

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2014 • No. 25 • 16th September, 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

## Technical Analysis

Price outlook for Gujarat-ICS-105, 29mm and ICE cotton futures  
for the period 15/09/14 to 30/09/14

*(The author is Director of Commtrendz Research and the views expressed in this column are his own and the author is not liable for any loss or damage, including without limitations, any profit or loss which may arise directly or indirectly from the use of above information.)*

We will look into the Gujarat-ICS-105, 29mm prices along with other benchmarks and try to forecast price moves going forward.

As mentioned in the previous update, fundamental analysis involves studying and analysing various reports, data and based on that arriving at some possible direction for prices in the coming months or quarters.

Some of the recent fundamental drivers for the domestic cotton prices are:

- Cotton futures are trading marginally higher in line with an overnight increase in international prices.

- Punjab and Haryana were eyeing a bumper harvest for cotton this year. Both states account for close to 15% of total cotton output of India. However, according to agriculture officials, heavy rainfall in Punjab and Haryana in the last week is likely to adversely affect the cotton output.

- China's new cotton policy, which urges consumption of domestic raw cotton and yarn by its textile industry has been bad for Indian cotton

yarn exporters. In other words, China, which is the largest importer of cotton yarn, will cut back imports, hurting Indian exports.

- The growing area of cotton in China this year is expected to decline 8.7 percent compared with 2013, and the cotton yield is also forecast to fall, according to the latest data from the Ministry of Agriculture.

Some of the fundamental drivers for International cotton prices are:

- Cotton Benchmark futures were eased off due to profit-taking, after hitting an eight week high. Prices were up for much of the week on expectations of a bullish revision in the U.S. Agriculture Departments forecast of 2014/15 domestic production, due to worsening growing weather in key growing regions. The market backwardation, with nearby futures trading at a premium to prices further out, is seen as evidence of tight nearby stocks.

- The USDA also forecast India will become the world's largest grower of cotton this year, ousting China from the top spot it has held for over three decades.

- Speculators cur their net short position cotton contracts on ICE Futures U.S. in the week ended Sept. 9, U.S. Commodity Futures Trading Commission data showed on Friday.

### EXPERT'S Column



Shri Gnanasekar Thiagarajan

Let us now dwell on some technical factors that influence price movements.

As mentioned in the previous update, prices structures look weak once again with the possibility of retesting recent lows and near-term supports at 10,800 levels in the short-term, from where some support can emerge. Prices are moving in a broad range with no clear direction. Short-term picture suggests there could be some gains towards 11,350-400 levels. Only a break above the key 11,500 /Qtl could revive bullish hopes again. Till then the present move could just be an upward correction within a downtrend. Prices are also making lower highs and lower lows, a clear sign of a downtrend in progress.

As illustrated in the previous update, indicators are now displaying extreme oversold conditions and this could result in a pullback from lower levels in the coming week and therefore one should be cautious of becoming bearish at current levels. As expected we saw prices moving higher towards 11,400 but then such pullbacks are common within a downtrend. The averages are still below the zero line of the indicator-MACD, signalling a weak trend to be intact. However, chances exist for a pullback towards 11,400 levels in the coming week. So, we expect prices to continue trending lower and test the critical 10,800/Qtl level. Such a break could hint at further bearishness towards 10,400 /qtl levels.

We will also look at the ICE Cotton futures charts for possible direction in international prices.

As mentioned in the previous update, extreme oversold conditions warn of a pullback towards 67-68c in the coming weeks. Stronger resistance is seen around 70-72c zone and only a close above 72c could revive bullish hopes again. We favour the decline to continue lower in cotton futures after testing the above resistance area.

## CONCLUSION:

As mentioned earlier, both the domestic prices and international prices have pulled back higher from recent lows. However, the pullback cannot be interpreted as a trend reversal. For Guj ICS supports are seen at 10,750-800 and 10,320 /Qtl and for ICE Dec cotton futures at 66c followed by 63c. Only an unexpected rise above 11,700 /qtl could change the picture to bullish in the domestic markets while a push above 72c could turn the picture to neutral in the international prices, till then we expect this downtrend to continue to push prices lower.



