

Weekly Publication of



**Cotton
Association
of India**

COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2019-20 • No. 39 • 24th December, 2019 Published every Tuesday

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Speech by Shri. Atul S. Ganatra, President CAI, at the 97th Annual General Meeting held in Mumbai on Friday, 20th December 2019

Distinguished Members and Friends,

With great pleasure, I welcome you all to this 97th Annual General Meeting of the Association. The Directors' Report and the Audited Accounts of the Association, which provide a brief summary of the activities and the working results of the Association for the financial year ended 31st March 2019, have already been circulated to you. With your kind permission, I take them as read.

Before proceeding to deal with the agenda of the Annual General Meeting, I would like to take this opportunity to share some of my thoughts on the cotton scenario of the country.

India An Agrarian Economy

Ours is an agriculture based country. Indian agriculture sector accounts for 18 percent of India's Gross Domestic Product (GDP) and provides employment to 50% of India's workforce. India is the world's largest producer of pulses, rice, wheat, spices and spice products.

Cotton An Important Cash Crop

Cotton enjoys a predominant position among all cash crops and it is an important sector in the Indian agriculture. Cotton sector plays a significant role in the Indian economy by providing sustenance to millions of farmers and workers involved in the cotton industry,



right from production, processing, trade and textile manufacturing. The country's textile industry, which is predominantly cotton based, is the second largest employment provider in the country after agriculture. According to the latest Annual Report of the Textile Ministry, India's textile industry contributes 7% of industrial output in value terms, accounts for 2% of GDP and 15% of the country's export earnings.

Cotton sector in India has made a steady progress over the years. About 1/3rd of the world's total cotton acreage is in India which grows around 21% of the world's total cotton production. The large scale adoption of Bt. Cotton and implementation of the Technology



Mission on Cotton has transformed the country from a chronic importer to the second largest exporter of cotton in the world. India has been the world's topmost cotton producer until recently when China took over this coveted position from us. However, this year again we are likely to take back our rightful position of being the largest cotton producer in the world as we are expecting a reasonably good crop this year.

Low Cotton Yield Still A Concern For India

Cotton productivity level in India has increased from around 300 kgs/hectare in the year 2002-03 to near 500 kgs/hectare currently. However, it is still among the lowest in the world.

With the average productivity of 2028 kgs/ha, Australia is on the top. Even smaller countries like Syria, Myanmar, Pakistan, etc. have higher cotton productivity than India. India is striving hard to improve its cotton productivity level through implementation of High Density Planting and efficient and better protection from pest infestations. However, we need to be more efficient and effective in improving resource management to achieve higher productivity.

Contamination A Major Challenge

Although Indian cotton has excellent intrinsic value, yet contamination, mixing, excess moisture due to pouring of water and poor bale packaging, etc. drastically reduce its

value. No wonder then that our cotton sells at 8-10% discounts compared to other competing growths in the international market.

Nirmal Cotton Mission

Due to the poor quality of Indian cotton, our textile mills are forced to look for foreign cotton to cater to their needs for cleaner and better cotton. To overcome this challenge, the Government has decided to come up with a mission called Nirmal Cotton Mission in line with the earlier Technology Mission on Cotton. The Government is keen to address the issue of contamination in mission mode and soon, Nirmal Cotton Mission will be a reality.

The Bureau of Indian Standards has adopted new Cotton Bale Specifications (IS:12171:2019) to introduce mandatory bale testing and quality labelling. This is likely to improve the image of Indian cotton internationally.

Els Cotton Promotion

The country is dependent on import of ELS cotton to cater to the domestic requirement. Import of ELS cotton consists of about 25% of the total cotton imported in India. Suitable replacement of ELS cotton like American Pima or Egyptian Giza is not available in India. The Government is encouraging contract farming and state-of-art technology for enhancing the production of ELS cotton in India to get rid of import dependency.

Research On Colour Cotton

Our Government is also encouraging the research on colour cotton cultivation in India. In recent years, there has been significant progress and Scientists have found that the desired parameters of colour cotton can be brought to the levels of white cotton to the satisfaction of textile industry.

Organic Cotton Production In India

India is the world's largest producer of organic cotton producing over 50% of the world's total organic production. In order to ensure the genuineness and quality of organic production system, APEDA (Agricultural and Processed Food Products Export Development Authority) is supervising and certifying organic products including cotton through National Programme for Organic Production (NPOP).

Way Forward

Although, India is a surplus cotton economy, yet its surplus cotton availability is decreasing year after year. There is an urgent need for addressing the issue of depleting production and productivity of cotton in India as it is in the interest of the entire cotton value chain to have more cotton in our backyard.

