

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2014 • No. 18 • 29th 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

## Cotton Must Find Its Way Between 65 cent Polyester and \$4.50 Maize

*With a Ph.D. in Agricultural and Resource Economics from Oregon State University in the USA, Dr. Terry Townsend is a consultant on commodity issues. He is currently working with the African Cotton and Textile Industries Federation (ACTIF). He served as executive director of the International Cotton Advisory Committee (ICAC) and has also worked at the United States Department of Agriculture for five years, analyzing the U.S. cotton industry and editing a magazine devoted to a cross-section of agricultural issues.*

### EXPERT'S Column



**Dr. Terry Townsend**

The cotton industry is being squeezed between competitive pressure from polyester in world fiber markets and competition with grains and oilseeds in agricultural production. While cotton production and consumption have trended upward for decades, 2013/14 (August-July) marks the sixth year in which world cotton consumption was below the peak of 26.7 million tons reached in 2007/08. Unfortunately for stakeholders in the cotton value chain, the cotton industry will struggle to grow during the rest of this decade or until new technologies are commercialized that significantly boost yields and reduce the costs of production.

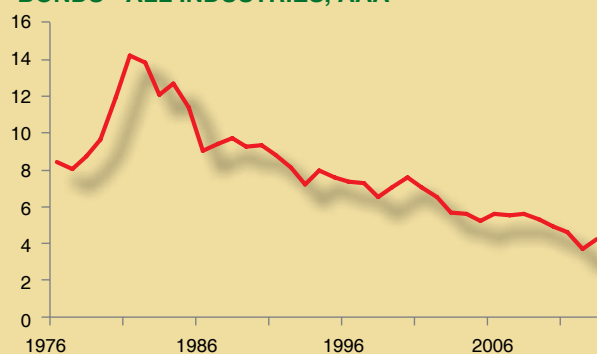
### Polyester Production Rising

The structure of the world fiber market is being altered by interest rates that are near historical lows.

Polyester is derived from hydrocarbons (oil or natural gas), and polyester production is highly capital intensive. New plants to produce monoethylen glycol (MEG) or purified terephthalic acid (PTA) cost about \$1 billion each, and a plant to produce 250,000 tons per year of polyester from MEG and PTA in a continuous stream process costs about \$150 million. Once plants are built, the marginal costs of continuing to operate them are relatively low, and most polyester producers will continue to operate even if fiber prices fall to less than 50 cents per pound.

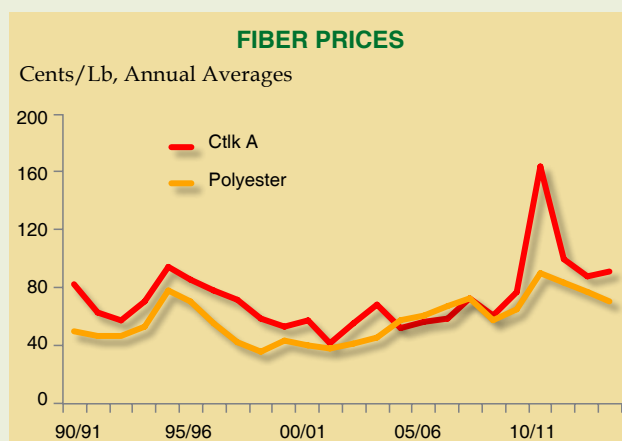
Commercial interest rates for corporate bonds in US dollars have been trending downward for decades and are now near historical lows; when adjusted for inflation, real interest rates are barely one or two percent. Low interest rates reflect a situation in which capital is abundant relative to land and labor.

### MOODY'S YIELD ON SEASONED CORPORATE BONDS - ALL INDUSTRIES, AAA



In addition, new extraction techniques known as fracking are increasing the supply of oil and natural gas worldwide. Consequently, there are no effective constraints to increased production of polyester.

Population and income growth are the primary drivers of world fiber use, and the relative price of cotton to polyester is the biggest determinant of changes in cotton's share of fiber use. According to the International Monetary Fund, world economic output is expected to increase by 3.7% in 2014 and 4.1% annually by 2018. Similarly, the Organization for Economic and Co-operation and Development (OECD), forecasts that world economic output will grow, but the pace will slow over time with annual growth averaging 3.1% for 2014-19 and 2.4% for 2020-25. Additionally, the United Nations' Department of Economic and Social Affairs forecasts that world population will grow to 8.08 billion by 2025 from 7.16 billion in 2013. Given that both population and economic activity are increasing, world fiber consumption is expected to increase at around 6% per year during the rest of the current decade.



