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COTTON STATISTICS & NEWS

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Speech by Mr. Georges Toby,

President, AFCOT (Association Française Cotonnière) at the AFCOT Annual Dinner on Oct 8, at Deauville, France.

Ladies and Gentlemen

It's always a pleasure to welcome you to the French Cotton Association's annual dinner.

As President, and on behalf of AFCOT's Executive Committee, I would like to begin by thanking you for travelling to Deauville once again to partake in our traditional dinner.

Tonight, over 350 people from 40 countries have come together to celebrate our association's 125th anniversary.

A special mention has to go to my predecessor, Fréderic Viel, and my counterparts from other cotton associations. I would also like to thank all the representatives of the textile or cotton industries and the journalists specializing in these areas, some of whom have travelled long distances to be here with us tonight, as well as our friends from Africa, South America, Australia, Indonesia, China and more, who honour us with their presence.

I would like to thank all the conference's participants for their contributions and insights into the developments in the cotton sector and the new challenges that we will all face between now and 2024.

I would particularly like to thank all the Chairmen and CEO of African cotton companies for their professionalism, courage and energy in meeting the challenges facing our profession. I truly hope that stability will return to the Sahel region and with it peace and harmony.

Finally, I would also like to thank our guest of honour, His Excellency the Malian Ambassador to the United States Mr Tiena Coulibaly, who was Finance and Trade Minister in 1988; you were only 36 my brother! He was appointed Chairman and CEO of the CMDT in November 2008 and Mali's Minister of the Economy, Finance and Budget on 25 April 2012. Your friends from Laval University in Quebec remember you as being very sociable, but even then you were always ready to fight all manner of injustices. I still remember your tireless work as President of the UEMOA Council of Ministers on the economic and monetary integration of the region that you have always defended and supported. Thank you again for being here tonight.

Tradition has it that AFCOT's President assesses global market conditions over the past year and ventures some long-range forecasts.

I won't break with that tradition.

I suggest that we make the themes of this dinner analysis, understanding and unity. Analysis and understanding show us that the current situation cannot be explained solely by the law of supply and demand. Numerous factors come into play and can tip the balance in one direction or another at any time.

2014/2015 has shown us how internal factors, such as Ebola, conflict in the Sahel region and so on, combine with external factors, such as the slowdown in Chinese imports, the accumulation of fibre stocks in India, unprecedented global stocks, global production exceeding consumption, the historic fall in oil prices, the price of synthetic and artificial fibres, which is 30% cheaper than cotton lint, and the constantly rising price of inputs.

2014/15 has been marked by unprecedented global stocks, with 22 million tonnes or a year's worth of consumption, and the end of the Chinese policies of mass importing and subsidizing production (almost double the global price of fibre). We must remember that every time the Chinese Federal Reserve puts 1,000,000 tonnes up for sale, the Chinese government has to pay out $600 million in order to maintain its subsidy policy. The global production of 24 million tonnes remains higher than consumption at 22.5 million tonnes. Cotton prices have fallen by 22% in 2014/15 with no sign that the trend will be reversed by 2020; in the same period, the dollar has risen against the euro; in the first quarter of 2015, one euro was worth $1.13 on average versus $1.25 in the fourth quarter of 2014 (-9.8%).

A few figures will give you an idea of the trend for 2015/16. The world's total cotton-growing area is set to fall by 7% to 31 million hectares with an average global yield of 765 kg/ha. The forecasts indicate a slight increase in global consumption, which could reach 25 million tonnes; if this is confirmed, it could lead for the first time in six years to a 6% fall in global stocks, which could reach approximately 20.5 million tonnes.

In 1960, the world's population was three billion and cotton consumption totalled 9.4 million tonnes, i.e. 3.14 kg per head. Cotton accounts for 65% of the global consumption of fibres. In 2015, global consumption is 22.5 million tonnes for a population of 7.4 billion, i.e. 3.4 kg per head, and cotton now represents only 26% of the global consumption of fibres.

The first question that we have to ask is: what does the future hold for cotton lint between now and 2024, given the increased competition from other fibres?

