity mark," CAI said. The central zone of India comprising of Gujarat, Maharashtra, Madhya Pradesh is the largest producer of cotton in India, Gujarat being the highest producer. The Central Board of Indirect Taxes and Customs (CBIC) notified the exemption of cotton from Customs duty and Agriculture Infrastructure development Cess for import of cotton. This notification came into effect on 14th April 2022. This exemption benefitted the textile chain - yarn, fabric, garments and made ups and provided relief to textile industry and consumers. According 2021 - 22 data, jute imports amounted to 62, 500 tonnes valued at Rs 449 crore, while exports reached 32, 000 tons, valued at Rs 222 crore. In 2022, India imported \$1.34B in Raw Cotton, mainly from United States (\$503M), Australia (\$258M), Singapore (\$124M), Switzerland (\$83.3M), and Egypt (\$80.7M). On the other hand, West Bengal, Odisha, Assam, Meghalaya, Tripura, and Andhra Pradesh are major producers of jute, with lakhs of farmers engaged in its

cultivation. India produces a variety of jute products, namely, hessian, sacking, food grade jute cloth, yarn, carpet backing cloth, blanket, decorative fabrics, floor covering, shopping bags. India has extended anti - dumping duty on imports of certain jute products from Nepal and Bangladesh for five years in 2023, for protecting domestic players from cheap inbound shipments. These duties were imposed following recommendations of the commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR). It had recommended continued imposition of the anti - dumping duty on the imports to remove injury to the domestic industry. Jute products are primarily used in packaging; geotextiles like landfill covering, and embankment reinforcement; protection of rooting plants; handbags, and all types of stiff bags.

2. Literature Survey

India imports most of its Jute from Bangladesh, Nepal and China and is the 2nd largest importer of Jute in the World. The top 3 importers of Jute are United States with 611, 968 shipments followed by India with 90, 933 and United Kingdom at the 3rd spot with 90, 857 shipments. These facts are updated till 3 Nov 2023, and are based on Volza's India Import data India Import data of Jute sourced from 70 countries. Over 23 billion Indian rupees worth of jute goods were imported to India in fiscal year 2022. The import value is rising since the financial year 2018. Among the types of jute imported, sacking jute goods had the highest import value. India is the top exporter country of jute bags, shared 43.7% value to total exports in 2018. Indian Trade Portal, Department of Commerce, Ministry of Commerce and Industry, Government of India, reports that India is the leading jute goods producing country in the world. It accounts for 70% of estimated world production. The Economic Times, Oct 12, 2023 reports that it has been recommended by Jute Commissioner's office, representing the Union textile ministry, that not to import jute of TD 4 to TD 8 variants (as per the old classification used in the trade) since these are adequately available within the country. Business Standard, Friday, March 29, 2024 reported that

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Aims and Objectives: The paper aims to study the stability in import values of raw cotton and raw jute by India in US \$ million during the period 1998 - 99 to 2021 - 22.

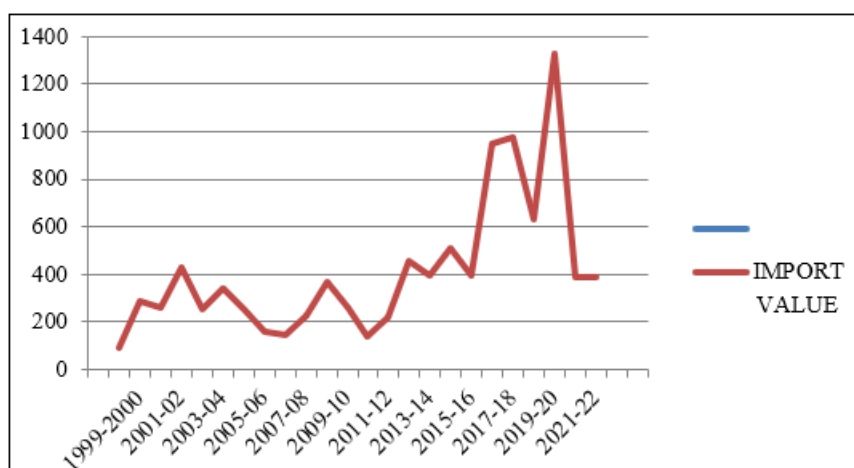
3. Methodology

The study depends on secondary data collected from Economic Survey, IBEF REPORTS, Ministry of Commerce and Industry, online papers, articles. The instability in export values of raw cotton and raw jute in US \$ million will be computed with the help of Coppock's Instability Index.

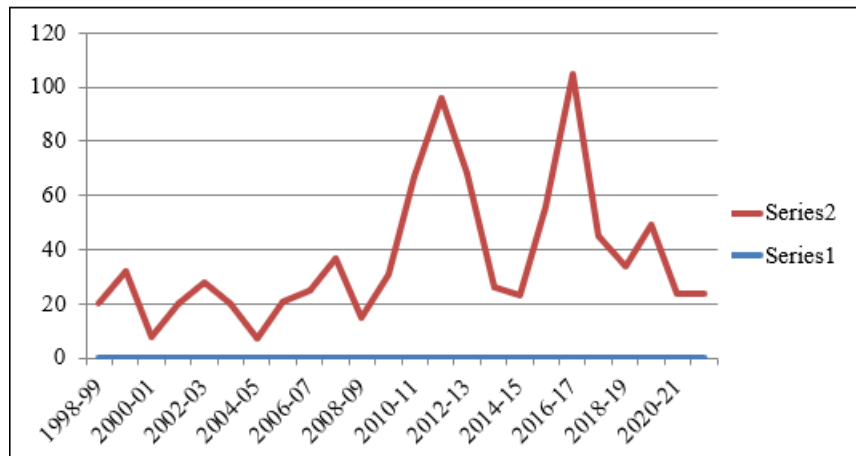
4. Result

Coppock's Instability Index is computed by the formula

$CII = \text{Antilog} ((\sqrt{V} \log - 1) \times 100)$. Computing the data in excel during the period 1998 - 99 to 2021 - 2022, the value of CII has come out to be 69.5342 for raw cotton and 71.81509 for raw jute.



Trend Line for Raw Cotton: The line shows that the fluctuation in import value of raw cotton in US \$ million is more in the latter years of the study period after 2015 - 16 and has reached the height during 2019 - 20.



Trend Line for Raw Jute: The line shows that the fluctuation in import value of raw jute in US \$ million is more in 2011 - 12, then falling and again in 2016 - 17 it reached the height.

5. Conclusion

The result leads to the conclusion that there is much instability in the import values of both raw cotton and raw jute measured in US \$ million. The level of instability is higher in case of raw jute during the study period. The fluctuation in import value of jute is higher than that of cotton. This instability in case of both the products may be due to the fact that there is lack of diversification of the domestic cotton and jute products, less production and lesser supply of both raw jute and cotton in domestic market than required. This needs more technical enhancements in the production process of both the commodities to increase their supply in domestic market and levying of import duties and application of other necessary trade policies wherever necessary to bring stability in import values of both raw cotton and raw jute.

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