## Update on Cotton Acreage (As on 11th September 2014)

Sl. No	States	Normal of Year	Normal Area as on Date (2009-2013) *	Area sown (during the corresponding week in)					
				2014	2013	2012	2011	2010	2009
1	2	3	4	5	6	7	8	9	10
1.	Andhra Pradesh	4.749	4.341	7.100	5.061	5.192	4.313	4.095	3.042
	Telangana	15.081	13.783	16.350	16.069	16.488	13.697	13.005	9.658
	Total Andhra Pradesh	19.830	18.124	23.450	21.130	21.680	18.010	17.100	12.700
2.	Gujarat	26.490	26.492	30.060	26.880	23.630	29.590	26.110	26.250
3.	Haryana	5.640	5.434	6.390	5.570	6.030	6.050	4.450	5.070
4.	Karnataka	5.270	4.166	7.600	5.290	4.160	4.710	3.850	2.820
5.	Madhya Pradesh	6.390	6.358	5.788	6.210	6.080	7.060	6.400	6.040
6.	Maharashtra	39.160	39.152	41.710	38.680	41.450	40.950	39.730	34.950
7.	Orissa	0.970	0.942	1.250	1.240	1.190	1.020	0.740	0.520
8.	Punjab	5.170	5.294	4.500	5.050	5.160	5.600	5.300	5.360
9.	Rajasthan	4.000	3.936	4.162	2.930	4.500	5.300	2.550	4.400
10.	Tamil Nadu	1.250	0.168	0.070	0.190	0.260	0.150	0.110	0.130
11.	Uttar Pradesh	0.010	0.250	0.260	0.230	0.300	0.310	0.230	0.180
12.	Others	0.350	0.050	0.050	0.100	0.000	0.150	0.000	0.000
	<b>Total</b>	<b>114.530</b>	<b>110.366</b>	<b>125.291</b>	<b>113.500</b>	<b>114.440</b>	<b>118.900</b>	<b>106.570</b>	<b>98.420</b>

\* It is average of last five years

Source: Directorate of Cotton Development, Mumbai

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Mobile: + 86 135 2420 8118  
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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  
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**Wakefield Inspection Services (India) Pvt Ltd.**

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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  
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# Polyester Fibres Markets in China

By Peter Driscoll, PCI Fibres, United Kingdom

## Cotton and Polyester Shares

In 1980, polyester textile filament and staple fibre between them comprised not quite 10% of overall textile mill consumption in China, cotton having an estimated 76% and the various manmade cellulosic fibres about 5%. In terms of final consumer demand, where individual manmade fibres (MMF) cannot be identified because the trade data for garments and textiles lacks such detail, cotton had just over 70% of the Chinese market; suggesting that cotton's share in exported merchandise was somewhat greater than within China itself. By 1990, polyester's share of mill activity had more than doubled, while cotton's had slipped back to 62%, although its volume had grown from 3.4 to 4.4 million tons; noting that cotton can sometimes lose market share while increasing volume – at least if overall demand is growing, which, of course, is not always the case.

By 2000, as it began to dominate the MMF sector in China, textile polyester's share at mill level had grown to nearly 44%, with cotton at 35% and manmade cellulosic fibres again at 5%; while, by 2010, polyester was at 58% and cotton at 26%, with the shares in 2020 forecast to be at 67% and 14% respectively. Over the period cotton's textile volume in China increases from the 4.4 million tons of 1990 to a peak of 10.7 million tons in 2007, before beginning to slide in both share and volume; the forecast for 2020 being just 7.3 million tons.

China incl. Hong Kong	1980	1990	2000	2010	2020
<b>Textile mill demand</b>					
cotton million tons	3,4	4,4	5,1	10,2	7,3
share	76%	62%	35%	26%	14%
*polyester million tons	0,4	1,5	6,3	22,5	34,9
share	10%	21%	44%	58%	67%
**MMF million tons	1	2,6	8,9	28,1	44,4
<b>share Final consumer demand</b>					
share cotton	22%	36%	62%	73%	85%
million tons	3,1	3,6	3,6	3,2	3,4
**MMF million tons	1,1	2,2	6,8	13,8	19,6
share	26%	37%	64%	81%	85%
*just textile filament + staple					
**all types of MMF					

In the final consumer market the pattern for China is not quite the same: with cotton volumes peaking in 2006 near to 4.2 million tons, but then slipping into a trough of around 2.4 million tons in each of 2011, 2012 and 2013. The forecast however is for a gradual recovery of consumer use of cotton in China, even if market share continues to decline. Meanwhile the MMF share continues to grow, according to the

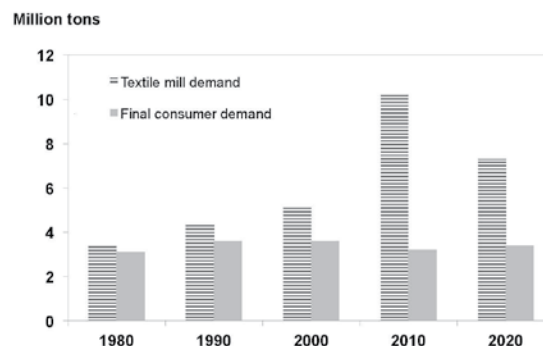
forecast, reaching nearly 85% by 2020, being near perhaps to saturation.