For example, the Japanese can produce polyesters that are impossible to tell apart from wool, which has almost disappeared from today's market.

The consumption of synthetic fibres has risen from 1.1 kg per head in 1960 to 5.5 kg in 2015. Note that 1.2 tonnes of synthetic fibres are manufactured every second around the world by the petrochemical industry.

Polyester, which was criticized just a few years ago as a non-ecofriendly artificial material, now has a better image, thanks in particular to the development of recycled polyester manufactured from waste materials. It needs less water to produce than cotton and can be washed at lower temperatures. Overall, polyester production and treatment have increased much more quickly compared to cotton in recent decades: whilst the production of natural fibre has doubled since the 1970s, it has increased almost fivefold for artificial fibre.

In 2008, we had already reached 42 million tonnes of polyester versus 27 million tonnes of cotton.

Polyester is used primarily to manufacture synthetic fibres, with the best-known examples being Tergal and Dacron. It's the most produced synthetic fibre in the world. It represents around 70% of the synthetic fibres used in clothing (sportswear, swimwear, etc.). Polyester has uses as diverse as pillows, clothes, babies' nappies and electric cable insulation. Today, polyester filament is increasingly in competition with cotton. The filament yarn is used to mimic certain effects of cotton. Polyester's competition to cotton won't go away. Together we must all, producers, ginners, traders and spinners, promote the benefits of our cotton lint, which will continue to grow much more slowly than polyester.

What does the next decade have in store?

According to the OECD, by 2024 global cotton prices will have lost 25% in real value versus the 2012/2014 period and the stocks/consumption ratio will be in the region of 46%.

Global cotton consumption in the 2014/2024 period is set to grow by 1.9% per annum. China will remain the biggest consumer of cotton lint. In India, consumption is set to increase by between 38% and 41% in the same period. The US will continue to be the world's biggest exporter, followed by India, whose share of global trade will rise to 20% in 2024. West African countries and Brazil are set to increase their exports by between 10% and 15%. China will remain the world's biggest importer between now and 2024 and its share of global trade will rise to 40% in 2024. A considerable increase in imports is predicted in Vietnam and Indonesia.

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The prices of cotton lint over the 2014/2024 period are set to be between 1580 USD/T and 1620 USD/T on average, i.e. 22% more than in 2000/2009. Rises will be lower than for wheat and corn at 33% and 41% respectively, but higher than the price of soya, which won't exceed 18% in the same period.

According to different sources, the global production of cotton is set to increase by between 1.9% and 2.2% per annum in the next ten years and could reach 30 million tonnes in 2024. The yields will increase in most countries but won't exceed 1.2% of the average due to the concentration of production in low-yield countries such as India and Pakistan.

West Africa and Brazil are set to see annual growth rates of 2.1% and 4.2% respectively in the 2015/2024 period. In 2024, cotton-growing areas won't exceed 3.3% of the world's cultivable areas.

West Africa must overcome its biggest challenge for the next decade: it has to enrich very poor soils in order to achieve an optimal level of fertilization and produce the quantities of fertilizers that it needs.

Let's not forget that we're dealing with rain-fed agriculture, which is dependent almost entirely on the delivery of imported fertilizers purchased at a high price in dollars and reliant on parity with the euro. I said at the start of my speech that I wanted one of the themes of this dinner to be unity. We must come together, AFCOT, ACA and all the links in the chain, to help Africa become independent in the production of fertilizers, thereby securing the future of agricultural revenue and self-sufficiency in food.

I won't dwell on the ECR, which you're all familiar with. The association is continuing its efforts to ensure that the ECR are progressive, modern and allow us to maintain the same quality and safety standards for both buyers and sellers. The ECR are an inseparable part of our association and help us guarantee the smooth execution of our contracts in a fair legal framework. And let's not forget that the foundation that underpins our association is promoting good business practices.

For historical reasons, our association is closely linked to producers in the WAF area and is always available to defend them and their specific requirements. On that basis, I would like to take this opportunity, on behalf of the AFCOT's Executive Committee, to invite African cotton companies to become AFCOT members and take their place on our Committee.