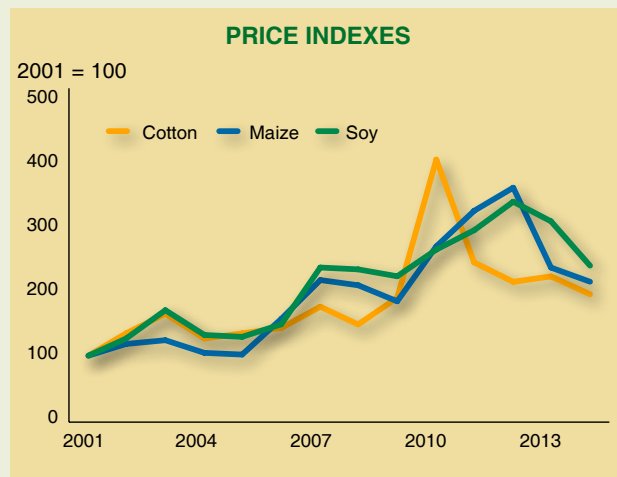
Unfortunately for the cotton industry and millions of families engaged in cotton production, the prices of polyester in major textile markets have been lower than prices of cotton on average for the past five seasons. During 2013/14, the Cotlook A Index averaged 91 cents per pound, and mill delivered polyester in China averaged 71 cents. Cotton prices will decline during 2014/15, but polyester prices can also decline, and cotton is likely to continue to lose market share.

### Biofuel Mandates Boost Grain and Oilseed Prices

The cotton industry is being further challenged by the impacts of biofuel mandates in the United States and Europe that have increased prices of feed grains and oilseeds relative to the price of cotton.

From farmer's perspectives, cotton is becoming less attractive than maize and soybeans. There are many factors affecting commodity prices, including population and income growth, macroeconomic

variables, consumer tastes and preferences, changes in technology and other factors. However, the most important factor causing a sustained increase in prices of maize and soybeans relative to prices of cotton on world markets is the rise in the use of ethanol in the U.S. liquid fuel supply.



The rise in oil prices since 2005 and provisions of the U.S. Energy Independence and Security Act of 2007 are providing economic incentives for an expansion of U.S. biofuels production. Maize is the primary feedstock used to produce ethanol in the United States. In 2006, ethanol represented less than 4 percent (by volume) of motor vehicle gasoline supplies in the United States, but grew to 10.6 percent in 2011. With this growth, 43% of 2013/14 U.S. maize use is estimated to go to ethanol production, and maize will almost certainly remain the primary feedstock for U.S. ethanol production.

The increased demand for maize to be used in biofuel production has driven up prices for maize, as well as prices for soybeans and other crops that compete with maize as livestock feed. Cottonseed oil is not used to make biofuels because its' sugar content is relatively low. Further, cottonseed is a byproduct of cotton production, accounting for just one-fifth of the value of seed cotton production.

Therefore, the increase in demand for feed grains resulting from increased biofuel production in the United States is not resulting in a proportionate increase in demand for cotton. Hence, prices of feed grains and oilseeds have been rising relative to the price of cotton since the mid-2000s. As long as the U.S. government mandates that ethanol be blended into the U.S. liquid fuel supply, this situation is not likely to change. Consequently, the shift in the relative competitiveness of cotton versus maize and soybeans for land in the United States is likely to be persistent.

Consequently, cotton is simultaneously losing market share to polyester because cotton prices are too high, and cotton is losing planted area to oilseeds and feed grains because cotton prices are too low.

# Your Partner...

... For Cotton

... For Quality

... For Life



GALIAKOTWALA GROUP  
ESTD. 1923

## **C. A. GALIAKOTWALA & CO. PVT. LTD.**

66, Maker Chambers III, 223, Jammalal Bajaj Road, Nariman Point, Mumbai - 400 021

Tel: 91 22 2284 3758 Fax: 91 22 2204 8801

E - mail: [trading@galiakotwala.com](mailto:trading@galiakotwala.com)



### **OFFICES:**

Adilabad	Beawar	Guntur	Kochi	Rajkot
Ahmedabad	Bhatinda	Hissar	Kolkata	Sri Ganganagar
Akola	Bhavnagar	Hubli	Madurai	Vadodara
Aurangabad	Chennai	Indore	Mundra	Warangal
Bangalore	Coimbatore	Jalgaon	Parbhani	Wardha



## Training Programme on 'Letter of Credit' under 'Learn with CAI' Series

The third programme of the cotton season 2013-14 under 'Learn with CAI' series was organised by CAI on Saturday, July 26, 2014, on "Letter of Credit" in the Conference Room of the Association.

Shri Amar Singh, Secretary, CAI, welcomed the participants and briefly introduced the course faculty, Shri K. Parameswaran.

