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Strategies for Securing India's Leadership Position in World Cotton: Farm Productivity Improvement Through Technology Infusion to Accelerate Sustainable Production

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He speaks regularly within India and outside on a range of topics including Indian macro-economy, food and nutrition security, trade and investment opportunities, and commodity market outlook covering crude oil, metals and major agriculture.

Shri. Chandrashekhar holds many public positions including: Member, SEBI Commodity Derivatives Advisory Committee; Consultant, United Nations International Trade Centre, Geneva; Visiting faculty in a number of reputed B-Schools.

World Cotton Day was celebrated on October 7, 2020. To promote a world-class Indian cotton brand, the Union Minister for Textiles released a brand name called 'Kasturi' as part of attempt

to advance to a world of new-look cotton. On that occasion TEXPROCIL and CITI organised a webinar where the author was invited as a speaker. Excerpts of speech: Cotton has been a critical cash crop for our country for centuries.



GUEST COLUMN

Shri. G. Chandrashekhar
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I call cotton an industrial crop given the nature of its utilization. The importance of cotton to Indian agriculture has increased in the last 15 years. Cotton crop is one of India's recent success stories in agriculture. That India is ranked currently # 1 in area planted (13 million hectares) and

in production (35-37 million bales) and # 3 in export of cotton (behind USA and Brazil) is well recognized.

It starkly contrasts with the situation obtained in early 2000s when the country produced just about 15-17 million bales and imported roughly two million bales. Export was hardly on the horizon. After introduction of technologically advanced seeds, India's cotton acreage and production started to expand rapidly. Remunerative prices for growers ensured that they enthusiastically favoured the crop season

after season propelling India to the world's top rank as producer. Productivity gains witnessed during the period 2005-2015 have benefited, but such gains now seem to be running out of steam. Cotton productivity has tremendous scope for further increase. At roughly 3 bales a hectare or 500 kilograms a hectare, our yields are below the global average of over 750 kg/ha and just one-third that of major origins like China and Brazil.

Meanwhile, we need to recognize that newer challenges may stymie India's future growth. Land constraints, Water shortage and Climate change are challenges the cotton sector will have to overcome. Some crystal gazing: In the next 8-10 years, world cotton production is expected to grow at a slower pace than consumption. Cotton yields are set to grow more slowly as production gradually shifts from high-yield origins such as China to relatively low-yielding ones in South Asia and West Africa. World cotton use is set to grow at less than one percent due to slower economic growth and slower population growth worldwide.

Raw cotton processing in China will continue its long-term downward trend. At the same time, higher mill use is envisaged in India, Vietnam, Bangladesh, Indonesia and Turkey. World trade's ongoing shift towards value-added cotton yarn and manmade fibres will

continue. Competition from synthetic fibre will make cotton less-competitive. Crude oil rates will impact synthetic fibre prices.

My own research shows, over the next 8-10 years, crude oil prices will gradually fall as fossil-fuel consumption demand begins to shrink. Falling crude oil price will reduce agricultural production costs including cotton production costs in industrialized economies. This can potentially blunt India's competitive edge if not sharpened soon. Where does India stand? Barring years of drought, India will remain the world's largest cotton producer. According to OECD-FAO projections, by 2029, India is expected to contribute 40-42 million bales or close to 25 percent of the projected world output.

India's mill consumption will become the world's largest with over 40 percent increase to about 38 million bales by that time. Consumption will be driven by income increases, demographic pressure and current low per capita usage. The emerging scenario poses a challenge for all stakeholders to ensure that domestic demand is fully met and genuine export surplus is created. Remunerative prices alone will keep growers motivated. 'Business as usual' attitude will not work. Before the end of the next decade, we should target production of 48-50 million bales. It is doable, we have to believe 'it is





doable' and start working towards it. Infusion of multiple technologies is the way forward for Indian agriculture in general and for cotton in particular. We need to leverage our strengths, especially of having the world's largest area under cotton cultivation. Adoption of multiple technologies - information technology, agri-biotechnology, satellite technology, nuclear agriculture technology and nanotechnology - can deliver improved farm productivity as well as quality. Precision agriculture using these multiple techs should be promoted. Technology infusion in agriculture and post-production supply chain is the way forward.

