

Weekly Publication of



**Cotton
Association
of India**

COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2014 • No. 16 • 15th July, 2014 Published every Tuesday

Cotton Exchange Building, 2nd Floor, Cotton Green, Mumbai - 400 033
Phone: 30063400 Fax: 2370 0337 Email: cai@caionline.in
www.caionline.in

Production Outlook for 2014/15

By Rebecca Pandolph, ICAC

After the high price volatility seen in 2011 and 2012, cotton prices have remained fairly stable during 2012/13 and 2013/14, averaging close to 90 cents/lb due to China's cotton policy. With the ending of China's reserve policy this season, the Secretariat foresees substantial changes in area and production within countries, particularly China, but little overall change. The Secretariat forecasts world cotton area to increase by only 1% to 32.8 million hectares in 2014/15, reversing the downward trend seen in the last two seasons. This is close to the average of 33 million hectares observed for the past 25 years. Factors such as competition from food crops, limits in available resources (including land, seeds, water and equipment) and weather are preventing cotton area from expanding further in 2014/15. Assuming a small drop in the average yield because of less favorable weather than in 2013/14, production is expected to decrease by 2% to 25.2 million tons. This article describes the factors that will affect cotton plantings in 2014/15 and gives detailed projections for the largest producing countries and regions.

Factors Affecting Cotton Area

The jump in cotton international prices, as represented by the Cotlook A Index, witnessed in 2010/11 led to a growth in world area from 33.4 million hectares in 2010/11 to 36.1 million hectares in 2011/12. Since then the season-average Cotlook A Index dropped from 164 cents/lb in 2010/11 to 88 cents/lb in 2012/13. Partially as a result of lower prices in 2012/13, world area declined to 32.4 million hectares in 2013/14. The Cotlook A Index averaged 95.4 cents/lb in February and March 2014 when planting decisions were made for many

countries in the Northern Hemisphere, which represents a gain of 4% in relation to prices during the same period in 2013.

Growers also consider cotton's price relative to its main competing crops, which include maize, soybean wheat, rice and sugar. At planting time in the Northern Hemisphere (which accounts for most of world cotton production), the average price of cotton rose from 92.1 to 95.5 cents/lb. In contrast, the average prices for maize, soybeans, wheat, rice and sugar during the same period fell due to an increase in world supplies in 2013/14 compared with 2012/13. The most significant decrease occurred in maize, and average price fell by 29%, from \$306/ton in February-March 2013 to \$216/ton in February-March 2014. As a result, the ratios of the price of cotton to its competing crops were higher this year, making cotton relatively more attractive to plant than its main competing crops.

Agricultural production costs affect all crops, but not equally, since some crops require more inputs than others. For example, production of wheat and soybeans requires lower quantities of fertilizers, pesticides and fuel (if machinery is used) than cotton. Additionally, it also requires more knowledge and management on the part of farmers compared to competing crops. In the first nine months of 2013/14, the World Bank's energy index increased 2% from the same period in 2012/13 while the fertilizer index fell by 23%. The modest rise in energy prices and the decrease in fertilizer costs is less of a discouragement for planting cotton than in past seasons when these prices were much higher.

Finally, the Secretariat's projections assume that an El Niño weather event will occur, which will have varying effects on yields across countries.

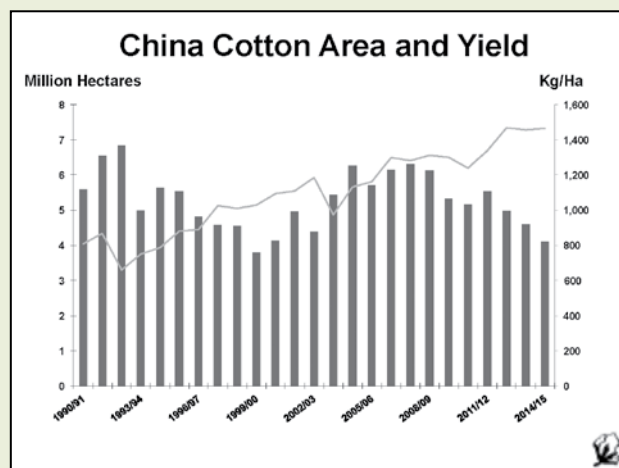
Expectations in the Largest Producing Countries/Regions

China

From 2011 through early 2014, China followed a policy of purchasing domestic cotton at a fixed price and storing it for sale in later years, which kept the income of Chinese growers and cotton prices stable. Despite high levels of government support, Chinese cotton area declined in both 2012/13 and 2013/14, to 5 million hectares and 4.6 million hectares, respectively. The relative attractiveness of other crops, the greater time and effort needed to grow cotton and rising labor costs for the smaller fields that are not mechanized have led to the decrease in area in the past two seasons.

Earlier this year, the government announced that it would end its reserve policy and implement a direct subsidy policy limited to Xinjiang. March 2014 was the final month in which China's Reserve procured domestic cotton, and accumulated reserves are estimated to exceed 13 million tons at the end of the month. While auction sales from the Reserve have continued, totaling 1.7 million tons for the season as of May 23, the large quantity of cotton still held by the government and a lower starting auction price as of April have placed downward pressure on domestic prices. Since the changes in policy went into effect at the start of April, the China Cotton Index, an index of domestic cotton prices in China has fallen by about 11% to around 128 cents/lb.