Shri Parameswaran explained to the participants, the terms and conditions in letter of credit, how to manage exports with letters of credit, how to avoid risky conditions in LC as well as presented a detailed analysis on ISBP 745 and LC documents. He also explained Bank Payment Obligations (BPO), the new payment mechanism introduced by ICC Paris, in which Electronic Data (EDI) will take over the trade transaction.

The programme concluded with a vote of thanks to the faculty and participants.



Shri K. Parameswaran was welcomed with a bouquet of flowers by one of the participants



Shri Amar Singh, Secretary, CAI addressing the participants



Shri K. Parameswaran delivering his lecture on 'Letter of Credit'



Participants at the programme



**Shiv Cotgin Pvt. Ltd.**

**Bharatbhai Shelani**  
+91 98 25 21 63 99  
**Chiragbhai Shelani**  
+91 99 09 91 63 99

Survey No. 54/2,  
Gondal - Rajkot National Highway,  
**Bhojpara, Gondal - 360 311.**  
Dist. : Rajkot (Guj.) INDIA  
Tel.: +91 28 25 22 02 39 / 22 03 39,  
Fax : +91 28 25 24 04 39  
email : shivcotginpvtltd@gmail.com  
www.shivcotton.net



### Explore trading & service opportunities with Kotak Ginning & Pressing Industries in raw cotton, textiles & other textiles raw materials.

Kotak Ginning & Pressing Industries (a division of Kotak Commodity Services Ltd), having main business of trading in raw cotton exports, import and in domestic markets.

We also have other important business activities of services and agency business through our own representatives and network in India & abroad.

#### We Offer Marketing Services for

- Cotton seeds, linters, hulls & oil seeds
- Cotton waste and other waste
- All types of man-made fibers
- All types of yarns
- All types of fabrics
- Made ups, terry towels & garments

### Explore trading opportunities on commodity exchanges ACE, MCX & NCDEX with Kotak Commodity.

Kotak Commodity Services Ltd is one of the leading commodity broking firms in India offering high-end products and services, catering to the broad spectrum of market participants. It is a trading - cum - clearing member of commodity exchanges ACE, MCX & NCDEX.

#### Our offerings include

- Individual Trading Desk
- Corporate Desk
- Arbitrage Desk
- Online Trading

**To know more SMS KCL to 5676788 or Call: 1800 102 6776**

# Government Support to the Cotton Industry

By *Andrei Guitchounts, ICAC*

Subsidies to the cotton industry, including direct support to production, border protection, crop insurancesubsidies, and minimum support price mechanisms are estimated at \$6.5 billion in 2013/14, down from a record of \$7.4 billion in 2012/13. Ten countries provided subsidies in 2013/14, and the subsidies averaged 26 cents per pound, the same as in 2012/13.

Since 1997/98, when the Secretariat first began reporting on government measures in cotton, there has been a strong negative correlation between subsidies and cotton prices: in years when prices are high, subsidies tend to decline and in years when prices are low, subsidies tend to rise. This relationship was maintained during 2013/14. The Cotlook A Index increased from an average of 88 cents per pound in 2012/13 to an average of 91 cent per pound to date in 2013/14, and subsidies provided to cotton growers declined.

In some countries, such as Brazil, India, Pakistan and Mexico, minimum support price programs were not triggered during 2013/14 because market prices were above the government intervention prices.

The share of world cotton production receiving direct government assistance, including direct payments and border protection, increased from an average of 55% between 1997/98 and 2007/08, to an estimated 84% in 2008/09. During 2009/10 through 2013/14, the share declined and averaged 47%. In 2013/14 the share of production receiving direct assistance is estimated at 44%.

Some countries provided subsidies for cotton inputs in 2013/14, especially for fertilizers, storage, transportation, classing services and other marketing costs.

## China

The Government of China supports cotton production by controlling cotton import volumes and values and by applying border protection measures based on quotas and sliding scale duties, with an effective tariff of 40% on cotton imported without a quota. In addition, China maintains a strategic reserve of cotton, serving as a national buffer stock, which is managed by the China National Cotton Reserve Corporation (CNCRC). China releases cotton to the market from the reserve through a system of auctions when there is a shortage, and replenishes the reserve when there is an abundance, thus supporting prices.

During the last three seasons (2011/12, 2012/13 and 2013/14), China implemented a system of minimum support prices by directly

purchasing cotton from producers and rebuilding the government strategic reserve. The 2013/14 state reserve procurement price was set at 20,400 yuan per ton (150 US cents per pound at the seasonal average exchange rate), the same level as prevailed during the previous season. In 2013/14, China purchased 6.3 million tons of cotton for the state reserve (6.5 million tons were purchased during 2012/13). In 2012/13, Chinese government auctioned 3.7 million tons from the reserve to mills at prices averaging 135 cents per pound. For 2013/14, auction starting prices were reduced by 4% and, as of May 2014, about 1.6 million tons have already been auctioned from the reserve during the current season. The size of the reserve in May 2014 is estimated at 11.4 million tons, accounting for 146% of mill use by China in 2013/14 and 58% of world stocks.