The potential of agritech market can be segmented into: supply chain and output market linkages; financial services; precision agriculture and farm management; quality management and traceability; and farm input market linkages. Going forward, I envisage increased digitalization of the supply chain. Automation, Robotics, Artificial Intelligence, Block-chain tech for export-import trade - all will receive a boost. These will advance traceability and compliance needs, providing end-to-end solutions.

For Kasturi brand of Indian cotton to succeed and become acceptable / popular worldwide, we need to make a holistic approach focusing on sustained production, superior quality and consistent supplies. The user industry must de-risk itself from the vagaries of production, quality and price. The recently enacted law to promote Contract Farming is an opportunity for the user industry to establish backward linkages.

Contract farming will free the user industry of market price volatility and quality issues.

Contracting with FPOs will provide scale economies and encourage adoption of technologies. Although cotton currently faces challenges from synthetics, the world is decidedly moving towards 'green', 'natural', 'renewable' and 'biodegradable' materials. So, cotton as a natural fibre will continue to enjoy consumer support. In other words, cotton has the 'natural' advantage. The world market is increasingly looking for green products.

Cotton as a natural fibre can help advance many of the Sustainable Development Goals adopted by the United Nations. My sense is that cotton can contribute to advancing as many as ten of the UN's 17 SDGs. Industries bodies must research how cotton can contribute to advancing SDGs. For Indian cotton and products there is no choice but become globally competitive. In a broad sense, I would define global competitiveness as 'the ability to produce globally acceptable quality at globally comparable cost'. Because India enjoys varied agro-climatic and other natural endowments, a natural fibre such as cotton is an extraordinary gift of nature. Because it is nature's gift to India, let us make cotton and cotton-based products 'India's gift to the world'.

(The views expressed in this column are of the author and not that of Cotton Association of India)

CAI Estimates Cotton Crop for 2020-21 Season at 356 Lakh Bales

Cotton Association of India (CAI) has released its first estimate of the cotton crop for the new season 2020-21 beginning from 1st October 2020.

CAI has estimated cotton crop for the 2020-21 crop year at 356 lakh bales of 170 Kgs. each, which is equivalent to 378.25 lakh running bales of 160 Kgs. each. The crop estimated for 2020-21 season is less by 4 lakh bales of 170 Kgs. each than the previous year's crop of 360 lakh bales of 170 Kgs. each (equivalent to 382.50 lakh running bales of 160 Kgs. each). State-wise break up of cotton production and Balance Sheet for the Season with the corresponding data for the previous cotton season are given below.

Reduction in cotton crop for the Season is on account of damage reported to the crop in some pockets due to the excess rains and pink bollworm infestation.

This is a preliminary estimate and the Crop Committee of the CAI will re-assess the crop as the Season progresses.

Yearly Balance Sheet projected by the CAI Crop Committee estimated total cotton supply till end of the 2020-21 Season at 477.50 lakh bales of 170 Kgs. each (i.e. 507.34 lakh bales of 160 Kgs. each), which consists of the opening stock of 107.50 lakh bales of 170 Kgs. each (114.22 lakh running bales of 160 Kgs. each) at the beginning of the Season, crop for the Season estimated at 356 lakh bales of 170 Kgs. each (378.25 lakh running bales of 160 Kgs. each) and imports for the Season estimated at 14 lakh bales of 170 Kgs. each equivalent to 14.88 lakh running bales of 160 Kgs. each.

Domestic consumption estimated by the CAI is 330 lakh bales of 170 Kgs. each (i.e. 350.62 lakh running bales of 160 Kgs. each) while export of cotton estimated for the Season is 60 lakh bales of 170 Kgs. each equivalent to 63.75 lakh running bales of 160 Kgs. each. The carry over stock estimated at the end on the Season on 30th September 2021 is 87.50 lakh bales of 170

Kgs each equivalent to 93 lakh running bales of 160 Kgs each.