Friends, as you all know, there is a limited scope for increasing the acreage under cotton in India beyond a limit and therefore, our focus area should be to increase productivity level. This will also help our country to double the farmers' income.

Re-Orienting The Role Of CAI As A Facilitator

Friends, as you all know, CAI is no longer a commodity exchange and therefore, it has re-oriented its role to be a facilitator rather than a regulator.

The present Board has taken keen interest in streamlining the process of fixing spot rates and value differences, by revising the Schedule for standard descriptions of Indian cottons and guidelines for fixing spot rates and value differences.

We have succeeded in completing the process of NABL

accreditation of our Mumbai laboratory and the process of NABL accreditation of our Rajkot laboratory is nearing completion.

We are also in the advance stage of completing the process of ISO certification of our remaining laboratories and the office of the Association.

We have also decided to install latest testing equipments, wherever necessary and provided adequate training to our staff attending to the testing operations in order to improve the efficiency and lend credibility.

We are ready to inaugurate the Farmers' Training Centre set up in our Cotton Green premises for the benefit of farmers.

We have organised two very successful conferences this year. We organised an International Conference in Mumbai on 6th to 8th March 2019 which was attended by around 400 delegates from 22 countries. It was during this Conference that we have renewed our Memorandum of Understanding (MOU) with the International Cotton Association (ICA) for a further period of two years to cooperate with each other, to organise yearly meetings to discuss issues of mutual interest and to increase cooperation, etc.

We also organised a Domestic Conference in Akola on 18th and 19th October 2019 which was also highly successful and it was attended by around 700 delegates across all segments of the Indian cotton value chain.

I profusely thank all my colleagues on the CAI Board and each one of you for helping me in organising these very successful Conferences.





With our cooperation and active involvement of the CAI members, BSE has launched this year a very user-friendly cotton contract which has succeeded in attracting reasonably good volumes.

We have re-commenced the practice of organising the CAI Members' Annual Gala Dinners which you all have appreciated.

In keeping with this tradition, we have decided to organise the CAI Members' Annual Gala Dinner this year also on 3rd January 2020 at the Mini Club, Front Lawn, Royal Western India Turf Club Ltd. I wish to extend our cordial invitation to each one of you to attend the same.

We have launched the second version of the CAI Trader Mobile App for apple iOS and desktop to incorporate host of additional features like calculators to facilitate conversion of various units, ginning parity, invoice calculator with GST, yarn converter, etc.; trade section for recording of trades, summary section for summarising trade activities; and market data to provide data from exchanges, COTLOOK A Index feed, etc.

This App is totally free and I strongly recommend to each one of you to download

this second version immediately, if not already done so far. I also suggest that you all give your valuable suggestions/feedback for any improvement you desire to be made in this App.

We have sincerely tried to increase the membership base of the Association by embracing all those connected with the cotton sector. We have undertaken the exercise of identifying removing archaic provisions from our Articles of Association to streamline the process of enrolling new members.

As you all know, we have received Quit Notices from Mb. P.T. in respect of the plots of land on which our Cotton Green building and Shree Ramchandraj Temple are situated.

The Association has taken steps to protect the interests of the members. Advocate Shri Viren Asar, who is representing us in this matter is here with us and he will brief you more on this subject once the AGM is over.

Friends, with pride I wish to remind you that CAI's Centenary Year will begin from 19th October 2020 and I am sure you would like to make this occasion a truly memorable one. Soon, we shall be constituting a Committee to plan appropriate celebrations. I urge each one

of you to participate actively and contribute your time and efforts to help us in organising a befitting celebration of this historic event.

Acknowledgement

Before concluding, I would like to place on record our deep appreciation of the good understanding shown by all the Government departments in New Delhi especially the Ministries of Textiles, Agriculture and Farmers Welfare, Commerce & Industry, Finance, Home Affairs and Consumer Affairs. I especially thank Smt. Smriti Zubin Irani, Honourable Union Minister of Women and Child Development and Textiles, Shri Ravi Capoor, Secretary to the Government of India, Ministry of Textiles, Shri Moley Chandan Chakraborty, Textile Commissioner, Dr. P. Alli Rani, CMD, Cotton Corporation of India, Shri Ajit B. Chavan, Secretary to the Textiles Committee, Dr. P.G. Patil, Director, CIRCOT, Dr. V.N. Waghmare, Director, CICR and Shri R.K. Singh, Director, Directorate of Cotton Development.

I also wish to convey my sincere thanks and gratitude to you all for extending your whole-hearted and invaluable support to me and my team.