Although details of the new subsidy have not yet been made public, growers in Xinjiang remain cautiously optimistic and plan to maintain their planted area in 2014/15. Xinjiang's share of the national cotton area and production has grown over

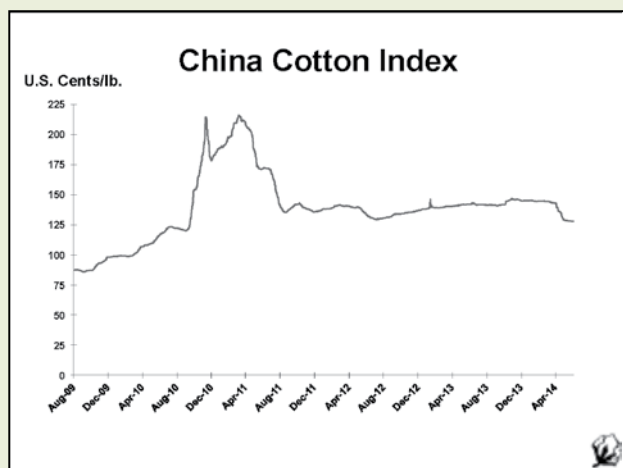


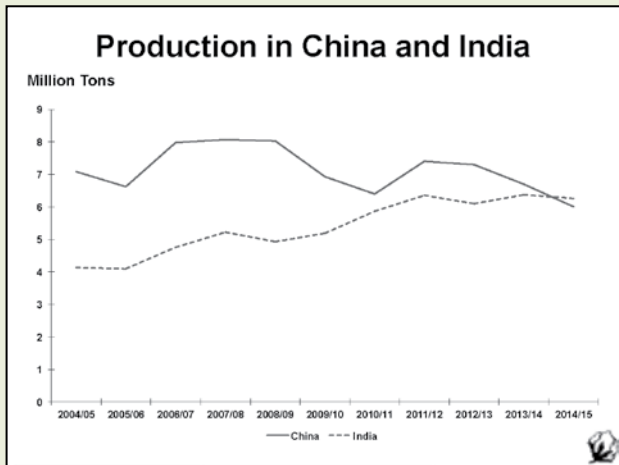
time from less than 10% in the 1980's to around 40% in more recent seasons. In 2013/14, Xinjiang is estimated to account for about 50% of all cotton produced in China. In contrast, much of the reduction in area in the past two seasons occurred in the eastern provinces of China, which have more flexibility to grow other crops. Given the falling prices of cotton in China and the lack of support from the government, the planted area is likely fall significantly in these provinces. As a result total cotton area in China is expected to decrease by 10% to 4.1 million hectares in 2014/15. This would be the lowest area since 1999/00 when area was 3.8 million hectares. Assuming a slightly higher yield as the least productive growers shift out of cotton, production is forecast to reach just over 6 million tons.

India

India continues to be the country with the largest cotton area in the world. In 2013/14, cotton area in fell by 3% to 11.4 million hectares, remaining still well above its 10-year average of 9.9 million hectares. Although yields and production increased after the adoption of biotech cotton in 2002, India's average yield has remained below the world average yield for several reasons. One issue is that more than 70% of cotton area in India is cultivated under rain-fed conditions and therefore subject to the variability of the summer monsoon. Last summer, the monsoon weather was timely and abundant, and production is estimated to reach a record 6.4 million tons. Another issue is that sucking pests have become major pests in India in recent seasons. Lastly, there are a large number of resource-poor farmers who are credit shy and thus, may use insufficient amounts of inputs.

In 2014/15, India's area is forecast to rise by 3% to 11.8 million hectares due to the high prices paid to farmers this season and continued government support for cotton. However, yield is expected to decrease by 5% because of unresolved and growing pest problems and less favorable monsoon weather





this year. Thus, assuming an average yield of 533 kg/ha, production could reach just under 6.3 million tons. Although production in 2014/15 would be a decrease 2% from 2013/14, it is likely that India will surpass China for the first time as the largest producer of cotton.

United States

U.S. planted cotton area fell by 15% to 4.2 million hectares in 2013/14 due to the continued decline in cotton prices in 2012/13 and the decreased attractiveness vis-à-vis competing crops. Continued drought in Texas, the largest cotton producing state, and water shortages for some states that rely on irrigation resulted in an abandonment rate of 27%. As a result, national harvested area is estimated at 3.1 million hectares, down by 19% from the previous season. The average cotton yield decreased by 7% to 921 kg/ha, after a record yield of 994 kg/ha last season. As a result, production dropped by 25% to 2.8 million tons.

Although the United States passed a new farm bill in February of this year, the provisions for cotton will not take effect until 2015. Instead, the U.S. government will provide support to cotton growers in 2014 through a transition payment. Thus, the full effect of the new provisions on planting decisions is unlikely to be seen before the 2015/16 season. Since the United States exports the majority of its crop, production is sensitive to international prices. High international cotton prices and the relative attractiveness of cotton to its competing crops during planting time encouraged growers to plant more cotton in 2014/15. Planting intentions published on March 31, 2014 by the U.S. Department of Agriculture suggest that cotton plantings will increase by 7% to 11.1 million hectares in 2014/15. Around 70% of this area will be in Texas. The large portion of rain-fed cotton in Texas makes the abandonment rate in this area highly variable from year to year. Pre-planting soil moisture was limited due to the ongoing drought in parts of Texas, but

areas less affected by drought had adequate topsoil moisture for planting. Although parts of Texas received rain in late May, it was not enough to end the drought and timely rains will be needed throughout the growing season to prevent many fields from being left fallow. Assuming an average abandonment rate of 24% for the country, U.S. harvested cotton area is forecast up by 12% to 3.4 million hectares. Assuming average yield will be similar to 2013/14, production is projected to rise by 12% to 3.2 million tons in 2014/15.

