

Speech by  
**Shri Dhiren N. Sheth**  
President  
at the  
**93<sup>rd</sup> Annual General Meeting**  
held on  
Wednesday, the 30th September 2015  
in Mumbai

**D**ear Members,

It is my proud privilege and a great honour to extend a warm welcome to you all at this 93<sup>rd</sup> Annual General Meeting of our Association.

You already have in your hands the Directors' Report and the Audited Accounts for the year ended 31st March 2015 alongwith the Auditors Report thereon, bringing out the financial statements and major activities undertaken by the Association during the year under review.

#### **OUTLOOK FOR GROWTH IN INDIA IMPROVING GRADUALLY**

The economy of India is the 7th largest in the world by nominal GDP and the 3<sup>rd</sup> largest by Purchasing Power Parity (PPP).

Against the backdrop of a negative to modest positive growth of the global economy, the Indian economy clocked a healthy growth rate of 7.3% in 2014-15 and is expected to grow by 7.5% - 8.3% in 2015-16. In fact, the Indian economy became the world's fastest growing economy by eclipsing China in the last quarter of 2013-14.

During this year, Foreign Direct Investment (FDI) inflows have increased 33% to reach USD 17.34 billion during January-May 2015 compared to the same period last year. India's foreign exchange reserves were USD 353.5 billion in the week upto 31st July 2015, an increase of USD 33.5 billion over the past one year. India's Index of Industrial Production (IIP) grew by 3.8% in June 2015 compared to 2.5% in May 2015. This growth was largely due to the boost in manufacturing growth, which was 4.6% in June compared to 2.9% in the previous month. India continues to remain at the top of Nielsen's global consumer confidence index for the fifth quarter in a row. The country's confidence score rose 1 point from the previous quarter to 131 in the three months ended June 2015 which was highest in past 4 years. India's current account deficit has reduced sharply. India's Wholesale Price Index (WPI) inflation rate remained negative at 4.05% for the ninth consecutive month in July 2015 as against a negative of 2.4% in the previous month, led by low crude oil prices. India's Consumer Price Index (CPI) inflation rate fell to a

eight-month low of 3.8% in July 2015 as compared to 5.4% in June 2015, led by a fall in fuel and Beverages Price Index.

The long term prospective of the Indian economy is moderately positive. The business confidence remains strong and it is heartening to note that the outlook for growth in India is improving gradually.

## **AGRICULTURE CONTINUES TO PLAY A VITAL ROLE IN INDIA'S ECONOMY**

Agriculture plays a vital role in India's economy. Over 58% of the rural households depend on agriculture as their principal means of livelihood. The share of agriculture and allied sector continues to decline in the GDP from 14.6% in 2010-11 to 13.9% in 2013-14 at 2004-05 prices. However, agriculture continues to remain one of the largest contributors to the country's GDP.

As per estimates of the Central Statistics Office (CSO), the share of agriculture and allied sector was 16.1% in the Gross Value Added (GVA) during 2015-16 at 2011-12 prices. The country is the largest producer, consumer and exporter of spices and spice products. It ranks third in farm and agriculture output. Agricultural export constitutes 10% of the country's exports and it is the 4th largest exported principal commodity.

The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector's growth.

## **WORLD COTTON SCENARIO**

As per the latest data released by the International Cotton Advisory Committee (ICAC), world ending stocks are estimated to have risen by 9% to 22 million tons, reflecting a stock-to-use ratio of 90%. From 2010-11 to the end of 2014-15, world has accumulated 13.4 million tons of stock due to production exceeding consumption. In 2015-16, stocks are projected to decrease 5% to just under 21 million tons reducing the excess volume by around 1 million tons.

In 2014-15, the production was higher than consumption. However, in 2015-16, ICAC expects world cotton consumption to overtake production for the first time in five seasons. World production in 2015-16 is forecast down 9% to 23.8 million tons while the world consumption is projected to rise by 2% to 24.9 million tons in 2015-16.

## **DOMESTIC COTTON SCENARIO**

The cotton sector in India has been making a steady progress. The acreage under cotton is estimated to have risen by over 10 lakh hectares to 129.71 lakh hectares in 2014-15 from 119.60 lakh hectares estimated in 2013-14. However, the acreage under cotton is expected to be lower in the 2015-16 season due to the lower realisation of prices by farmers for their produce in 2014-15. As per the CAI estimates, cotton crop for the 2014-15 season was 382.75 lakh bales as against 407.25 lakh bales in 2013-14. The crop for the ensuing 2015-16 season is also expected to be at the same level as in 2014-15. Cotton consumption in India is estimated to have grown by over 4% to 315 lakh bales in 2014-15. Export performance of the country in 2014-15 was below par and the country is estimated to have exported about 60 lakh bales in 2014-15 against 112 lakh bales in 2013-14. The country is estimated to have witnessed one of the largest closing stocks in the history as at the close of cotton season 2014-15.