Highlights of the Deliberations held at the Meeting of the Crop Committee of Cotton Association of India on 6th November 2020

Crop Committee of Cotton Association of India (CAI) held its meeting on 6th November 2020 by video conferencing. 25 members, who attended this meeting included, among others -

From Gujarat State:

- 1) Shri. Ajay Dalal (Secretary, Gujcot Traders Association)
- 2) Shri. Kishore Chheda (Manavadar)
- 3) Shri. Raaja Gokulgandhi

From Northern region:

- 1) Shri. Arun Sekhsaria
- 2) Shri. Pankaj Sharda

From CCI:

- 1) Shri. Atul Kala (GM purchase)

From MP:

- 1) Shri. Manjeet Singh Chawla (President, Madhyanchal Cotton Ginners & Traders Association)
- 2) Shri. Rajendra Jain (Secretary, Shree Cotton Merchants' Association)

From Telangana:

- 1) Shri B. Ravinder Reddy (President, Telangana Cotton Millers & Traders Welfare Association)
- 2) Sri Kakkirala Ramesh (Secretary, Telangana Cotton Millers & Traders Welfare Association)

From Maharashtra:

- 1) Shri. Bhupendra Singh Rajpal (President, Maharashtra Cotton Ginners Association)
- 2) Shri Shyam Makharia
- 3) Shri. Manish Shah
- 4) Shri. Rintu Pandya
- 4) Shri. Samir Mantri
- 4) Shri. Sameer Lodaya
- 5) Shri. Ramnivas Dayma

From Tamil Nadu and Andhra Pradesh:

- 1) Shri. Ashok Daga

From Karnataka:

- 1) Shri. Shantilal Ostawal, Secretary Karnataka Cotton Association
- 2) Shri. Ashok Verma, Raichur

From Orissa:

Shri. Arun Agrawal
(President, Orissa Cotton Association)

Overall guidance and report on the crop conditions of all states was given by -

- 1) Shri. Atul Ganatra
- 2) Shri. Vinay Kotak
- 3) Shri. Arun Sekhsaria
- 4) Shri. Uday Thakkar
- 5) Shri. Gopal Agrawal

Based on the data available from various trade sources, upcountry associations and other stakeholders, the Committee has arrived at first estimate of the cotton crop for the Season 2020-21 beginning from 1st October 2020 and drew estimated cotton balance sheet. The imports and exports estimates for the Season have been arrived at based on the input

received from MMCs and major import-export houses.

The following are the highlights of deliberations of the Crop Committee of the CAI: -

1. The cotton crop for the season 2020-21 has been estimated by the CAI at 356 lakh bales of 170 Kgs. each (378.25 lakh running bales of 160 Kgs each), which is less by 4 lakh bales than the previous year's crop estimate of 360 lakh bales of 170 Kgs each (382.50 lakh running bales of 160 Kgs each).
2. Cotton exports for the season are estimated at 60 lakh bales of 170 Kgs each equivalent to 63.75 lakh running bales of 160 Kgs each, which is higher by 10 lakh bales of 170 Kgs each from the export estimate of 50 lakh bales of 170 Kgs each (53.12 running bales of 160 Kgs each) for the previous crop year.
3. Imports of cotton are projected at 14 lakh bales of 170 Kgs each (14.87 lakh running bales of 160 Kgs each) for the season, which are less by 1.50 lakh bales of 170 Kgs each than the cotton imports of 15.50 lakh bales of 170 Kgs. each estimated by the CAI for the previous year.
4. The yearly consumption estimated by the CAI is 330 lakh bales of 170 Kgs each (350.62 lakh running bales of 160 Kgs each) which is higher by 80 lakh bales compared to that of the previous cotton season.
5. Indian cotton arrivals for the month of October 2020 are estimated at 27.16 lakh bales of 170 Kgs each (28.86 running bales of 160 Kgs each).
6. Total closing stock estimated by the CAI at the close of the cotton season 2020-21 is 87.50 lakh bales of 170 Kgs. each (93 lakh running bales of 160 Kgs each) which is less by 20 lakh bales of 170 Kgs each than that estimated for the last year.