Pakistan

Cotton area in Pakistan declined to 2.9 million hectares in 2013/14 from 3 million hectares in 2012/13 due to a shortage of irrigation water at the time of sowing and higher costs of inputs resulting in a shift from planting cotton to other crops (maize, sugarcane and rice). Additionally, heavy rains and flooding in Punjab and the Kacha area of Sindh caused some loss of area.

In 2014/15, cotton area is expected to remain stable at 2.9 million hectares. However, government and industry are making efforts to raise yields. One issue that Pakistan growers of cotton have been facing is damage to the crop from the cotton leaf curl virus, leading the government to recently approve several varieties of biotech cotton that are also highly resistant to this disease. In addition, the government is also planning to launch extensive training programs for growers in Pakistan's cotton belt during the growing season and will also ensure timely availability of inputs at reasonable prices. Assuming average yield rises from 712 kg/ha in 2013/14 to 725 kg/ha in 2014/15, cotton production could reach 2.07 million tons.

Uzbekistan

In the past, cotton plantings in Uzbekistan have been little affected by variations in international prices. In 2009/10 the Uzbek government reduced the planting target in order to boost the production of food crops and, as a result, cotton area declined by 5% to 1.3 million hectares. In 2010/11, it increased by 1%, but has fallen in subsequent seasons. In 2013/14, area is estimated at 1.25 million hectares and production decreased by 8% to 920,000 tons due to problems with irrigation water supplies and high temperatures during the summer. Last fall, Uzbekistan began a shift to mechanical harvesting, with the intent of having 80-90% of its crop harvested by machine in 2016 in order to decrease use of labor. The Uzbek government announced the same cotton target area for 2014/15 as in the previous season. Assuming adequate water supplies for irrigation and a small growth in the average yield, production could rise to 929,000 tons.

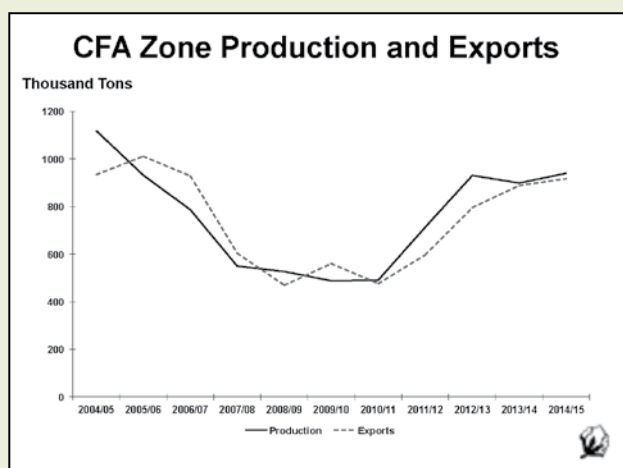
CFA Zone

Five countries (Burkina Faso, Mali, Cote d'Ivoire, Cameroon and Benin) are expected to account for 90% of cotton production in the CFA zone next season. These countries represented 84% of the regional production in 2004/05 when the CFA zone reached a record production of 1.1 million tons. Between 2004/05 and 2009/10, cotton output declined in all countries of the CFA Zone, but more particularly in Chad and Togo. High seedcotton prices in 2011/12 caused a recovery of production in the CFA zone to 714,000 tons. Seedcotton prices remained at stable levels in 2013/14 and production is estimated to have risen to 931,000 tons.

Despite the decline in planted area to 2.4 million hectares in 2013/14 from 2.5 million hectares in 2012/13, it remains higher than the average area of 1.7 million hectares for the last five completed seasons. Cotton production in the CFA zone is estimated to have declined by 3% to 899,000 tons in 2013/14, with an average yield of 376 kg/ha, similar to that of last season. In 2014/15, area is projected to increase by 3%, reaching 2.5 million hectares, and production will rise by 5% to 940,000 tons.

Burkina Faso is the largest producer in the CFA zone in 2013/14, with production estimated at 247,000 tons, accounting for 27% of all cotton produced in the CFA zone. However, this is a reduction of 5% from 2012/13 due to lower producer prices leading to less area being planted with cotton. In 2014/15, area is projected to increase by 1% to 562,000 hectares. Burkina Faso's yields in 2014/15 are expected to grow due to a larger share of biotech cotton being planted than in the current season. Thus, production is forecast to reach 254,000 tons.

Mali is expected to remain the second largest producer of cotton in the CFA zone in 2014/15. Planted area is forecast to expand by 19% to 570,000 hectares and, assuming a slight growth in yield, production could rise to 216,000 tons.



In 2013/14, production in Cote d'Ivoire represented 18% of all cotton produced in the CFA zone. Between 2006/07 and 2011/12, Cote d'Ivoire's production ranged between 50,000 and 113,000 tons. However, more support from its government for technical assistance and significant increases in the prices paid to farmers saw production rise to 152,000 in 2012/13. Production is expected to increase by 5% to 173,000 tons in 2014/15 due to reforms that seek to expand farmers' access to seeds and inputs.