Thank you for your attention, support and cooperation. I'm already looking forward to seeing you in Barcelona on Thursday 6 October 2016.

Cotton Yarn Production

(In Mn. kg)

Month	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 (P)	2015-16 (P)
April	238.93	242.26	244.50	273.77	268.06	268.20	316.61	328.68	351.32
May	246.71	257.51	247.76	283.69	255.56	286.19	314.97	332.92	349.88
June	242.32	253.65	248.76	284.79	248.29	288.40	317.69	330.69	345.92
July	250.36	250.28	257.65	302.16	256.73	301.34	332.12	340.00	355.47
August	249.81	242.32	256.19	300.34	262.74	302.85	336.30	338.09	350.29
September	248.19	233.56	252.78	297.68	258.97	296.74	326.09	334.03	
October	247.18	225.51	250.82	301.55	241.83	302.65	328.79	323.53	
November	230.24	235.07	257.44	283.52	243.85	282.88	312.13	335.66	
December	252.97	251.88	267.44	308.78	269.82	314.21	341.67	353.96	
January	251.10	236.70	266.69	296.87	279.19	315.07	340.38	349.82	
February	243.41	224.98	256.58	272.99	269.01	302.59	321.31	330.35	
March	247.13	242.44	272.37	283.63	272.29	321.57	340.20	356.78	
Total	**2948.36**	**2896.16**	**3078.98**	**3489.78**	**3126.34**	**3582.68**	**3928.27**	**4054.51**	**1752.89**

P - Provisional

Source : Office of the Textile Commissioner

Natural Fibers with Particular Reference to Cotton

M. Rafiq Chaudhry and Lorena Ruiz, ICAC

(The authors do not specialize in all natural fibers, so the facts and figures in the present article have been taken from many sources that are greatly acknowledged for their contributions to natural fibers)

Cotton is a natural fiber produced by a perennial tree that has been domesticated to grow as an annual plant. The extensive research done on cotton became more formal and better understandable after it was discovered that there are genes that carry a blueprint of the characters to be expressed under a given set of growing conditions. Such discoveries, unimaginable in the early years of cotton research, were severely questioned and remained shelved for about half a century. The theory of evolution did not satisfactorily address many concerns and it was practically impossible to give up the long-held belief in the inheritance of acquired characters. Fortunately, however, the law of inheritance of characters and the independent assortment of genes were rediscovered and applied. Thus began the formal breeding process we know today, and the world's most important natural fiber crop best benefitted from this is cotton. Almost another half century went by before the structure of DNA was described in the 1950s. The interspecies transference of genes was followed by the technique of actually modifying the DNA. Once again, cotton was the crop that benefitted most from the interspecies crossover of genes, which by now is no longer a novelty. Cotton was one of the first crops to make use of recombinant DNA technology to induce a mechanism of inbuilt resistance to the most damaging bollworms and tolerance to the most frequently used herbicides. Currently, over two thirds of the world cotton area is planted to insect-resistant and herbicide-tolerant biotech varieties created by means of the thorough implementation of the development process mentioned above. The present article does not deal exclusively with cotton but also discusses, to a limited extent, the other natural fibers and the challenges they face, particularly in view of the rapid growth in the production of manmade fibers.

According to ICAC figures, 83.3 million tons of textile fibers were consumed in the world in 2013. In the same year, the production of natural fibers decreased for the second consecutive year and did not surpass 34.7 million tons. Cotton lint is the major natural fiber consumed around the world. It accounts for 28% of world fiber consumption at the end-use level, and for 78% of all natural fibers produced worldwide. About 3.29 million tons of jute, kenaf and other similar fibers were produced in 2013, making the group the second largest block of natural fibers. Together they accounted for almost 10% of natural fibers in the world. Coir, with a global production of 1.2 tons, is the third largest natural fiber produced in the world, and accounted for 3.6% of all natural fibers. However, coir fiber rarely finds its way into textile products. Wool is the fourth largest natural fiber produced. It accounts for 3.5% of the total share, with a global production of 1.16 million tons in 2013, clean basis. All other natural fibers, including flax, sisal, ramie, abaca, kapok, hemp, silk and the group of fibers of animal origin, such as camel hair or vicuna wool, amount to almost 5% of natural fiber production.