Between 2010 and 2020 textile mill consumption in China is forecast to decline for cotton at an average of 3.3% a year, while for polyester (and MMF) it grows at just over 4.5% a year. At the consumer level, cotton demand is put as declining at 1.2% per year, while MMF grows at more than 7%.

The different rates of decline for cotton at mill and consumer level suggest that China's textiles industry is having less of a role in cotton and possibly therefore the export of cotton merchandise; even perhaps increasing its imports of cotton merchandise, and not just as spun yarn.

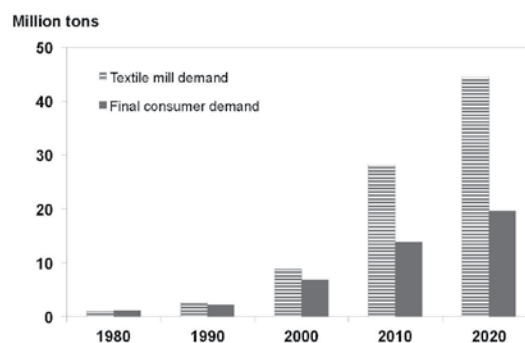
The MMF figures however need to be seen in context. At the start of the current decade China's consumer market in MMF was quite subdued and at a relatively low level, in part feeling the influence of the global slowdown, but also responding to weaker demand emerging at home. The MMF sector in China would be particularly sensitive to the overall state of the economy given its vast scale. Meanwhile the

## China: Cotton Demand



Source: PCI Fibres

## China: MMF Demand



Source: PCI Fibres.  
Note: all types of MMF

MMF export trade, and hence some of China's MMF textile activity, was relatively strong, driven by high levels of financial support and a determination to protect the economy from a downturn through export growth. Over the decade however Chinese textile mill consumption is expected to feel the impact of tougher export trade as many of China's overseas markets continue to show very poor growth after the global recession. And at the same time consumer demand in China could receive some benefits both from a cyclic upswing and some first attempts to begin the long-expected rebalancing of the Chinese economy.

While China, in terms of market share, is moving away from cotton, MMF, particularly as polyester, continues to grow. And this growth is not always at the expense of cotton by replacement; if by replacement is meant straight substitution. After all, at one time cotton was the dominant fibre in many, quite diverse, sectors; including the manufacture of tyres, tents and padded garments as fibrefill. Now, however, MMF products dominate many of these applications, and often with enhanced performance characteristics. And there are even applications that could never be considered before the synthetics, such as airbags, where cotton replacement has never been an issue. The same can even be said for some apparel merchandise. Cotton might be losing market share to MMF, but it is not always a simple process of replacement. Many parameters are involved such as supply, price, performance and aesthetics; and even comfort if we consider certain types of sportswear.

### Dominant Polyester

A certain pattern has emerged in the case of some new applications. First, there is the development of a new end-use in some fibre other than polyester; such as blankets in acrylic, or the already-quoted airbags in nylon. Then comes market expansion, and then follow attempts by the supply chain to reduce price by introducing polyester. Polyester might not be the optimum fibre but it brings a high degree of value versus performance. In the USA nylon is seen as the best fibre for carpets, but today polyester textured yarn (BCF) is taking market share both from nylon and from polypropylene. In sportswear nylon was the first of the MMF to be developed for this application, but polyester is now the dominant fibre in this sector. As the table suggests, polyester, as textile filament and staple fibre, now commands more than 60% of China's textile activity; the figures for 2013 being 19% natural fibres, 6% cellulosic, 7% the other synthetics (mainly acrylic, nylon and polypropylene), and 68% all the various types of polyester including technical yarn and spun-bonded fabrics; only the cellulosic fibres showing any share growth alongside polyester.

Polyester is relatively cheap; in Asia its polymer feedstock being half the price of nylon and currently 15% cheaper than polypropylene, even after the

recent spike in polyester raw materials prices (at the time of writing seen through June and now again in late July). The technology of production is advanced, widely available and relatively trouble free. Raw materials supply is rarely an issue, and production costs modest. In China economies of scale and the nearness of textile customers mean that marketing and distribution costs are kept to a minimum. And all these aspects encourage product development and diversity. The polyester fibre producer is always ready to form alliances within the textile industry with the aim of growing into new markets. At the very least the textile producer reduces costs.

In polyester staple the price comparison with other fibre types is always in polyester's favour.