Turkey

Cotton area in Turkey declined steadily since 2011/12 when international cotton prices were high, as decreasing returns and growing production costs drove many farmers to switch to alternative crops (in particular maize, wheat and soybeans). Turkey's cotton area is expected to increase by 3% in 2014/15 to 464,000 hectares. Assuming a yield similar to the four-year average, cotton production is forecast to be 751,000 tons in 2014/15.

Rest of Northern Hemisphere

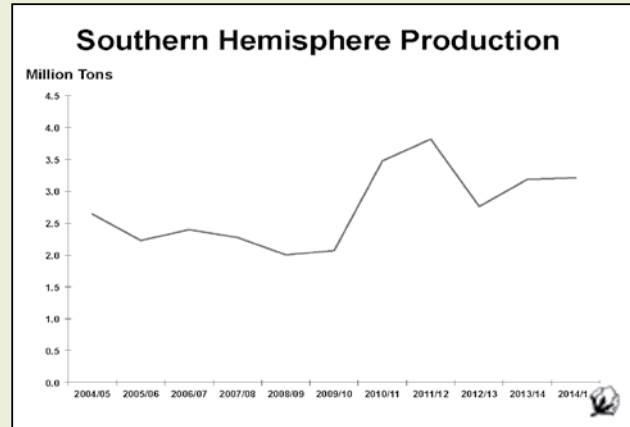
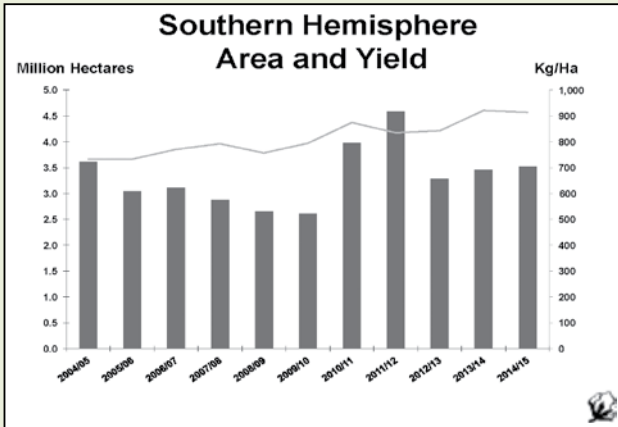
In the rest of the Northern Hemisphere, which accounts for less than 8% of the regional cotton output, area is expected to be 2.9 million hectares and production is anticipated to increase by 6% to 1.8 million tons in 2014/15.

Southern Hemisphere

Planting decisions in the Southern Hemisphere will be made during the second half of 2014 and will respond to commodity prices prevailing at that time. Currently, cotton area in the Southern Hemisphere is projected to rise by 2% to 3.5 million hectares in 2014/15. Based on recent average yields for each country, Southern Hemisphere production is forecast to grow by 1% to 3.2 million tons and the share of the Southern Hemisphere in world cotton production would remain at 13% in 2014/15.

In Brazil, the average spot price of cotton in local currency for the first 10 months of 2013/14 is 24% higher than in 2012/13, which encouraged more farmers to plant cotton, particularly given the prices for competing crops such as corn. In 2013/14, cotton area expanded by 22% and reached 1.1 million hectares. Cotton area in Brazil is expected to remain stable at 1.1 million hectares in 2014/15. Assuming a slightly higher average yield of 1,518 kilograms per hectare, production is forecast to reach 1.65 million tons.

Australia's 2013/14 cotton crop is estimated at 897,000 tons, down by 25% from 2011/12 when international prices were high. Rainfall during March has caused some concerns over the quality of



the crop, but greatly replenished the water reservoirs for 2014/15. Cotton area is expected to rise by 3% to 433,000 hectares in 2014/15 thanks to improved irrigation supplies and continued support of the cotton industry in the federal budget. Assuming an average yield of 2,106 kilograms per hectare, production is projected to increase by 2% to 911,000 tons in 2014/15.

Conclusion

In 2014/1/5, relatively stable production costs and the attractiveness of cotton prices relative to those of its competing crops during the planting season in the Northern Hemisphere encouraged growers

in some countries to plant more cotton. However, domestic policies are also having an impact on some of the larger cotton producers. Significantly, China’s area is projected to decrease by 10% in 2014/15. However, growth in area in India, the United States, and the CFA zone will more than offset this drop, so world area should rise by 1% to 32.8 million hectares. Despite the very modest increase in area, world production is expected to decrease by 2% to 25.2 million tons due to lower yields, particularly in India.

Source : COTTON: Review of the World Situation, May-June 2014

WAKEFIELD INSPECTION SERVICES

Navigating your cargo to market through our globally seamless partnership.