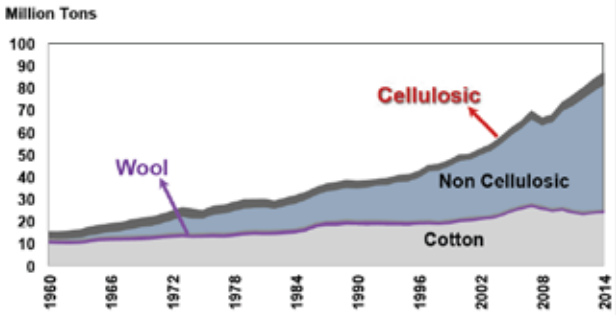
Table 1: Production of Natural Fibers

Fiber Type	Production in 000 Tons	Production by Share in %
	2013	2013
Vegetable Fibers		
Cotton	26,270.0	75.7
Jute	3,422.7	9.9
Coir	1,205.6	3.5
Flax and tow	303.1	0.9
Sisal	281.6	0.8
Other Bastfibers	257.2	0.7
Ramie	124.3	0.4
Abaca (Manila fiber)	103.5	0.3
Kapok	101.3	0.3
Hemp tow waste	56.4	0.2
Total:	32,125.6	92.6
Animal Fibers		
Wool, greasy	2,126.9	6.1
Silk raw	167.9	0.5
Total:	2,294.8	6.6
Mineral Fibers		
Asbestos cloth, glass, fiber glass, minerals and other fibers not included above	269.4	0.8
Total:	269.4	0.8
Total:	34,689.7	100.0

Table 2: Production and Consumption of Textile Fibers - Change in 50 Years

Fibers	Share in Consumption (%)		Change in 50 Years	
	1964	2014	Change in Production	Change in Consumption Share
Cotton	62.8	27.7	Increased by 121%	Decreased by 56%
Wool	8.5	1.3	Decreased by 26%	Decreased by 85%
Cellulosic fibers	19.0	5.8	Increased by 53%	Decreased by 69%
Non -cellulosic fibers	9.8	65.3	Increased by 3250% or 33 times	Increased by 568%
	100.0	100.0		

Figure 1: World Consumption of Textile Fibers



Synthetic fibers are referred to severally as manmade, chemical, artificial and modern fibers. Synthetic fibers may be of two kinds: cellulosic, which are only partly synthetic, and non-cellulosic, which make up the largest group among all fibers consumed in the world. ICAC statistics show that over the past half century, dramatic changes have occurred in world consumption of the major textile fibers. Consumption

of textile fibers increased from 15 million tons in 1961 to an estimated 86.5 million tons in 2014 and over 90.0 million tons (forecast) for the year 2015.

Natural Fibers

Natural fibers are substances produced by plants and animals and capable of being spun into yarn, thread, rope and filaments.

Natural Fibers	Synthetic Fibers
1. Natural fibers have been used for centuries and are produced under natural conditions.	1. Synthetic fibers were invented one by one over the last 140 years. The first synthetic fiber was developed in the early 1880s, but for use in light bulbs, not textiles. - Nylon was developed in 1931 - Polyester fiber in 1941 - Acrylic in 1951
2. The raw material required to produce natural fibers is also naturally occurring. Natural fibers can be produced without any synthetic materials, though synthetic materials, such as agrochemicals, may be used to boost production and improve quality.	2. Synthetic fibers do not necessarily depend on naturally occurring materials; they depend mostly on chemical reactions with certain directed objectives. Selective chemical actions and reactions can be hazardous.
3. Natural fibers are more comfortable to wear but do not last as long as synthetic fibers. They do not develop an electrostatic charge and allergic reactions to wearing them are few or non-existent.	3. Because of the chemicals involved in their production, synthetic fibers are more prone to heat damage and develop an electrostatic charge when they are rubbed together. Some people are allergic and simply cannot wear manmade fibers.