**CAI's Estimates of Cotton Crop as on 31st October 2020 for the Seasons 2020-21 and 2019-20
(in lakh bales of 170 kg.)**

State	Production Estimate *				Arrivals as on 31st October 2020	
	2020-21		2019-20		2020-21	
	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each
Punjab	11.16	10.50	10.09	9.50	2.28	2.15
Haryana	21.78	20.50	27.09	25.50	4.35	4.09
Upper Rajasthan	17.00	16.00	13.81	13.00	3.63	3.42
Lower Rajasthan	13.81	13.00	15.94	15.00	2.87	2.70
Total North Zone	63.75	60.00	66.94	63.00	13.13	12.36
Gujarat	97.75	92.00	100.94	95.00	5.58	5.25
Maharashtra	90.31	85.00	92.44	87.00	3.45	3.25
Madhya Pradesh	22.31	21.00	19.13	18.00	2.13	2.00
Total Central Zone	210.38	198.00	212.50	200.00	11.16	10.50
Telangana	51.00	48.00	55.25	52.00	1.17	1.10
Andhra Pradesh	14.88	14.00	16.20	15.25	1.28	1.20
Karnataka	27.63	26.00	21.25	20.00	1.59	1.50
Tamil Nadu	5.31	5.00	5.31	5.00	0.53	0.50
Total South Zone	98.81	93.00	98.02	92.25	4.57	4.30
Orissa	4.25	4.00	3.98	3.75	0.00	0.00
Others	1.06	1.00	1.06	1.00	0.00	0.00
Total	378.25	356.00	382.50	360.00	28.86	27.16

* Including loose

**The Balance Sheet drawn by the Association for 2020-21 and 2019-20 is reproduced below:-
(in lakh bales of 170 kg.)**

Details	2020-21	2019-20
Opening Stock	107.50	* 32.00
Production	356.00	360.00
Imports	14.00	15.50
Total Supply	477.50	407.50
Mill Consumption	288.00	218.00
Consumption by SSI Units	24.00	18.00
Non-Mill Use	18.00	14.00
Total Domestic Demand	330.00	250.00
Available Surplus	147.50	157.50
Exports	60.00	50.00
Closing Stock	87.50	107.50

* One time adjustment made in the Opening stock by the CAI Statistics Committee in the meeting held in the month of January 2020.

Revision in Testing Charges at CAI Laboratories

The following are the charges for cotton testing in the laboratories of the Cotton Association of India with effect from 1st October 2020.

Particulars	Per Sample Testing Fees in Rs.		
	Testing Fees	GST	Total
HVI Test	145	26	171
Micronaire Test	85	15	100
Colour Grade on HVI	85	15	100
Gravimetric Trash Test on HVI	85	15	100
Moisture	85	15	100
Grading (Manual Classing)	235	42	277

VOLUME BASED DISCOUNTS

Particulars	Per Sample Testing Fees in Rs.		
	Testing Fees	GST	Total
For 250 samples and above but less than 500 samples	140	25	165
For 500 samples and above but less than 750 samples	135	24	159
For 750 samples and above but less than 1000 samples	130	23	153
For 1000 samples and above but less than 2000 samples	125	23	148
For 2000 samples and above but less than 5000 samples	120	22	142
For 5000 samples and above but less than 10,000 samples	115	21	136
For 10,000 samples and above	105	19	124

The fees under the above volume based discount scheme is payable within 15 days from the receipt of the invoices to be raised on monthly basis.

We would also like to inform that the parties can avail the benefit of testing of cotton at multiple laboratories of the Associations against the CAI Credits made by them.

We earnestly request you to avail the facility of testing at the Association's laboratories.