Friends, I can't thank enough to all our Committee members who have toiled very hard

and contributed enormously in the decision making process at the Association.

Our thanks are also due to all the upcountry cotton trade associations for their continued support to the Association.

I was fortunate to have received wise counsel of our elders and my learned predecessors viz. Shri Sureshbhai Kotak, Shri Kishorilal Jhunjhunwala, Shri P. D. Patodia, Shri Dhiren N. Sheth and Shri Nayan Mirani.

I also thank our Vice President Shri Bhupendra Singh Rajpal, our Additional Vice President, Shri Vinaybhai Kotak, our Honourary Treasurer, Shri Shyamsundar Makharia, Shri Arun Sekhsaria and all my colleagues on the CAI Board without whose support it would not have been possible to discharge my duties as the President of this august body.

The Secretariat of the Association has worked diligently and with a sense of responsibility throughout the year and I place on record our deep appreciation of the same.

Last but not the least, I whole-heartedly thank the Press & Media for providing excellent coverage to various Press Releases and activities of the Association.

Appointment of New Office Bearers of the Cotton Association of India for the year 2019-20

At the meeting of the Board of Directors held on 20th December 2019, the following office bearers have been appointed:-



*Shri Atul S. Ganatra,
President*



*Shri Bhupendra Singh Rajpal,
Vice-President*



*Shri Vinay N. Kotak,
Addl. Vice-President*



*Shri Shyamsunder M.
Makharia,
Hon. Treasurer*



Since 1921, we are dedicated to the cause of Indian cotton.

Just one of the reasons, you should use our Laboratory Testing Services.

The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research laboratories are strategically spread across major cotton centres in India and are equipped with:

- 🔍 State-of-the-art technology & world-class Premier and MAG cotton testing machines
- 🔍 HVI test mode with trash% tested gravimetrically

LABORATORY LOCATIONS

Current locations : • **Maharashtra :** Mumbai; Yavatmal; Aurangabad • **Gujarat :** Rajkot; Kadi; Ahmedabad • **Andhra Pradesh :** Adoni
• **Madhya Pradesh :** Khargone • **Karnataka :** Hubli • **Punjab :** Bathinda • **Telangana:** Warangal, Adilabad