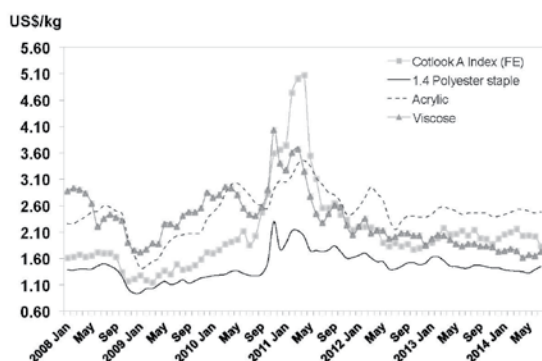
In the chart it can be seen that acrylic and viscose staple fibre prices are consistently higher than polyester. Cotton from time to time closes the gap, but in the long run it remains. Currently, cotton prices are weakening while polyester is much firmer. The polyester feedstock companies in Asia are trying to force up prices in order to recover margin. But they are suffering the consequences of over-investment, and in any case are of such a size that they must reflect conditions across China where there is endemic over-capacity and sluggish demand growth. The present spike in polyester prices is unlikely to be maintained. And cotton's market share at best will hold in the short-term before continuing to decline.

Over time the polyester supply chain might adjust to the various needs for margin on the part of feedstock and fibres producers, all in the context of over-capacity and weak demand growth, but there is also the oil price to consider. It is of interest to note therefore that the oil price in recent years has had very little direct influence on polyester prices. The chart shows polyester prices (as polymer chip, as POY feeder yarn for texturizing, and as staple fibre for yarn spinning) all weakening in recent years while the oil price has hardly moved. This weakening has been a feature of the market since 2011 as monetary stimulus in China failed to lift the market, and instead led to excessive investment in new capacity. The effects of all this are still with the market, irrespective of the oil position which has been remarkably stable through a period of considerable geopolitical difficulty. For now polyester prices are strengthening, but the trend is still for lower prices.

### Polyester Filament Takes the Lead

Among the three polyester types set against oil in the chart, it can just be seen that the filament (POY) price is always competitive with staple fibre, and at present very much so. This helps make the point that cotton's competitor on the polyester side, more and more, can be polyester textile filament and not staple. Polyester

### Asia/Far East Staple Prices



Source: Market, Cotton Outlook

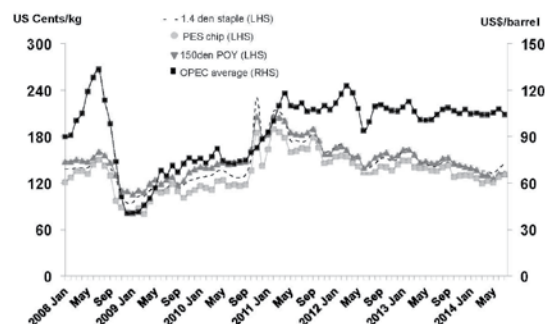
staple fibre meets cotton on the natural fibre’s terms, trying to imitate it physically often within blends. Subtle shifts in blend policy can follow as the relative prices of the two fibres fluctuate. But the volume of polyester staple involved in this market is perhaps less than 70% of total polyester staple, since there are other forms and types of polyester staple aimed at quite different markets such as nonwovens and fibrefill where the competition from cotton is minimal.

In the case of polyester textile filament the competition is much broader, the filament yarn being used not only to imitate some cotton effects but also some in wool and silk. Further, and this applies particularly to fine denier filament products, new fabric types have emerged in polyester, courtesy of very sophisticated fabric finishing technologies; new fabric types that fit no earlier stereotype, but set new ones. It is now possible to enter a women-swear shop and see a whole range of articles apparently in different fibres, including cotton, which are all in polyester. Polyester filament is such a deadly competitor for all the other fibres because it is like a chameleon. It can adopt almost any “look”, quite unlike in its early years when it was condemned for always looking the same.

This development of polyester textile filament into new forms started in Europe in the late 1970s and early 1980s, but faded away as Europe’s fibre producers lost the financial strength and will to continue the project. The Japanese took the development forward however, launching in the 1990s a whole range of new effects under the broad heading of shingosen; special fabrics that took the polyester aesthetic up to and sometimes beyond what the natural fibres could achieve. Since then there have been far fewer significant steps forward, but, rather, a succession of smaller steps, often in China and often as a result of technology introduced from Japan, Korea, Taiwan and indeed Europe.

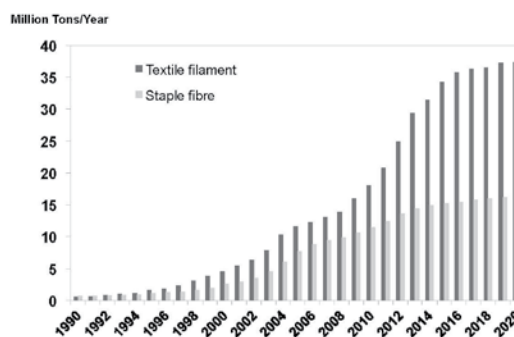
And such advanced technology can be found within the recent explosion in polyester textile filament capacity in China.