Wakefield Inspection Services Ltd.
 2nd Floor, Mollat House
 14-20 Pall Mall, Liverpool L3 6AL UK
 Tel: +44 (0)151 236 0752
 Fax: +44 (0)151 236 0144
 e-mail: info@wiscontrol.com

Wakefield Inspection Services (Asia) Ltd.
 Overseas Chinese Mansion, 1801
 129 Yan'an West Road, Shanghai 200040, China.
 Tel/Fax: + 86 21 6209 3032
 Mobile: + 86 135 2420 8118
 e-mail: info@wiscontrol.com

伟得检验服务(上海)有限公司
 中国上海市静安区延安西路129号华侨大厦1801室
 邮编: 200040
 电话: +86 21 3214 1236
 传真: +86 21 6248 8235
 电邮: chn-info@wiscontrol.com

Wakefield Inspection Services Inc.
 800 E. Campbell Rd. Suite 337
 Richardson, TX 75081 USA
 Tel: +1 972 690 9015
 Fax: +1 972 690 7042
 e-mail: info@wiscontrol.com

Wakefield Inspection Services (India) Pvt Ltd.
 S-2/S-3, Cotton Exchange Building
 Cotton Green (East), Mumbai 400033
 Tel: - 0091 22 2372 7700 / 0091 22 65207265
 Fax: - 0091 22 2373 3569
 e-mail: ind-ops@wiscontrol.com

Wakefield Inspection Services (India) Pvt Ltd.
 2nd Floor, Jeel Complex, Vijay plot no 16
 Gondal Road, Rajkot 360001
 Email: ind-ops@wiscontrol.com

www.wiscontrol.com



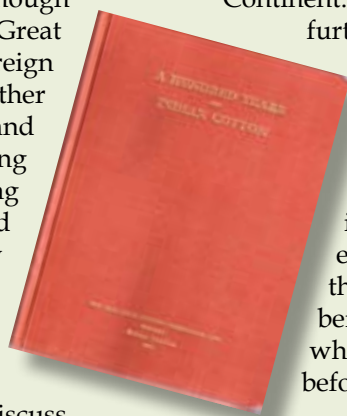
COTTON SAILS ABROAD

Chapter II : A Hundred Years of Indian Cotton

- By Professor M.L. Dantwala

'THOUGH from times immemorial India had a flourishing trade in cotton textiles, trade in raw cotton was in negligible quantities. Raw cotton was grown in India more for domestic consumption than for export. With a prosperous indigenous cotton industry, that was obviously a most natural state of affairs. The foundation of a vigorous textile industry in Great Britain led to the strangulation of the industry in India. It revolutionized India's raw cotton economy by destroying the internal demand for cotton and giving rise to a keen, though rather spasmodic, demand from Great Britain. This shift from domestic to foreign demand brought to the fore an altogether new set of problems in marketing and transport. The newly invented spinning machinery in Great Britain, consuming cotton at a tremendous speed, required a more rapid process of ginning raw cotton than was prevalent at that time in India. Export to a foreign country some 7,000 miles away demanded a more elaborate packing as well as a quicker and a cheaper transport. We discuss this aspect of the foreign trade in a separate chapter.

Exports of cotton to England throughout the seventeenth century and right up to the last decade of the eighteenth, were negligible. The advices of the Court of Directors for the three years, 1688 to 1690, include 600 bales of cotton for export per annum. Their instructions were to send only as much cotton as was required for making up the tonnage of ships consigned to Surat. In 1698, the factors at Surat were directed to send no more cotton from Surat, as "it sold at about 8d. per lb., but cost above 11d. (prime cost 3½d., freight 7⅔d., and customs ½d. per lb.)." The total quantity of Indian cotton imported into Great Britain in the first decade of the eighteenth century amounted to 215,606 lb., an average of some 18 shipping tons per year. In 1790, the Directors of the East India Company, at the instance of British textile manufacturers, imported 422,207 lb. "But the speculation did not answer." By that time the great inventions of the Industrial Revolution in England were in full operation. The inventions in the spinning industry created an almost insatiable hunger for raw cotton. Imports of cotton into Great Britain increased from an average of 6.7 million lb. during the quinquennium of 1776-80 to 56 million lb. during 1800. The British solicitude for Indian cotton, referred to in the previous chapter, was born out



of this situation. To add to the difficulties of British manufacturers, while the industry was at its peak, Britain's relations with America became strained, culminating in the American Non-Intercourse Act of 1809. Realising that England would now have to fall back on Indian cotton, the Directors of the East India Company imported 30 million lb. This cotton was, however, not found suitable to the requirements of the British manufacturers, and only 1,250,000 lb. was used by them, the rest being re-exported to the Continent. This sad experience acted as a damper on further imports of Indian cotton even during the American War. But after the peace a general revival took place, and by 1816, 90 million lb. of cotton was imported into England. During 1817-19 prices rose on account of excessive speculation, and in 1818, 86 million lb. of Indian cotton was exported to England. It is interesting to note that during this period Indian cotton was being exported from Calcutta to America where it was mixed with American cotton before being re-exported to Europe.

The period 1820-25 was one of hazardous speculation, and the inevitable crisis followed. A few years later, probably because of more settled times, Indian exports began to increase. But by 1830, prices of raw cotton having fallen below 6d. per lb., exports to England decreased from 80,422 bales in 1829 to 35,212 bales in 1830. The trade in cotton fluctuated with changing prices, and in 1836, with the average price of upland cotton at 10½d., exports to England reached a new high level of 219,157 bales. In 1839, though the prices were low, the Opium War with China diverted the cotton trade to England, augmenting the exports to nearly 275,000 bales.

The 'forties also were years of wide fluctuation. There was a heavy fall in prices in the initial years, business being done at prices as low as 2½d., which was less than what it cost the exporters in India. Imports into England fell to 94,643 bales in 1846, but with the rise in prices in subsequent years they again came up to 220,000 bales in 1847.