Three seasons of implementation of this policy of rebuilding government reserves by the Chinese government provided support to domestic and international prices and helped to keep world trade buoyant. At the same time, this policy also caused mill use and the market share of cotton in China to shrink. Release of the reserves to domestic mills reduces the need for imports and limits growth in world trade.

The Chinese government announced that it would end its reserve building policy in 2014/15 and instead provide a direct subsidy to cotton producers in Xinjiang with a target price of 19,800 yuan per ton (about 145 cents per pound). Details of the implementation of the new subsidy program remain unknown at this time.

Under the terms of its accession agreement into the WTO, China is obliged to establish a calendar year tariff-rate-quota (TRQ). The in-quota tariff is 1% for the first 894,000 tons of imports each calendar year. Additional import quotas are released by China based on requirements. The additional quotas can carry a tariff of 1%, or quotas can be based on a sliding scale of between 5% and 40%. The purpose of the sliding scale is to ensure that the effective cost of imported cotton exceeds international market prices and thus boosts domestic prices paid to farmers in China. As a result of government interventions and quotas, domestic cotton prices in China have exceeded international prices.

The Secretariat uses the difference between domestic and imported cotton prices as an estimate of the support to Chinese cotton prices that results from government interventions. The price differential between the CC index (an index of mill delivered cotton in China) and the FC Index L (an index of





imported cotton arriving in Chinese main ports), adjusted to include the value added tax, port charges and transportation to mills is used in calculations. The benefit (subsidy) received by producers in China as a result of the government interventions is estimated at \$4.8 billion in 2013/14, or 32 cents per pound, compared with \$5.5 billion in 2012/13, or 34 cents per pound.

In addition, the government of China pays growers a subsidy for using high-quality planting seeds, amounting to about \$150 million a year, although smallholder farmers do not significantly benefit from it. During the past several seasons, China provided subsidies for transportation of cotton from Xinjiang to mills in eastern and southern China estimated at about \$160 million per year.

All types of subsidies provided by the Chinese government are estimated at \$5.1 billion in 2013/14, down from \$5.8 billion in 2012/13.

## United States

Provisions of the 2008 legislation (Farm Bill 2008) were extended to 2013/14 because the 2013 farm bill in the U.S. was not finalized before February 2014. During 2013/14 and 2012/13, the only subsidy effectively received by producers under the U.S. cotton program was for crop insurance. All other subsidies were unavailable because of historically high market prices.

Farm Bill 2008 supports producers through several mechanisms: direct payments (DP), countercyclical payments (CCP), loan deficiency payments (LDP), marketing loan gains (MLG), and crop insurance. The CCP and LDP/MLG were unavailable during the last two seasons.

U.S. cotton producers received about \$593 million in direct payments during 2013/14 (up from \$580 million). The DP, which is independent of market prices and is based on historical planted area and yields, is set at 6.67 cents per pound. The DP (income aid) is decoupled from current production and is not counted as a subsidy to production by the ICAC Secretariat.

The U.S. government provides support to cotton production through subsidized crop insurance to protect producers against losses to crop yields caused by natural disasters. This multi-peril crop insurance covers nearly every cause of decline in crop yields, such as weather, pests, and fire, but not producer negligence. The insurance is sold to farmers, largely through private insurance providers, but USDA's Risk Management Agency (RMA) pays more than half of the premiums. Additionally, the RMA pays the private insurance providers for their administrative and operating costs, as well as the RMA's own administrative costs under the program. On average, more than 90% of planted cotton acreage is enrolled in this program.

The crop insurance program is statutorily

mandated to be actuarially sound, meaning that total premiums are supposed to cover total indemnities over time. Underwriting gains and losses are allocated between the companies and government according to formulas contained in the reinsurance agreement between the parties.

Total premium subsidies averaged \$226 million per year between 1997 and 2010. In 2011/12, total cotton crop insurance subsidies reached \$819 million, or 11 cents per pound of total production. The increase was caused by higher insurance premiums tied to the increased value of the crop because of higher market prices. In 2012/13, cotton insurance subsidies declined to an estimated \$562 million, or 7 cents per pound. In 2013/14 crop insurance subsidies are estimated at \$453 million, or 7 cents per pound. No payments under the U.S. Pima competitiveness program were made since May 2010 because prices for competing foreign growths remained relatively high.