### Asia/Far East Polyester and Oil



Source: OPEC, market

### Polyester Capacities in China



Source: PCI Fibres

Polyester textile filament offers a cheaper, quicker route to a textile yarn; it offers an extremely wide range of effects; it allows new entrants to start just with filament extrusion, gradually building capacity until a certain scale of operation has been reached, at which point polymer capacity can be added. In the equivalent staple fibre capacity, the commitment to polymer capacity and hence scale is best made *ab initio*.

The competition cotton faces from polyester, particularly as filament yarn in China, is not going to weaken. The cotton sector needs therefore to ignore to some extent the polyester competition and major on the virtues of its fibre; one that will continue to grow, if more gradually than polyester, perhaps more outside China than within, as the populations of the emerging economies gain some prosperity and wish to enjoy for themselves more of the benefits that come from cotton.

	China Polyester Capacity (million tons/year)				
	1990	2000	2010	2013	2020
Textile Filament	0.6	4.5	18.1	29.4	37.4
Staple fibre	0.7	2.6	11.5	14.5	16.3

Source : COTTON: Review of the World Situation, July-August 2014

## Weekly Percent Departures of Rainfall - Monsoon 2014

LEG	EXCESS	NORMAL	DEFICIENT	SCANTY	NO RAIN	
S. No.	WEEKS ENDING ON ---> MET. SUBDIVISIONS	13 AUGUST 2014	20 AUGUST 2014	27 AUGUST 2014	03 SEPTEMBER 2014	10 SEPTEMBER 2014
1.	ORISSA	-39%	-46%	-36%	46%	62%
2.	HAR. CHD & DELHI	-74%	-98%	-100%	-38%	75%
3.	PUNJAB	-64%	-74%	-98%	-63%	209%
4.	WEST RAJASTHAN	79%	-95%	-85%	33%	235%
	EAST RAJASTHAN	176%	-96%	-80%	34%	55%
5.	WEST MADHYA PRADESH	-14%	-95%	-66%	38%	92%
	EAST MADHYA PRADESH	-53%	-91%	-84%	-23%	0%
6.	GUJARAT REGION	-62%	-74%	-41%	31%	207%
7.	MADHYA MAHARASHTRA	-48%	-51%	126%	112%	96%
	MARATHWADA	-83%	-78%	60%	97%	-3%
	VIDARBHA	-79%	-84%	-23%	100%	165%
8.	COASTAL ANDHRA PRADESH	-38%	-27%	-5%	57%	-15%
	TELANGANA	-79%	-86%	10%	124%	44%
	RAYALASEEMA	-44%	-19%	117%	-27%	-46%
9.	TAMILNADU & PONDICHERRY	78%	144%	-7%	-51%	-52%
10.	COASTAL KARNATAKA	41%	-62%	16%	164%	69%
	N. I. KARNATAKA	-47%	-3%	227%	178%	-17%
	S. I. KARNATAKA	-2%	3%	112%	82%	21%

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

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+91-98209 16099  
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+91-98209 16098  
+91-93211 23778

**Deepak Bajaj**  
+91-98209 18018  
+91-93201 21314

**Vikas Rathi**  
+91-98209 16001  
+91-93211 55588

# A Hundred Years of Indian Cotton

By Professor M.L. Dantwala

## CHAPTER III: EARLY TRANSPORT AND LEGISLATION

(Continued from issue No.20)

In a further letter, dated 18th December 1816, the same authority describes the system as follows:

“The kupas to be cleaned from the seed is delivered to a set of men called bhukaries (Wakharias), who have been at a considerable expense in erecting bhukars (or warehouses) for the receipt of it, and after being placed in their hands they are responsible for the re-delivery of clean cotton agreeable to an annual fixed rate. A vast number of indigent men and women, who flock from various parts of the country every year to the district of Broach, bringing with them a churka or cleaning-wheel, are taken into the service of the bhukaries, who pay them a trifling amount, regulated by the weight of the cotton seed which each turns out daily; and, from the general character of the people, there is reason to fear that an attempt on the part of Government to introduce any other machinery for cleaning kupas than that which is now in use, would be (as was the case within the Government of Fort St. George) altogether abortive, while it cannot be expected to be freed from the seed better or cheaper than by the present process.”

Cotton came to sea-ports in loose packages and was screwed in Bombay. Between 1834 and 1846, 3,978,620 bales were pressed in Bombay.

This method was obviously uneconomic. Calculation was made showing the saving in freight that could result by pressing the bales up-country.