Cotton Association of India

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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 November 2020					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	2nd	3rd	4th	5th	6th	7th
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	7283 (25900)	7199 (25600)	7199 (25600)	7227 (25700)	7227 (25700)	7255 (25800)
								Spot Rate (Upcountry) 2020-21 Crop					
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	4%	15	10826 (38500)	10826 (38500)	10826 (38500)	10826 (38500)	10826 (38500)	10770 (38300)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 - 7.0	4.5%	15	10967 (39000)	10967 (39000)	10967 (39000)	10967 (39000)	10967 (39000)	10911 (38800)
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	7845 (27900)	7874 (28000)	7874 (28000)	7902 (28100)	7902 (28100)	7902 (28100)
5	M/M (P)	ICS-104	Fine	24mm	4.0 - 5.5	4%	23	9645 (34300)	9758 (34700)	9842 (35000)	9926 (35300)	9954 (35400)	9954 (35400)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 - 4.9	4.5%	26	10939 (38900)	10939 (38900)	10967 (39000)	11051 (39300)	11079 (39400)	11079 (39400)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 - 3.4	4%	25	8914 (31700)	8970 (31900)	8998 (32000)	9055 (32200)	9055 (32200)	9055 (32200)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 - 4.9	4%	26	11135 (39600)	11135 (39600)	11164 (39700)	11220 (39900)	11248 (40000)	11248 (40000)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 - 3.4	4%	25	9476 (33700)	9476 (33700)	9476 (33700)	9476 (33700)	9476 (33700)	9476 (33700)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 - 4.9	3.5%	26	9983 (35500)	9983 (35500)	9983 (35500)	9983 (35500)	9983 (35500)	9983 (35500)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 - 4.9	4%	27	11192 (39800)	11192 (39800)	11220 (39900)	11304 (40200)	11332 (40300)	11332 (40300)
12	M/M(P)	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	10798 (38400)	10798 (38400)	10826 (38500)	10882 (38700)	10911 (38800)	10911 (38800)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	10826 (38500)	10826 (38500)	10854 (38600)	10911 (38800)	10939 (38900)	10939 (38900)
14	GUJ	ICS-105	Fine	28mm	3.7 - 4.5	3%	27	10911 (38800)	10911 (38800)	10967 (39000)	10995 (39100)	10995 (39100)	10995 (39100)
15	R(L)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	11304 (40200)	11248 (40000)	11276 (40100)	11304 (40200)	11332 (40300)	11332 (40300)
16	M/M(P)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	10995 (39100)	10995 (39100)	11051 (39300)	11107 (39500)	11135 (39600)	11135 (39600)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	11051 (39300)	11051 (39300)	11107 (39500)	11164 (39700)	11192 (39800)	11192 (39800)
18	GUJ	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	11276 (40100)	11248 (40000)	11276 (40100)	11304 (40200)	11304 (40200)	11304 (40200)
19	M/M(P)	ICS-105	Fine	30mm	3.7 - 4.5	3.5%	29	11135 (39600)	11135 (39600)	11164 (39700)	11220 (39900)	11248 (40000)	11248 (40000)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 - 4.5	3%	29	11192 (39800)	11192 (39800)	11220 (39900)	11276 (40100)	11304 (40200)	11304 (40200)
21	M/M(P)	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	11389 (40500)	11389 (40500)	11445 (40700)	11529 (41000)	11529 (41000)	11557 (41100)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	11445 (40700)	11445 (40700)	11501 (40900)	11585 (41200)	11585 (41200)	11614 (41300)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 - 4.2	3%	31	11698 (41600)	11670 (41500)	11726 (41700)	11810 (42000)	11810 (42000)	11838 (42100)
24	M/M(P)	ICS-107	Fine	34mm	3.0 - 3.8	4%	33	15410 (54800)	15410 (54800)	15410 (54800)	15466 (55000)	15550 (55300)	15635 (55600)
25	K/TN	ICS-107	Fine	34mm	3.0 - 3.8	3.5%	34	15747 (56000)	15747 (56000)	15747 (56000)	15832 (56300)	15888 (56500)	15972 (56800)

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