On February 7, 2014, President Obama signed the 2014 US Farm Bill into law. The new five-year farm bill marks a significant change in farm policies, to an environment in which guaranteed payments no longer exist and eligibility for payments will be based on declining prices, crop failures or reductions in revenues. The new Farm Bill marks an evolution from traditional farm income support programs to a focus on production and price risk management, with government-subsidized crop insurance as the primary instrument. Direct Payments, Countercyclical Payments and Average Crop Revenue Election (ACRE) programs have been repealed for all commodities. Upland cotton is not eligible for other commodity risk management programs established under the bill, but becomes eligible for a new "safety net" program, the Stacked Income Protection Plan (STAX).

STAX provides upland cotton producers with premium subsidies on the purchase of insurance policies that cover "shallow" revenue losses--those below the level generally covered by standard crop insurance policies. Producers may use this program alone or in combination with existing underlying crop insurance. Under STAX, a payment is triggered if the actual income in a county falls below 90% of the expected income. STAX provides coverage for revenue shortfalls between 10 and 30% of expected income and producers may select coverage in 5% increments. The federal government will subsidize about 80% of the premium. In addition, the federal government will partially subsidize the administrative and operational costs of the insurance companies offering STAX.

STAX will not be available until the 2015 growing season (starting in August 2015) and may not be available in some counties during the 2016 season. In the 2014/15 season and partially in 2015/16, a transition assistance payment will be provided, which will be calculated using a formula involving marketing year average prices for upland cotton, the

national program yield of 597 pounds per acre and 60% of the cotton base acres<sup>10</sup> for the farm in 2014 and 36.5% of the base acres in 2015. Given that STAX will not be in full effect until 2015, its impact on this year's plantings in the United States is expected to be minimal.

The Marketing Loan Program (MLP) will continue with a marketing loan rate based on the world cotton price, calculated as the simple average of the adjusted prevailing world price for the two immediately preceding marketing years (announced October 1 preceding the next domestic plantings), but in no case lower than 45 cents per pound or higher than 52 cents per pound. The loan rate for extra-long staple (ELS) cotton is set at 79.77 cents.

The export promotion subsidy for Pima cotton has been retained, in the form of special competitiveness provisions for ELS, through payment of a subsidy, calculated by a set formula, to domestic users and exporters of ELS cotton under special circumstances. The aim of the program is to promote domestic use and exports of ELS cotton.

## India

India has a Minimum Support Price (MSP) system, but there were no direct cotton purchases by the government and no payments to growers during 2013/14 because market prices were above the MSP. In 2013/14, the MSP for medium staple cotton (J-34) was set at Rs 3,700 per 100 kg of seed cotton an equivalent of 82 cents per pound of lint at the season average exchange rate. The average domestic price for the same variety during the period was above this level.

Cotton farmers in India benefit from debt forgiveness and fertilizer subsidies from the government of India. In addition the Government of India provides support to cotton production through several programs, such as the development of infrastructure facilities for production and distribution of quality seeds. Under the government's Technology Mission, support was provided for the modernization of ginning and pressing units and the improvement of cotton marketing in recent years. These benefits are difficult to quantify, and some are not specific to cotton. In addition, the government supports the textile sector with a number of programs that provide direct support and soft loans.

## European Union

Changes were introduced in the EU Common Agricultural Policy starting in 2009/10. As before, cotton producers receive 65% of EU support in the form of a single decoupled payment (income aid) and the remaining 35% in the form of an area payment (coupled, or production aid). Greece and Spain are the major cotton producers in the EU. For production aid the maximum base eligible areas are set at 250,000 hectares for Greece and 48,000 hectares for Spain. To be eligible for aid, the area must be

located on agricultural land authorized by the EU member states for cotton production, sown under authorized varieties and actually harvested under normal growing conditions. The aid is paid for cotton of sound, fair and merchantable quality. The aid is paid per hectare of eligible area by multiplying fixed reference yields by the reference amounts fixed for each country. For the purpose of calculation of aid, the seed cotton yield per hectare is fixed at 3.2 tons per hectare for Greece and at 3.5 tons per hectare for Spain. The amounts per hectare are fixed at euro 251.75 for Greece and euro 400 for Spain. If the eligible area exceeds the maximum base area, the aid per hectare is reduced proportionally.

In 2013/14 the amount of direct subsidy to production in Greece was estimated at \$274 million (\$262 million in 2012/13), equivalent to 44 US cents per pound of lint production (48 US cents in 2012/13). The subsidy in Spain is estimated at \$92 million in 2013/14 (\$87 million in 2012/13), or 84 US cents per pound of lint (61 US cents in 2012/13).