The difference in the cost of sending pressed and unpressed cotton by rail from Budnaira to Bombay was calculated as follows:

	Cost		
	Rs.	a.	p.
400 lbs. or 5 mds. of unpressed cotton in docras at fifth rate, viz., Rs. 4-2-9 per md. .. ..	20	13	9
400 lbs. or 5 mds. of pressed cotton at third rate, viz., Rs. 2-3-1 per md. .. ..	10	15	5
	-----		
Difference in favour of pressing ... ..	9	14	4
Hire of press per bale .. ..	1	0	0
Cooly hire and ropes .. ..	1	8	0
	-----		
Total saved on every bale of 400 lbs.	7	6	4

Bombay, 1st November, 1866 MAJORR.HASSARD,  
21st N. I. or Marine Battalion

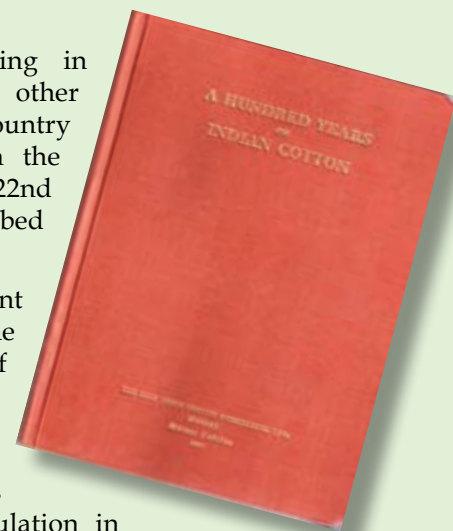
Apart from saving in freight there were other advantages of up-country pressing. A letter in the Times of India dated 22nd August 1862, described them at length:

“Another important measure is the establishment of steam screws and steam saw-gins at all the large cotton shipping ports. This is a mercantile speculation in which Government cannot interfere, but it would be found the most profitable one to any one who would undertake it ... Great number of Bhills from the Rajpipla Hills and Kats from Kathiawar resort to the cotton districts during the season, and are employed in some of the wukhars night and day in preparing the cotton for shipment before the high south-west winds begin to blow. A few steam saw-gins like those at Broach would do all the work of this people and get the cotton to market at least a month sooner than at present. If the cotton were pressed by steam power, not only would the expense of the first pressing by hand power be saved, but ships from Europe might come well into the Gulf of Cambay to receive their cargoes, and thus save a lot of time that is lost in the voyage in native boats to Bombay, the expense of breaking bulk, landing, re-screwing, re-weighing, and re-shipping in Bombay.”

Strenuous efforts were made by British interests to adapt the marketing of cotton to the needs of the export economy. Processing and transport received their particular attention. The following extract from a letter, dated 4th November 1829, from the Court of Directors to the Governor in Council at Bombay, shows the British solicitude for improvement:

“We have likewise received six of the machines for cleaning cotton called Whitney’s saw-gin, two of which we shall transmit to your presidency with the cotton seeds. We have desired our agent to send us a description of the method of using the saw-gin in North America, and you shall be furnished with a copy as soon as it comes to hand.”

Churkas were, in several districts, distributed gratuitously to the ryots; and several attempts were





made, practically without any success, to improve that machine. An Egyptian instrument, which was procured as a specimen, proved no better than the churka. Dr. Lush reported unfavourably on the Whitney gin. "Much time has been lost," he remarked, "by assuming that Whitney's saw-gin ought to answer here because it does in America. Of this, there is now, I believe, little chance. We do require a machine to effect for our cotton what Whitney's saw-gin had done for America, but this machine is yet to be invented." A grant of £100 was made by the Court of Directors, through the East India Association of Glasgow, in order to stimulate mechanics to produce a suitable machine, but the result entirely disappointed the expectations which were entertained.

It is impossible in a volume like this to narrate a connected story of the series of improvements brought about in the ginning and pressing machinery. However, a few extracts from the Times of India and other sources of that period given below reveal the tenacity with which the British interests applied themselves to the task.

"Two effective machines have been sent to rooms of the Chamber for exhibition; one by Messrs. Nicol & Co., on the model of Dr. Forbes's cottage charkha, and the other, invention of Mr. Mason, of the Fort Press Company, entitled 'a double cotton charkha'. Both appear well suited to the purpose intended, and will be found very useful to those who may engage in the experimental cultivation of cotton."

"All persons interested in machinery for separating cotton from the seed are invited to inspect the Patent Improved machinery for that purpose, by Platt Brothers & Co., to be seen at the office of the undersigned, who is prepared to receive orders for the same." (Advertisement in the Times of India, 23rd April, 1862.)

"New cotton gins on Perker's patented principle for extracting the seed from kuppas, will clear five times more than the native charkha without injuring the staple. Orders received, and a machine may be seen in operation daily (Sunday excepted) between 11 and 3, at 1, Church Lane, Fort, next to Revenue Seovell & Co." (Times of India, 2nd February, 1863.)