All these years, Indian cotton was yielding ground to the American, as the tablegraph at the end clearly shows.

The exporters in India, who were as yet mainly

Englishmen, were perturbed by this decline. They calculated that a decrease of a little more than 100,000 bales entailed a loss of Rs. 5.4 million to the various interests in the port of Bombay, connected with, or dependent upon, the cotton trade. In September 1846, led by Messrs. Remington and Company, they requested the Government of Bombay to appoint a Committee "for the particular purpose of investigating and reporting upon the cause of the falling off in India's cotton trade." The Government appointed a Committee which submitted its report in 1847. The report constitutes a valuable document on the state of cotton trade of the time.

Let us first look at the statistical picture:

Exports of Cotton between 1833-34 and 1845-46

Port	Annual Average	
	Quantity in cwt.	Value in Rs.
Bombay (1834 to 1846) . .	10,47,351	1,64,04,302
Calcutta (1833 to 1846) . .	1,74,175	23,39,997
Madras (1833 to 1846) . .	1,17,626	17,54,743
Tuticorin . .	28,994	3,89,684
All India . .	13,68,146	2,08,88,726

Two deductions may be drawn from the above table:

(1) Judged by the quantum of foreign trade a hundred years ago, trade in cotton amounting to an annual average of Rs. 2 crores, probably made a substantial contribution to India's exports.

(2) Bombay was the biggest exporting port for cotton, claiming nearly 80 per cent of the all-India exports.

The two important consumers of Indian cotton were England and China. The table below indicates the direction of the trade:

Exports of Raw Cotton from India to Great Britain, Foreign Europe, and China

	Average of 13 years 1834-46 (000 omitted)	
	Quantity in lb.	Value in Rs.
Great Britain ..	65,444	9,241
Foreign Europe..	1,153	150
China..	77,168	10,274
Total ..	143,765	19,665

Regarding the main question of the decline of the cotton trade – which in those days meant only



A GOVT RECOGNISED EXPORT TRADING HOUSE

SALASAR BALAJI INDUSTRIES

SRI SALASAR BALAJI AGRO TECH (P) LTD

SREE ASTALAXMI SPINNING MILLS (P) LTD

(COTTON EXPORTER & IMPORTER, COTTON MERCHANT, COTTON GINNERS & YARN MANUFACTURER)

Corporate Office: 4-2-198/1, Near Maheshwari Theatre, Cinema Road, ADILABAD- 504 001 (A.P), INDIA.

Phone No: +91 8732-226632 Fax No: +91 8732-226132

Email: info@salasarcot.com, Website: www.salasarcot.com

the export trade – for which the Committee was constituted, statistics did not show any marked decline. Exports were actually increasing in quantity up to 1843-44; and even in subsequent years, the decline was not considerable. There was, however, a precipitous drop in the value of raw cotton exports during 1844 and 1845, due to a heavy fall in cotton prices. In 1846 there was a further drop. As observed before, the prices of American cotton were continually falling, and the Indian cotton in England was valued as low as 2¼d. per lb. The value of exports from Bombay fell from the peak of Rs. 21 million to Rs. 14 million in 1845.

But what probably worried the Indian exporter was not so much an absolute decline in the exports of Indian trade as the inroads made by American cotton into the markets of England and Europe. In China, Indian cotton faced competition not from American cotton but from American yarns and goods, which, had they been produced by Chinese manufacturers from Indian cotton, would have cost more.

The Committee admitted that “the cotton of India had given way to that of America ... solely in consequence of the gradually increasing ability of the importer from America to undersell the importer from India, and supply the manufacturer whether in Lancashire or Germany, with a better article at a cheaper price”. The Committee, therefore, rightly laid stress on measures for reducing the cost of producing cotton in India and that of marketing it abroad. In their opinion the reduction in cost could be achieved by:

(1) entire abolition of customs duties levied on the export of raw cotton;

(2) revision of the land assessment in the collectorates of Surat, Broach and Candeish;

(3) permanent improvement in the communications between the Southern Mahratta country and the ports of the sea coast;

(4) introduction of a system of railway communication between Bombay and the interior, as proposed by the G.I.P. Railway and thus opening up the sea to the fertile districts of Berar and the Deccan.

From 1770, for nearly a hundred years, China was another important buyer of Indian cotton. Maclean in his Guide to Bombay tells us that cotton trade with China commenced about 1770. “A considerable famine which happened at that period induced the Chinese Government to direct by an Imperial edict that a greater proportion of

the land should be thrown into the cultivation of grain.” This gave the Indian producer an opportunity of supplying cotton to China. For a time the demand for Indian cotton persisted but “the scanty supply during the Maratha War, the inattention to the quality, and the many frauds that had been practised” induced to Chinese to grow their own cotton. Till 1800, the trade was carried on by private merchants but about this time, the East India Company began to participate in it. They reserved to themselves two-thirds of the chartered tonnage of their ships sailing from Bombay to China. When they were unable to utilise the whole space so reserved, it was auctioned by open competition. Usually the commanders and officers of the ships agreed to pay a rate of freight equal to that of the highest bidder, and preference was given to them by the Company.

Before passing on to the hectic days of the American Civil War and the cotton famine in England, we may briefly sum up the history of the raw cotton trade for nearly a hundred years since the great inventions of the Industrial Revolution. During this century by far the most important consumer of our raw cotton was Great Britain.