## Turkey

The government of Turkey pays a premium per kilogram of seed cotton to producers. In the past the premium for seed cotton produced from certified seeds was higher than that from non-certified seed. No premium has been paid for noncertified seed since 2012/13. The premium for 2013/14 was set at 0.50TRL/kg for seed cotton produced from certified seeds (27 US cents per kg of lint). Assuming that 90% of Turkish cotton production is produced from certified seeds, and that all cotton producers applied for the premium, the Secretariat estimates that total payments to cotton producers in Turkey declined from \$488 million in 2012/13, to \$454 million paid in 2013/14 as a result of reduced planting.

## Brazil

Brazil operates a marketing program that provides direct subsidies to producers based on guaranteed prices, but without direct acquisition of cotton by the government. The program is called the Equalizer Price Paid to the Producer (PEPRO –Prêmio Equalizador Pago ao Produtor). The PEPRO was used for several seasons to compensate farmers for the weakening US dollar in relation to the Brazilian real. The premium paid under the program represents the difference between the minimum guarantee price and the price buyers are willing to pay. The minimum guarantee price is set at R\$ (Brazilian real) 44.60 per arroba (15 kg) of lint, or an equivalent of 61 cents per pound at the exchange rate prevailing at the middle of May 2014. The actual size of the premium is determined at auctions organized by the government. There have been no auctions since 2009/10. During the past 3 seasons market prices have remained above the minimum-guaranteed price.



The government of Brazil also provides support to cotton production through subsidized credit for production, marketing and investments. It is estimated that subsidized annual credit to cotton producers averaged around half a billion US\$ during the past decade. Low-income cotton growers receive a subsidized interest rate of 5%, compared with market rates of 20-25%. Based on this difference, it is estimated that the maximum annual subsidy received by cotton growers in the form of subsidized interest averaged \$75 million over the past decade.

## Colombia

In Colombia, direct government payments to

producers in 2013/14 are estimated at \$18 million, averaging 30 cents per pound. In 2012/13, direct government payments were estimated at \$21 million, averaging 44 cent per pound.

## West Africa

Several countries in West Africa provided subsidies for cotton inputs in 2013/14 and 2012/13, especially for fertilizers and planting seeds. In 2013/14, Burkina Faso provided \$30 million (6 cents per pound); Mali provided \$38 million (10 cents per pound); Côte d'Ivoire \$14 million (4 cents per pound); and Senegal \$2 million (7 cents per pound).

### Level of Direct Assistance Provided by Governments to the Cotton Sector Through Production Programs \*

Country	2012/13			2013/14 **		
	Production	Average Assistance per Pound Produced	Assistance to Production	Production	Average Assistance per Pound Produced	Assistance to Production
	1,000 tons	US cents	US\$ Millions	1,000 tons	US cents	US\$ Millions
China	7,300	36	5,794	6,700	35	5,106
Turkey	858	26	488	843	24	454
USA	3,770	7	563	2,811	7	453
Greece	248	48	262	280	44	274
Spain	65	61	87	50	84	92
Mali	189	8.6	36	181	10	38
Burkina Faso	260	14	80	247	6	30
Colombia	21	45	21	27	30	18
Cote D'Ivoire	152	4	14	165	4	14
Senegal	14	20	6	12	7	2
All Countries	12,877	26	7,351	11,316	26	6,480

\* Income and price support programs only. Credit and other assistance not included. \*\* Preliminary.

### Total Level of Assistance Provided by Governments to the Cotton Sector Through All Programs \*

	World Production 1,000 tons	Assistance per Pound Produced US cents	Assistance to Production US\$ Millions
1997/98	20,181	9	4,108
1998/99	18,810	14	5,772
1999/00	19,194	16	6,588
2000/01	19,524	11	4,833
2001/02	21,667	13	6,446
2002/03	19,574	12	4,193
2003/04	21,132	7	3,270
2004/05	26,997	10	6,114
2005/06	25,701	11	6,008
2006/07	26,831	9	5,045
2007/08	26,155	4	2,292
2008/09	23,585	11	5,492
2009/10	22,334	6	3,155
2010/11	25,408	3	1,477
2011/12	28,042	8	4,866
2012/13	26,684	12	7,351
2013/14**	25,617	11	6,480

\* Income and price support programs only. Credit and other assistance not included. \*\* Preliminary.

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

## Connect with Sudha Padia



**B**orn and brought up in the bustling heart of Bombay, Kalbadevi, Smt. Sudha Padia, did her schooling from Ratna Chintamani Jain High School. After her graduation (BA with Sociology) from Wilson College, she did a typing course. "My father, Shri Bhagwandas Padia was a textile broker. We were not very well off, but he made sure all his six children graduated from college," she says.

Luckily for her, a neighbour, Shri. C.L. Mehta, worked in Cotton Association of India and got her a part time job in the administration department of the Association in Kalbadevi in September 1983. After six months, she was confirmed and given a full time posting as typist/clerk in the clearing house department of the Association. To date, she continues working as a head clerk, in the CAI's Secretariat.