Friends, it is a matter of pride for all of us that our country has surpassed China in terms of the production of cotton for the first time in 2014-15 to become the world leader. As per the data released by ICAC, production of cotton in China in 2014-15 is estimated at 6.48 million metric tons as against India's cotton production of 6.51 million metric tons for that year.

The cotton economy in India has witnessed depressing trends in 2014-15. The cotton prices ruled substantially lower during 2014-15 than those prevailing in the previous cotton season and the country witnessed a massive support price operation. The Government agencies have procured about 93 lakh bales under MSP operations.

### **CAUSE OF COTTON CONTINUES TO REMAIN SUPREME FOR CAI**

Friends, 2014-15 was a special year for our Association since it was during this year that we have succeeded after the years of hard work in launching the Pilot of our dream project, 'School Contact Programme (SCP)' in Mumbai with a target of 20 English medium schools. Of these 20 schools, we have already conducted SCP in 12 schools so far and it is a matter of gratification that the SCP has received an overwhelming response from the students, teachers and parents alike. The idea behind this initiative is to do our bit in arresting the declining trend of cotton consumption. The world-over, consumption of cotton is declining steadily compared to polyester and other manmade fibres. The SCP is aimed at inculcating in the students at an early stage a preference for the cotton fibre. SCP is an educational yet entertaining programme titled "Cottonology" wherein the school children are explained the History, Geography, Science of cotton and benefits of using natural fibre cotton. The CAI has plans to expand/experiment this programme in Hindi and other regional languages also in future.

As a part of its cotton promotion initiative, the CAI also launched during 2014-15 a premium brand called 'Suvin Ratna' – The Jewel of Cottons! to support the production of Suvin cotton in the country. Suvin Ratna is a carefully selected shirting fabric made from Suvin cotton conscientiously cultivated by M/s. Appachi Eco-Logic Cotton Pvt. Ltd., Pollachi and expertly spun and woven by M/s. Morarjee Textile Limited by both its warp and its weft and containing 2/200s count yarn, which is one of the most exquisite count of yarn produced in the country. The CAI has taken care to ensure that the entire chain right from the farm to the fabric is fully traceable so that the end product can be certified to be made from authentic Suvin. Although, at present, Suvin Ratna is available only in white, CAI plans to incorporate other colours as well as checks and stripes in the fabric.

The CAI has also succeeded in conducting an international conference on cotton, Cotton India 2014 in Mumbai from 24th – 26th November 2014 after a gap of 8 years. With the participation of over 350 delegates from 21 countries and renowned speakers from India and abroad, Cotton India became an instant hit and established itself firmly in the international cotton calendar.

The Cotton Museum Project initiated by the CAI with a view to portray the rich and varied history of cotton and the development and promotion of cotton trade in India has also started gaining momentum. The CAI has engaged the services of an expert Dr. Nayana Tadvalkar, the Cotton Museum Associate to speed up the process of setting up of the proposed Museum. The CAI is in the process of identifying suitable space for Museum, setting up of a library and procurement of artefacts.

Friends, it is heartening to note that the continued efforts put in by the CAI in cotton developmental activities for the benefits of cotton farmers in Chopda (Maharashtra) and Raichur (Karnataka) through its research and extension wing, “COTAAP (Cotton and allied Products) Research Foundation” have started getting recognition and more importantly, financial assistance from the Government of Maharashtra. During the year, the CAI has successfully conducted Field Level Demonstrations (FLDs) of advanced technologies in cotton cultivation and post harvest handling. The area under cotton development in Chopda particularly High Density Planting of cotton undertaken under the PPP-IAD Project of the Government of Maharashtra in association with M/s. Mahyco Seeds and M/s. Arvind Mills Ltd. has increased to 1000 acres as against 350 acres in the last year. This has enabled the CAI to cover larger area under its cotton development programme and provide benefits to more number of farmers. Further, the CAI has implemented FLDs on Integrated Soil and Nutrition Management with a view to conserve soil fertility, COTAAP online to provide weather alerts and market rates of cotton to the farmers by sending daily SMS and various other activities like farmers rally, village meetings, Farmers Field Schools (FFS), etc. for the benefit of cotton farmers.

With a view to providing state-of-art cotton testing facilities in all cotton growing regions in the country in a cost effective manner, the CAI continues to expand its network of laboratories. The CAI has so far set up 10 laboratories and three new laboratories are in the pipeline.