"New cotton gins on Perker's Indian patented principle. Orders received by the patentee or his agents, Messrs. Lawrence & Co., Merchants, Bombay." (Times of India, 7th February, 1863.)

"Specifications of an invention for improvement in hydraulic and other presses and apparatus used therein adapted to cotton packing and other fibrous substances has been filed, under the provisions of the Act XV of 1859 in the office of the Secretary

to the Government of India, Calcutta, by William Riddle, of Gerard Street, in the Parish of Islington in the County of Middlesex." (Times of India, 14th September, 1863.)

"Mr. Forbes's Lever Press (for half pressing cotton) to be worked by four men; simple in construction, and can be easily repaired by any village carpenter. On an average from 80 to 100 bales can be pressed per day. The actual cost of the machine has come to Rs. 365-13-4." (Times of India, 7th August, 1865.)

Memorandum of Mr. W. Walton, Acting Superintendent of Dharwar Cotton Gin Factory, on Dr. Forbes's new Lever Press:

Points: (i) Rapid transport of cotton to export ports in a cheap and simple way; (ii) simple in working, any bazaar labourer can work it; (iii) a boat can carry twice as much cotton pressed with foot press, in addition to carrying it in cleaner and more handy packages. Very useful, specially in the Punjab; (iv) the machine packs the bale so effectually that robbery cannot be done without being detected, (Times of India, 8th September, 1865.)

Efforts to improve transport facilities were no less persistent, though they involved undertaking by the State of ambitious projects. The first railway in India — the Bombay-Thana line — was opened in April 1853. Shortly afterwards, the Government of India sanctioned the construction of Railways from Bombay to Poona and from Bombay to Ahmedabad. Commercial interests were dissatisfied with this decision. The Bombay Chamber of Commerce which represented their views, "particularly desired that the Khandesh and Berar cotton districts should be opened up by means of a line over Thal Ghat." The Government sanctioned the construction of this line and the Chamber noted with satisfaction that this line "secured larger supplies for Lancashire during the cotton famine of the next decade." In 1860 the south-easterly line of the G.I.P. Railway was extended up to Sholapur with a hope "ere long to tap the fertile cotton and seeds area of the Hyderabad Deccan."

As regards railway lines in Gujarat, the first portion of the B.B. & C.I. Railway to be built was the Surat-Baroda-Ahmedabad section. The Bombay Chamber of Commerce expressed the opinion that a line between Surat and Baroda or Ahmedabad would be comparatively of little utility until it was completed through to Bombay. This was done in 1864.

Commenting on the effect of railway connection on the movement of cotton, the Bombay Chamber's report for 1866-67 observes:

"During the season which closed in May last the improvement has not merely been continued but

also greatly extended. Between the 1st of January and 30th April 1867, more than 1,500,000 mds. or nearly 60,000 tons of cotton was carried an average distance of 350 miles. The quantity moved on the railway during the same period in 1866 was 42,569 tons, showing an increase in 1867, of more than 16,000 tons. The prospects as regards the movement of cotton in the coming season seem to be still more satisfactory. Next season there will be 275 miles of double line out of a total of 600, whereas this season there was only 60 miles of double line out of 550."

Railways had won the day. Alternate forms of transport were neglected and discouraged. For example:

"The steamer pier opposite to the jail at Surat was commenced under the authority of a resolution of Government No. 2848 of the 14th August 1860, which sanctioned the work at an expense of Rs. 22,700 of which the Government was to contribute one-half from the Gujarat Port Fund, and the Surat Municipality the other half. An expense of Rs. 789-9-0 was incurred on the pier when His Excellency the Governor on a visit to Surat decided against its further progress. The reasons for His Excellency's order are not on record, but the obvious inference is that the construction of a railway through Gujarat to Bombay rendered further prosecution of the pier, in his opinion, inadvisable."

In a letter, dated 12th May 1862, Captain Greig, Engineer for Railways in Gujarat, puts the case for railways in unambiguous terms:

"If Government were to sanction the cost of constructing bunders at, and road-feeders to, the Gujarat ports, they would be encouraging at great expense a serious opposition to the railway for no necessity that I can see and probably with much loss to themselves . . . It is hoped that the railway will be found capable of conveying at a cheap rate by far the greater portion of the Gujarat cotton to the convenient ports, and I trust that no work will be sanctioned which would have the effect of diverting traffic from it. I would submit that, at all events, it would be well to test the capabilities of the railway before incurring a heavy expense for works which, if the railway succeeds, will be of little use."