"Those days we had the export quota system," she recalls. "Ten controllers appointed by the Association would draw samples from all over and send them to Sewri, where the Government appointed Textile Commissioner's Cotton Certification Committee (TCCCC) would meet every Monday and Thursday. The TCCCC would inspect the samples and if found in order, issue a certificate which would form a part of the required export documents. After 2000, when cotton came under Open General Licence (OGL) the certification was not necessary, so the earlier process came to an end."

A part of the Association's Diamond Jubilee (1985) as well as Platinum Jubilee (1998) celebrations Sudhaben as she is fondly called by everybody, remembers the hustle bustle and amount of administration work during the two events. "During the Platinum Jubilee, the Association also

released three books - Glimpses of World Cotton, Cotton - Miles to Go and National Cotton Board of India," she recalls. "In 2005, the Association started conducting all its work from Cotton Green and we all moved here from Kalbadevi."

When Sudhaben joined the Association, Shri Damle was Secretary and Shri Mulky was the Special Officer. "I consider Shri Mulky to be my guide and mentor, as he taught me a lot," she shares. "He went on to become the Secretary

later on. Shri Damle also always encouraged me to learn more. The present Secretary Shri Amar Singh is very cooperative. Whatever problems we take to him, he solves them for us."

In her long career with the Association, Sudhaben has worked for no less than six Presidents. "Shri P.F. Jhunjhunwala, Shri C.H. Mirani, Shri Suresh Kotak, Shri K.F. Jhunjhunwala, Shri P.D. Patodia and of course the present incumbent, Shri Dhiren N. Sheth," she counts.

"Dhirenbhai has brought in the maximum changes in the working of the Association," she states. "He computerised the office in Kalbadevi itself and made sure all of us became computer savvy. He has also activated various committees for Value Difference, Cotton Promotion, Cotton School, Laboratory, Finance, Statistics, Website Committee, Publications, Coordination and Conference. We always had a Daily Rates Committee but the meetings were not very regular. Now Dhirenbbhai has motivated the members, so that they meet every week and the information is more accurate. Even if somebody cannot attend, he can communicate through a conference call. Under Dhirenbbhai's initiative the spot rates are now being calculated on description rather than varietal basis."

On a personal front, Sudhaben loves to travel. "I love to travel by train, and really want to visit as many places as I can," she concludes.

### Update on Cotton Acreage (As on 23rd July 2014)

Sl. No	States	Normal of Year*	Normal on Week**	Area sown (during the corresponding week in)			
				2014	2013	2012	2011
1	2	3	4	5	6	7	8
1	Andhra Pradesh	4.75	16.21	3.09	17.51	16.14	14.98
2	Gujarat	26.49	23.77	17.78	25.68	19.83	25.8
3	Haryana	5.64	5.56	6.39	5.56	5.15	5.98
4	Karnataka	5.27	2.74	4.78	3.37	1.83	3.02
5	Madhya Pradesh	6.39	6.20	3.24	6.16	5.97	6.47
6	Maharashtra	39.16	37.64	19.04	37.37	38.77	36.79
7	Orissa	0.97	1.04	1.14	1.11	1.03	0.98
8	Punjab	5.17	5.32	4.50	5.05	5.16	5.75
9	Rajasthan	4.00	3.43	3.70	2.89	3.00	4.39
10	Tamil Nadu	1.25	0.07	0.04	0.03	0.06	0.11
11	Uttar Pradesh	0.01	0.25	0.26	0.23	0.3	0.22
12	Telangana	15.08	-	12.12	NIL	-	-
13	Others	0.35	0.03	0.05	0.1	-	-
	<b>Total</b>	<b>114.54</b>	<b>102.26</b>	<b>76.14</b>	<b>105.06</b>	<b>97.24</b>	<b>104.49</b>

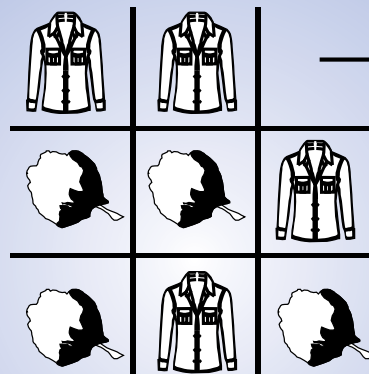
\* Normal area mentioned above is average of last three years \*\* It is average of last three years