COTTON ASSOCIATION OF INDIA

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| UPCOUNTRY SPOT RATES (Rs./Qtl) | | | | | | | | | | | | | | |
|--------------------------------|----------------|----------------|--|------------|------------|-------------------|---------------|--|------------------|------------------|------------------|------------------|------------------|--|
| Sr. No. | Growth | Grade Standard | Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)] | | | | | Spot Rate (Upcountry) 2018-19 Crop December 2019 | | | | | | |
| | | | Grade | Staple | Micronaire | Gravimetric Trash | Strength /GPT | 16th | 17th | 18th | 19th | 20th | 21st | |
| 1 | P/H/R | ICS-101 | Fine | Below 22mm | 5.0 – 7.0 | 4% | 15 | - | - | - | - | - | - | |
| 2 | P/H/R (SG) | ICS-201 | Fine | Below 22mm | 5.0 – 7.0 | 4.5% | 15 | - | - | - | - | - | - | |
| 3 | GUJ | ICS-102 | Fine | 22mm | 4.0 – 6.0 | 13% | 20 | 8998 (32000) | 8998 (32000) | 8970 (31900) | 8970 (31900) | 9055 (32200) | 9083 (32300) | |
| 4 | KAR | ICS-103 | Fine | 23mm | 4.0 – 5.5 | 4.5% | 21 | 10067 (35800) | 10067 (35800) | 10039 (35700) | 10039 (35700) | 10067 (35800) | 10095 (35900) | |
| 5 | M/M (P) | ICS-104 | Fine | 24mm | 4.0 – 5.5 | 4% | 23 | - | - | - | - | - | - | |
| 6 | P/H/R (U) (SG) | ICS-202 | Fine | 27mm | 3.5 – 4.9 | 4.5% | 26 | - | - | - | - | - | - | |
| 7 | M/M(P)/SA/TL | ICS-105 | Fine | 26mm | 3.0 – 3.4 | 4% | 25 | - | - | - | - | - | - | |
| 8 | P/H/R(U) | ICS-105 | Fine | 27mm | 3.5 – 4.9 | 4% | 26 | - | - | - | - | - | - | |
| 9 | M/M(P)/SA/TL/G | ICS-105 | Fine | 27mm | 3.0 – 3.4 | 4% | 25 | - | - | - | - | - | - | |
| 10 | M/M(P)/SA/TL | ICS-105 | Fine | 27mm | 3.5 – 4.9 | 3.5% | 26 | - | - | - | - | - | - | |
| 11 | P/H/R(U) | ICS-105 | Fine | 28mm | 3.5 – 4.9 | 4% | 27 | - | - | - | - | - | - | |
| 12 | M/M(P) | ICS-105 | Fine | 28mm | 3.7 – 4.5 | 3.5% | 27 | - | - | - | - | - | - | |
| 13 | SA/TL | ICS-105 | Fine | 28mm | 3.7 – 4.5 | 3.5% | 27 | - | - | - | - | - | - | |
| 14 | GUJ | ICS-105 | Fine | 28mm | 3.7 – 4.5 | 3% | 27 | - | - | - | - | - | - | |
| 15 | R(L) | ICS-105 | Fine | 29mm | 3.7 – 4.5 | 3.5% | 28 | - | - | - | - | - | - | |
| 16 | M/M(P) | ICS-105 | Fine | 29mm | 3.7 – 4.5 | 3.5% | 28 | - | - | - | - | - | - | |
| 17 | SA/TL/K | ICS-105 | Fine | 29mm | 3.7 – 4.5 | 3% | 28 | - | - | - | - | - | - | |
| 18 | GUJ | ICS-105 | Fine | 29mm | 3.7 – 4.5 | 3% | 28 | - | - | - | - | - | - | |
| 19 | M/M(P) | ICS-105 | Fine | 30mm | 3.7 – 4.5 | 3.5% | 29 | - | - | - | - | - | - | |
| 20 | SA/TL/K/O | ICS-105 | Fine | 30mm | 3.7 – 4.5 | 3% | 29 | - | - | - | - | - | - | |
| 21 | M/M(P) | ICS-105 | Fine | 31mm | 3.7 – 4.5 | 3% | 30 | - | - | - | - | - | - | |
| 22 | SA/TL/K/TN/O | ICS-105 | Fine | 31mm | 3.7 – 4.5 | 3% | 30 | - | - | - | - | - | - | |
| 23 | SA/TL/K/TN/O | ICS-106 | Fine | 32mm | 3.5 – 4.2 | 3% | 31 | - | - | - | - | - | - | |
| 24 | M/M(P) | ICS-107 | Fine | 34mm | 3.0 – 3.8 | 4% | 33 | - | - | - | - | - | - | |
| 25 | K/TN | ICS-107 | Fine | 34mm | 3.0 – 3.8 | 3.5% | 33 | - | - | - | - | - | - | |

(Note: Figures in bracket indicate prices in Rs./Candy)