In this connection it would be interesting to refer to a passage from the Report of the Indian Railway Committee, 1920-21, better known as the Acworth Committee.

"About 100 miles to the north of Bombay, Broach, a small but ancient port, is situated on the main line of the B. B. & C. I. Railway. In the year 1908 an enterprising Bombay firm started a steamer service between Broach and Bombay. The Railway found that a certain amount of traffic was being diverted. They therefore appealed to the Railway

Board, pointing out that, as the great bulk of the profits of the Company went to the Government, the Government was interested in putting a stop to this diversion, and they suggested that, in order to enable them to impose on the through traffic for the short distance to or from Broach, rates sufficiently high to leave little or nothing for the steamer portion of the journey, the Railway Board should permit them to raise the classification of certain competitive articles to the highest class. The Board assented. In one case at least, that of sugar, the article was raised from the first class to the fourth; in other words, the Company's power of charge was increased fourfold. The steamers withdrew from the unequal struggle, and the merchants of Broach not unnaturally protested. One sentence in the reply of the Railway Board deserves quotation:

"The contention . . . is altogether opposed to the universally accepted policy which recognises that the unfettered freedom enjoyed by sea transport agencies in the quotation of rates entitles railway administrations to greater freedom when competing with water transport than is legitimate when competing amongst themselves."

The Committee further observed that "the steamer service was taken off, "killed," said the merchants of Broach, by the block rates. Thereupon they petitioned that these rates, having served their purpose, might be withdrawn. The Railway Company refused to assent on the ground that there was still water competition maintained by country craft — small sailing vessels manned by Indian crews. Finally, the Government of Bombay intervened, as representing a public opinion which was becoming vocal, and then the Railway Board submitted and announced to the Railway Company that the exceptional increases in classification could no longer be sanctioned and must be withdrawn. But the Broach block rates lasted from 1910 to 1919, and the memory of them is still green in the hearts of traders all over India."

In due course, as we know, railways monopolised the entire traffic in goods. For the first 40 years after their construction they made a loss of Rs. 580 million. Yet no alternative forms of transport were explored. The sea transport of Gujarat is to-day no more than a historical fact. The ports of Gujarat have decayed, some of them are being obliterated even from memory. Even to-day there is no through road connecting Gujarat to Bombay. Where roads are in a better condition, as in Khandesh and Berar, the motor truck offers an effective competition to the railway. The war temporarily put a stop to the competition. We expect a more rational transport system in post-war India, but here, as in other spheres, the future is uncertain.

*(To be continued)*



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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) 2013-14 Crop SEPTEMBER 2014					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	8th	9th	10th	11th	12th	13th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	H	10770 (38300)	10742 (38200)	10714 (38100)	10714 (38100)	10714 (38100)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15		10911 (38800)	10882 (38700)	10854 (38600)	10854 (38600)	10854 (38600)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20		7761 (27600)	7705 (27400)	7705 (27400)	7705 (27400)	7705 (27400)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	O	8239 (29300)	8239 (29300)	8183 (29100)	8183 (29100)	8183 (29100)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23		9701 (34500)	9701 (34500)	9701 (34500)	9701 (34500)	9701 (34500)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	L	11079 (39400)	11079 (39400)	11079 (39400)	11079 (39400)	11079 (39400)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25		9392 (33400)	9392 (33400)	9336 (33200)	9336 (33200)	9308 (33100)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25		9898 (35200)	9898 (35200)	9842 (35000)	9842 (35000)	9814 (34900)
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	I	11220 (39900)	11220 (39900)	11220 (39900)	11220 (39900)	11220 (39900)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26		9673 (34400)	9673 (34400)	9645 (34300)	9645 (34300)	9617 (34200)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	D	10208 (36300)	10208 (36300)	10151 (36100)	10151 (36100)	10123 (36000)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27		11501 (40900)	11501 (40900)	11501 (40900)	11501 (40900)	11501 (40900)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27		10911 (38800)	10882 (38700)	10882 (38700)	10882 (38700)	10826 (38500)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	A	10967 (39000)	10967 (39000)	10967 (39000)	10967 (39000)	10911 (38800)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28		11304 (40200)	11276 (40100)	11192 (39800)	11192 (39800)	11192 (39800)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	Y	11192 (39800)	11192 (39800)	11192 (39800)	11192 (39800)	11164 (39700)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29		11642 (41400)	11642 (41400)	11557 (41100)	11557 (41100)	11529 (41000)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30		11923 (42400)	11923 (42400)	11838 (42100)	11838 (42100)	11810 (42000)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31		12232 (43500)	12232 (43500)	12232 (43500)	12232 (43500)	12232 (43500)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33		15747 (56000)	15691 (55800)	15550 (55300)	15466 (55000)	15466 (55000)

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