## **THE ROAD AHEAD**

### **THE NEED TO ADOPT NEW TECHNOLOGIES FOR IMPROVING COTTON PRODUCTIVITY**

Despite a remarkable success story of cotton in India, productivity continues to remain a grey area. Although the productivity of cotton in India has achieved considerable growth from 278 kgs./ha in 2001-02 to over 500 kg./ha in 2014-15, the country has not made any notable progress and the productivity of cotton has somewhat stagnated during the last few years. The world average productivity of cotton in 2014-15 was 784 kgs./ha. The main reason for increase in productivity was the large scale adoption of GM technology in India and Technology Mission on Cotton. In order to provide impetus for further growth in productivity, the country needs a White Gold Revolution like the Green Revolution, which spurred a growth in the agriculture sector and enabled the country to achieve self-sufficiency, the White Revolution which made India the largest producer of milk in the world and played a leading role in improving the living standard of the rural poor and consequently, the rural economy and the Blue Revolution, which the country has launched for all round improvement in the fisheries sector.

Given the correlation between improvement in agriculture and reduction of poverty in rural India, the Government has planned several steps for the sustained development of agriculture. ‘Soil health card’ scheme to improve soil fertility on a sustained basis, improved access to irrigation through ‘Pradhan Mantri Gram Sinchai Yojana’, enhanced water efficiency through ‘per drop more crop’ are some of the welcome steps by the Government which are expected to give a boost to the agriculture in general and the cotton sector in particular. Bollgard II Roundup Ready Flex (BGIIRRF) and High Density Planting (HDP) are two new technologies which if adopted in right earnest, can improve productivity of cotton in the country substantially.

## BETTER INFRASTRUCTURE NEEDED TO CATER TO THE INCREASED CROP

With an increased crop size of about 400 lakh bales, India requires a huge infrastructure. The modernisation of Ginning and Pressing factories, which was carried out under the Technology Mission on Cotton, now needs immediate follow up. Adequate warehousing facilities coupled with appropriate financing schemes also need to be provided across all the ten cotton growing states. Facilities for instrument testing of quality parameters of the entire crop also need to be critically looked at keeping in mind that the sampling for the purpose of testing, which is very low in India as compared to other countries like the USA where 100% sampling is the norm. Thus, testing facilities need to be increased substantially albeit in a gradual manner.

## ACKNOWLEDGEMENTS

In the CAI 's progress during the year, it has been our privilege to be the recipient of the support and cooperation from the cotton fraternity from India and abroad and I would like to take this opportunity to acknowledge their valuable time. We are indebted to Shri Santosh Kumarji Gangwar, the Hon'ble Minister of State for Textiles (Independent Charge) for his wise counsel to the CAI from time to time and the visits that he paid to the CAI on several occasions. Shri Radha Mohan Singh, the Hon'ble Union Minister of Agriculture and Cooperation and Smt. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge), Ministry of Commerce & Industry have always been supportive to the cause of cotton and provided guidance to the CAI whenever needed. I indeed owe a debt of gratitude to them.

Shri Siraj Hussain, Secretary, Ministry of Agriculture and Cooperation, Shri Sanjay Kumar Panda, Secretary, Ministry of Textiles, Smt. Rita Tiotia, Secretary, Ministry of Commerce and Industry, Smt. Anu Garg, Joint Secretary, Ministry of Textiles, Smt. Rani Kumudini, Joint Secretary, Ministry of Agriculture and Cooperation, Shri Ravindra Singh, Secretary and Shri Pramod Kumar Jain, Joint Secretary, Ministry of Culture have also been very helpful to the CAI and I can't thank them enough for their kind gesture.

I am also greatly indebted to Shri Pravir Kumar, DGFT and Smt. Kavita Gupta, Additional DGFT for their wholehearted support to the CAI in general and me in particular in resolving several trade related issues.

I also take this opportunity to place on record my sincere thanks on behalf of the CAI and on my personal behalf to the Ministry of Consumer Affairs, Food and Public Distribution, Ministry of Shipping, Central Institute for Research on Cotton Technology, Central Institute for Cotton Research, Directorate of Cotton Development, Cotton Corporation of India, Textile Committee and the Office of the Textile Commissioner for their continued support to the cause of Indian cotton.

I am indeed indebted to all our members without whose valuable contributions, support and encouragement, it would not have been possible to overcome the various challenges faced during my tenure as the CAI President. I urge all our members to continue to lend similar support to the CAI in future.

Our thanks are also due to all our Upcountry Cotton Trade Associations and the Co-operative Cotton Marketing Societies, which have extended their wholehearted support and assistance from time to time.

I would also like to convey my sincere thanks to my fellow office bearers Shri Bhadresh V. Mehta, our Additional Vice President and Shri Rishabh J. Shah, Honorary Treasurer for sharing my responsibilities and making my task easier. I would not have succeeded in discharging my responsibilities as the President without the support of our Vice President Shri Nayan C. Mirani. Friends, it gives me immense pleasure to recognise his invaluable contribution. I am indeed thankful to you all.

I also express my appreciation of the hard work put in by our Secretariat.

Last but not the least, it gives me a great pleasure to express my sincere thanks to the media for the timely coverage given to various activities of the CAI.

Thank you.

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