| UPCOUNTRY SPOT RATES | | | | | | | | (Rs./Qtl) | | | | | |
|--|----------------|----------------|-------|------------|------------|-------------------|---------------|--|------------------|------------------|------------------|------------------|------------------|
| Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)] | | | | | | | | Spot Rate (Upcountry) 2019-20 Crop December 2019 | | | | | |
| Sr. No. | Growth | Grade Standard | Grade | Staple | Micronaire | Gravimetric Trash | Strength /GPT | 16th | 17th | 18th | 19th | 20th | 21st |
| 1 | P/H/R | ICS-101 | Fine | Below 22mm | 5.0 - 7.0 | 4% | 15 | 10742 (38200) | 10742 (38200) | 10714 (38100) | 10714 (38100) | 10714 (38100) | 10742 (38200) |
| 2 | P/H/R (SG) | ICS-201 | Fine | Below 22mm | 5.0 - 7.0 | 4.5% | 15 | 10882 (38700) | 10882 (38700) | 10854 (38600) | 10854 (38600) | 10854 (38600) | 10882 (38700) |
| 3 | GUJ | ICS-102 | Fine | 22mm | 4.0 - 6.0 | 13% | 20 | - | - | - | - | - | - |
| 4 | KAR | ICS-103 | Fine | 23mm | 4.0 - 5.5 | 4.5% | 21 | - | - | - | - | - | - |
| 5 | M/M (P) | ICS-104 | Fine | 24mm | 4.0 - 5.5 | 4% | 23 | 9898 (35200) | 9870 (35100) | 9842 (35000) | 9814 (34900) | 9842 (35000) | 9870 (35100) |
| 6 | P/H/R (U) (SG) | ICS-202 | Fine | 27mm | 3.5 - 4.9 | 4.5% | 26 | 10545 (37500) | 10517 (37400) | 10489 (37300) | 10489 (37300) | 10517 (37400) | 10545 (37500) |
| 7 | M/M(P)/SA/TL | ICS-105 | Fine | 26mm | 3.0 - 3.4 | 4% | 25 | - | - | - | - | - | - |
| 8 | P/H/R(U) | ICS-105 | Fine | 27mm | 3.5 - 4.9 | 4% | 26 | 10686 (38000) | 10657 (37900) | 10629 (37800) | 10629 (37800) | 10657 (37900) | 10686 (38000) |
| 9 | M/M(P)/SA/TL/G | ICS-105 | Fine | 27mm | 3.0 - 3.4 | 4% | 25 | - | - | - | - | - | - |
| 10 | M/M(P)/SA/TL | ICS-105 | Fine | 27mm | 3.5 - 4.9 | 3.5% | 26 | - | - | - | - | - | - |
| 11 | P/H/R(U) | ICS-105 | Fine | 28mm | 3.5 - 4.9 | 4% | 27 | 10742 (38200) | 10714 (38100) | 10686 (38000) | 10686 (38000) | 10714 (38100) | 10742 (38200) |
| 12 | M/M(P) | ICS-105 | Fine | 28mm | 3.7 - 4.5 | 3.5% | 27 | 10826 (38500) | 10798 (38400) | 10770 (38300) | 10742 (38200) | 10770 (38300) | 10798 (38400) |
| 13 | SA/TL | ICS-105 | Fine | 28mm | 3.7 - 4.5 | 3.5% | 27 | 10854 (38600) | 10826 (38500) | 10798 (38400) | 10770 (38300) | 10798 (38400) | 10826 (38500) |
| 14 | GUJ | ICS-105 | Fine | 28mm | 3.7 - 4.5 | 3% | 27 | 10798 (38400) | 10770 (38300) | 10742 (38200) | 10714 (38100) | 10742 (38200) | 10770 (38300) |
| 15 | R(L) | ICS-105 | Fine | 29mm | 3.7 - 4.5 | 3.5% | 28 | 10939 (38900) | 10911 (38800) | 10882 (38700) | 10882 (38700) | 10911 (38800) | 10939 (38900) |
| 16 | M/M(P) | ICS-105 | Fine | 29mm | 3.7 - 4.5 | 3.5% | 28 | 11107 (39500) | 11079 (39400) | 11051 (39300) | 11023 (39200) | 11051 (39300) | 11079 (39400) |
| 17 | SA/TL/K | ICS-105 | Fine | 29mm | 3.7 - 4.5 | 3% | 28 | 11164 (39700) | 11135 (39600) | 11107 (39500) | 11079 (39400) | 11107 (39500) | 11135 (39600) |
| 18 | GUJ | ICS-105 | Fine | 29mm | 3.7 - 4.5 | 3% | 28 | 10995 (39100) | 10967 (39000) | 10939 (38900) | 10911 (38800) | 10939 (38900) | 10967 (39000) |
| 19 | M/M(P) | ICS-105 | Fine | 30mm | 3.7 - 4.5 | 3.5% | 29 | 11248 (40000) | 11220 (39900) | 11192 (39800) | 11164 (39700) | 11192 (39800) | 11220 (39900) |
| 20 | SA/TL/K/O | ICS-105 | Fine | 30mm | 3.7 - 4.5 | 3% | 29 | 11304 (40200) | 11276 (40100) | 11248 (40000) | 11220 (39900) | 11248 (40000) | 11276 (40100) |
| 21 | M/M(P) | ICS-105 | Fine | 31mm | 3.7 - 4.5 | 3% | 30 | 11473 (40800) | 11445 (40700) | 11417 (40600) | 11389 (40500) | 11417 (40600) | 11445 (40700) |
| 22 | SA/TL/K / TN/O | ICS-105 | Fine | 31mm | 3.7 - 4.5 | 3% | 30 | 11529 (41000) | 11501 (40900) | 11473 (40800) | 11445 (40700) | 11473 (40800) | 11501 (40900) |
| 23 | SA/TL/K/ TN/O | ICS-106 | Fine | 32mm | 3.5 - 4.2 | 3% | 31 | 12092 (43000) | 12063 (42900) | 12035 (42800) | 12007 (42700) | 12035 (42800) | 12063 (42900) |
| 24 | M/M(P) | ICS-107 | Fine | 34mm | 3.0 - 3.8 | 4% | 33 | 15269 (54300) | 15269 (54300) | 15129 (53800) | 15129 (53800) | 15157 (53900) | 15185 (54000) |
| 25 | K/TN | ICS-107 | Fine | 34mm | 3.0 - 3.8 | 3.5% | 33 | 15550 (55300) | 15550 (55300) | 15410 (54800) | 15410 (54800) | 15438 (54900) | 15466 (55000) |

(Note: Figures in bracket indicate prices in Rs./Candy)