The table below shows the striking increase in her consumption of cotton since the year 1764.

Quantity of Cotton consumed in Great Britain

Year					Bales (400 lb.)
1764	..	..	..	..	9,500
1785	..	..	..	..	45,000
1800	..	..	..	..	130,000
1820	..	..	..	..	362,000
1840	..	..	..	..	1,160,000
1860 (pre-cotton famine)	..	..	..	..	2,697,000
1868	..	..	..	..	2,490,000

The cotton-producing countries of the world commenced a race to satisfy this cotton hunger. India started with a substantial lead, which, however, she could not keep up. In 1793, the invention of the ginning machine by Ely Whitney revolutionised the marketing of raw cotton in America. India straggled behind, in spite of the heroic efforts of Manchester and the East India Company to push up the cultivation and export of Indian cotton. The table below, while giving the sources of Britain’s cotton supply, tells the story of India’s deteriorating position.

Sources of British Cotton Imports

Thousands of bales (400 lb.)

Year	United States	Brazil	Mediterranean	East Indies	West Indies and others	Total
1820 ..	260	61	6	34	23.5	384
1840 ..	1,176	43	22	211	13.6	1,465
1860 ..	1,956	59	84	451	23.6	2,573

Percentages might still better bring out the changing importance of the U. S. A. and India.

*Percentage share of U. S. A. and India
in Britain's Imports*

Years	U.S.A.	British East Indies
1815-19	46	26
1820-24	68	9
1825-29	70	10
1830-34	79	9
1835-39	79	12
1840-44	81	14
1845-49	84	11
1850-54	78	16
1855-59	76	18

Then came the American Civil War, completely cutting off the supply of American cotton to Great Britain. The British cotton industry, from which, by then, a very large number of people were earning their livelihood, was faced with complete paralysis. From the pre-war level of 4 to 5 million acres, cotton cultivation in the United States fell to 500,000 in 1864-65. Prices of cotton in Great Britain shot up. Surat cotton which had been selling in Liverpool at 3d. to 5d. per lb. fetched as much as 20d. to 24d. A veritable gold rush ensued. Cotton farming was undertaken in practically every country which could grow cotton. In India, we are told, "even old mattresses were put into requisition to get the cotton, new beds being made of coir fibre." India's exports to Great Britain increased from about 400,000 bales in 1860 to more than 1.6 million in

Gu.RATHAKRISHNA

DIRECTOR
+91 98422 05757

K.G.RAJKUMAR

MANAGING DIRECTOR
+91 98422 05252



SHREE M.T.K. TEXTILES (P) LIMITED

TOTAL COTTON SOLUTIONS
IMPORT, EXPORT, DOMESTIC

Offices at Gujarat, Maharashtra, Karnataka & Andhra Pradesh

Corporate office:

57, D.P.F, Street,
Near Lakshmi Mills Junction
Ramasamy Layout, Pappanaickenpalayam
Coimbatore – 641 037 Tamil Nadu

Tel : + 91 422 433 6868
Fax : + 91 422 433 6878
mail : mail@mtktextil.com
Web : www.mtktextil.com

COTTON MERCHANTS & AGENTS, TEXTILES, WIND & SOLAR ENERGY

1866. The table below gives comparative figures of American and Indian exports to Great Britain during the Civil War and a few years immediately following:

British Imports of Raw Cotton
Thousands of bales

Year	% of		% of	
	From America	Total	From India	Total
1860 ..	2,838	82.4	422	12.25
1861 ..	2,026	69.1	740	25.23
1862 ..	80	7.0	805	71.00
1863 ..	145	9.4	1,043	67.86
1864 ..	217	10.4	1,349	64.86
1865 ..	488	21.85	1,056	47.00
1866 ..	1,282	37.93	1,619	47.92
1867 ..	1,361	42.44	1,350	42.09
1868 ..	1,350	41.08	1,370	41.69

Bombay acquired a large fortune during the cotton famine in England. The value of cotton exports from Bombay during those years is given below:

Value of Cotton Exports from Bombay to England

Year				£
1861-62	..	..	..	9,262,817
1862-63	..	..	..	14,834,640
1863-64	..	..	..	27,912,117
1864-65	..	..	..	30,370,482
1865-66	..	..	..	25,534,179
Total	..	..	..	107,914,235
Yearly average ..	..	..	..	£21,582,847

(To be continued...)

ARRIVALS CONTINUE INTO THE OFF SEASON

The Cotton Association of India (CAI) released its June estimate of the cotton crop for the season 2013-14. CAI has placed the cotton crop for the season 2013-14 beginning on 1st October 2013 at 395 lakh bales of 170 kgs. each. The projected Balance Sheet drawn by the CAI for the year 2013-14 estimated total cotton supply at 453.25 lakh bales while the domestic consumption is estimated at 295 lakh bales thus leaving an available surplus of 158.25 lakh bales. The arrivals, which upto 30th June 2014 are placed at 382.30 lakh bales, continue well into the off season.