Source: Directorate of Cotton Development, Mumbai

## Weekly Percent Departures of Rainfall - Monsoon 2014

LEG		EXCESS	NORMAL	DEFICIENT	SCANTY	NO RAIN
S. No.	WEEKS ENDING ON ---> MET. SUBDIVISIONS	25 JUNE 2014	02 JULY 2014	09 JULY 2014	16 JULY 2014	23 JULY 2014
1.	ORISSA	-57%	-20%	-47%	55%	126%
2.	HAR. CHD & DELHI	-64%	-55%	-59%	-93%	-8%
3.	PUNJAB	-41%	3%	-75%	-80%	-51%
4.	WEST RAJASTHAN	-15%	-68%	-84%	-80%	25%
	EAST RAJASTHAN	-45%	-90%	-83%	-37%	17%
5.	WEST MADHYA PRADESH	-76%	-93%	-72%	31%	90%
	EAST MADHYA PRADESH	-14%	-75%	-64%	-30%	82%
6.	GUJARAT REGION	-96%	-99%	-94%	-58%	27%
7.	MADHYA MAHARASHTRA	-74%	-96%	-65%	-30%	67%
	MARATHWADA	-77%	-95%	6%	-32%	-60%
	VIDARBHA	-87%	-87%	-70%	10%	156%
8.	COASTAL ANDHRA PRADESH	-88%	-54%	7%	-2%	-58%
	TELANGANA	-73%	-82%	-32%	-27%	-69%
	RAYALASEEMA	-89%	8%	25%	31%	-88%
9.	TAMILNADU & PONDICHERRY	-30%	204%	-1%	-10%	-65%
10.	COASTAL KARNATAKA	-21%	-86%	-66%	67%	0%
	N. I. KARNATAKA	-55%	-84%	41%	-10%	-15%
	S. I. KARNATAKA	12%	-67%	-60%	66%	66%

*Note: Rainfall Statistics given above is based on real time data receipt and is subject to be updated (Source: India Meteorological Department)*



Shyam / Alok Makharia  
 +91-98210 36478 / 98200 00179  
[www.shykam.com](http://www.shykam.com)

**BUY RESPONSIBLY**

**SHYKAM EXIM**  
 PROMOTING BEST COTTON PRACTICES

INDIAN & IMPORTED COTTON MERCHANTS & EXPORTERS

[shykam.com@gmail.com](mailto:shykam.com@gmail.com) 2nd Floor, Edwankar House, 11 Navalkar Lane, VP Road, Mumbai 400 004



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	21st	22nd	23rd	24th	25th	26th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	10826 (38500)	10826 (38500)	10826 (38500)	10686 (38000)	10545 (37500)	10545 (37500)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	10967 (39000)	10967 (39000)	10967 (39000)	10826 (38500)	10686 (38000)	10686 (38000)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	7452 (26500)	7452 (26500)	7452 (26500)	7396 (26300)	7367 (26200)	7311 (26000)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	8380 (29800)	8380 (29800)	8380 (29800)	8323 (29600)	8323 (29600)	8267 (29400)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	10011 (35600)	10011 (35600)	10011 (35600)	10011 (35600)	10011 (35600)	9954 (35400)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	11276 (40100)	11220 (39900)	11220 (39900)	11135 (39600)	10967 (39000)	10911 (38800)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	9167 (32600)	9111 (32400)	9111 (32400)	9195 (32700)	9083 (32300)	9083 (32300)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	9814 (34900)	9758 (34700)	9758 (34700)	9758 (34700)	9645 (34300)	9645 (34300)
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	11445 (40700)	11389 (40500)	11389 (40500)	11304 (40200)	11135 (39600)	11079 (39400)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	9476 (33700)	9364 (33300)	9364 (33300)	9448 (33600)	9336 (33200)	9336 (33200)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	10208 (36300)	10151 (36100)	10151 (36100)	10151 (36100)	10039 (35700)	10039 (35700)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	11698 (41600)	11642 (41400)	11642 (41400)	11557 (41100)	11389 (40500)	11332 (40300)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	11220 (39900)	11220 (39900)	11220 (39900)	11220 (39900)	11079 (39400)	11079 (39400)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	11332 (40300)	11332 (40300)	11332 (40300)	11276 (40100)	11135 (39600)	11135 (39600)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	11642 (41400)	11642 (41400)	11642 (41400)	11642 (41400)	11501 (40900)	11417 (40600)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	11670 (41500)	11614 (41300)	11557 (41100)	11501 (40900)	11360 (40400)	11360 (40400)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	11810 (42000)	11810 (42000)	11810 (42000)	11810 (42000)	11670 (41500)	11670 (41500)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	12092 (43000)	12035 (42800)	12035 (42800)	12035 (42800)	11895 (42300)	11895 (42300)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	12260 (43600)	12204 (43400)	12204 (43400)	12204 (43400)	12063 (42900)	12148 (43200)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	16225 (57700)	16225 (57700)	16225 (57700)	16506 (58700)	16788 (59700)	16872 (60000)

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