A statement containing the State-wise estimates of Crop and Balance Sheet for the season 2013-14 with the corresponding data for the previous season 2012-13 is given below:

CAI's Estimates of Cotton Crop as on 30th June 2014 (in lakh bales)

State	Production		Arrivals as on 30.06.14
	2013-14	2012-13	
Punjab	12.50	15.50	14.75
Haryana	20.50	24.00	22.75
Upper Rajasthan	4.95	7.45	5.50
Lower Rajasthan	7.70	8.45	8.25
Total North Zone	45.65	55.40	51.25
Gujarat	121.80	83.30	120.00
Maharashtra	79.25	72.50	84.00
Madhya Pradesh	18.30	18.05	18.50
Total Central Zone	219.35	173.85	222.50

Andhra Pradesh	67.00	78.00	71.50
Karnataka	26.90	13.40	26.00
Tamil Nadu	5.00	5.05	6.00
Total South Zone	98.90	96.45	103.50
Orissa	3.00	2.95	3.05
Others	2.00	2.00	2.00
Total	368.90	330.65	382.30
Loose Cotton	26.10	26.10	-
All-India	395.00	356.75	382.30

The Balance Sheet drawn by the Association for 2013-14 and 2012-13 is reproduced below:
(in lakh bales)

Details	2013-14	2012-13
Opening Stock	43.25	54.75
Production	395.00	356.75
Imports	15.00	14.75
Total Supply	453.25	426.25
Mill Consumption	255.00	251.00
Consumption by SSI Units	24.00	24.00
Non-Mill Use	16.00	10.00
Exports		98.00
Total Demand	295.00	383.00
Available Surplus	158.25	-
Closing Stock	-	43.25



COTTON ASSOCIATION OF INDIA

Announce under
“LEARN WITH CAI” series

Programme No. 2013-14/3 on ‘LETTER OF CREDIT’

Faculty: **Shri K. Parameswaran**,
Corporate Trainer & Advisor, International Trade and Finance

Date: Saturday, 26th July 2014
Time: 8.30 a.m. to 6.00 p.m.

and

Programme No. 2013-14/4 on ‘INTRODUCTION TO SHIPPING’

Faculty : **Captain Dinesh Gautama**,
President, Navkar Corporation Ltd.

Date: Saturday, 30th August 2014
Time: 8.30 a.m. to 6.00 p.m.

Fees for one programme

For CAI Members: Rs. 3,000/-

For Members of Affiliated Associations: Rs. 3,500/-

For Non-Members: Rs. 4,000/-

The above fees will include study material, breakfast/lunch and service tax.

Fees for both the programmes

For CAI Members: Rs. 5,500/-

For Members of Affiliated Associations: Rs. 6,500/-

For Non-Members: Rs. 7,500/-

The above fees will include study material, breakfast/lunch and service tax.

Venue: Conference Room of the Association
Cotton Exchange Building, 2nd Floor, Opp. Cotton Green Railway Station,
Cotton Green (East), Mumbai 400 033.

For Registration please contact CAI Office,
Tel. (022) 3006 3400 Fax : (022) 2370 0337 Email : school@caionline.in

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) 2013-14 Crop JULY 2014					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	7th	8th	9th	10th	11th	12th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	11360 (40400)	11360 (40400)	11360 (40400)	11360 (40400)	11079 (39400)	11079 (39400)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	11501 (40900)	11501 (40900)	11501 (40900)	11501 (40900)	11220 (39900)	11220 (39900)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	7817 (27800)	7817 (27800)	7817 (27800)	7817 (27800)	7789 (27700)	7789 (27700)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	9055 (32200)	9055 (32200)	9055 (32200)	9055 (32200)	9026 (32100)	9026 (32100)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	10236 (36400)	10236 (36400)	10236 (36400)	10236 (36400)	10208 (36300)	10208 (36300)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	12232 (43500)	12148 (43200)	12148 (43200)	12092 (43000)	11979 (42600)	11867 (42200)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	9476 (33700)	9476 (33700)	9476 (33700)	9476 (33700)	9448 (33600)	9364 (33300)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	10151 (36100)	10151 (36100)	10151 (36100)	10151 (36100)	10123 (36000)	10039 (35700)
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	12401 (44100)	12317 (43800)	12317 (43800)	12260 (43600)	12148 (43200)	12035 (42800)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	9758 (34700)	9758 (34700)	9758 (34700)	9758 (34700)	9729 (34600)	9645 (34300)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	10461 (37200)	10461 (37200)	10461 (37200)	10461 (37200)	10432 (37100)	10348 (36800)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	12654 (45000)	12570 (44700)	12570 (44700)	12513 (44500)	12401 (44100)	12288 (43700)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	11445 (40700)	11445 (40700)	11445 (40700)	11445 (40700)	11417 (40600)	11332 (40300)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	11585 (41200)	11585 (41200)	11585 (41200)	11585 (41200)	11557 (41100)	11473 (40800)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	11810 (42000)	11810 (42000)	11810 (42000)	11810 (42000)	11782 (41900)	11698 (41600)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	11923 (42400)	11923 (42400)	11923 (42400)	11923 (42400)	11895 (42300)	11810 (42000)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	12035 (42800)	12035 (42800)	12035 (42800)	12035 (42800)	12007 (42700)	11923 (42400)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	12317 (43800)	12317 (43800)	12317 (43800)	12317 (43800)	12288 (43700)	12204 (43400)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	12570 (44700)	12570 (44700)	12570 (44700)	12570 (44700)	12541 (44600)	12457 (44300)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	16394 (58300)	16394 (58300)	16394 (58300)	16394 (58300)	16394 (58300)	16394 (58300)

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