4. Natural fibers have naturally occurring qualities. The four most important natural fibers are: - Cotton. Soft, highly absorbent and able to take various treatments, including dyes. - Wool. Warm and wrinkle resistant making it perfect for winter clothing. - Silk. Lightweight, very sheer, highly flexible and capable of being spun at higher counts to provide an excellent luster. Silk is naturally anti-bacterial and energy efficient in ironing. - Linen. Fabric produced from flax. Like cotton, it is a cellulosic fiber, but almost twice as strong and over 20 times longer. Wrinkling is a limitation, but blending with cotton for garments has potential and is on the increase.	4. All the qualities of synthetic fibers are expressed by design and can be manipulated better than in natural fibers where linkages and negative impacts are more pronounced. Synthetic fibers are comparatively easy to alter to comply with the qualities preferred by consumers. Changes and improvements are being introduced at a much faster rate than in natural fibers.
5. Natural fibers are biodegradable and disappear back into nature for the improvement of the environment.	5. Synthetic fibers are not biodegradable and those that are degradable do so at a much slower rate than natural fibers and may leave an impact on the environment.
6. Natural fibers compete for land to the detriment of food crops. The competition is getting stronger as a result of population increases and climate change. The need to find better land may exert downward pressure on world cotton area in the future. Other natural fibers, of which jute and hard fibers are another major group, also compete with food crops in India, Bangladesh and China, the three most populated countries and almost the sole suppliers of jute in the world.	6. Synthetic fibers do not compete with food crops for land, but the two important limitations are: - Heavy initial investment involved in putting up manufacturing plants. - Very high energy requirements that limit production to areas with the required conditions.
7. Natural fibers may be staple (cotton) or filament (silk). The composition of natural fibers cannot be changed. Cotton is almost 96% cellulose, but scouring and bleaching can raise the concentration to 99%. The cellulose content cannot be lowered through breeding or any other natural process.	7. Synthetic fibers are long filaments but can be cut for use as staple fibers. In most cases, the sources of raw materials used to make a particular synthetic fiber or composition can be adjusted. Acrylic, nylon and polyester can be made from oil and coal products.
8. Most natural fibers can absorb water. Cotton is capable of absorbing over 25 times its weight in water.	8. Synthetic fibers are hydrophobic and can retain only small amounts of moisture. Synthetic fibers dry faster than natural fibers and are easy to care for.

Natural fibers were the first to be produced; manmade fibers were invented to compensate for the shortfall in the supply of the natural raw materials used to make goods for human consumption. Anything that cannot be spun to make yarn, thread or rope and converted into a cylindrical shape cannot be considered a fiber. The only part of the cotton plant that is used for fiber is an outgrowth from the seed coat that has a specific length. The tiny cellulosic material, similar to the constituents of a cotton fiber that cling to the seed coat during ginning, is called fuzz. This material is removed by mechanical and chemical means and put to many uses. From 90 to 92% of the rest of the ginned seed components are all profitably used, but linters/fuzz find their way into viscose, cellulosic esters and ethers, cellulose nitrate, paper yarn (lamp and candle wicks, twine rugs, mops, etc.) and felts (automotive upholstery, pads, cushions, furniture upholstery, comforters, mattresses, etc.). So, linters as short fibers find their way not only into natural fiber materials, but also into synthetic fiber materials.

The quality characteristics of natural fibers may be altered, but not at the will of the consumer industries. Cotton consumers would very much like to have cotton lint supplied in natural colors, such as yellow, blue, black, etc. However, the necessary research is not yet sufficiently advanced. It is certainly possible to have the plant botanically form a lumen with material bodies that can express a brown color (currently, brown in various shades) or a lipid biopolymer sandwiched between the lamellae of the cellulose micro fibrils in the secondary wall. Research is not limited to materials in the lumen or lipid biopolymers, as is the case with currently available colored cottons, and many more options are feasible utilizing non-traditional approaches.

Quality improvements in cotton have achieved tremendous advances. The traditional demand from the textile industry for longer fibers has effectively been met. Textile needs have shifted to a lower micronaire, then to a stronger fiber, and then to a more uniform fiber, etc. and these requirements have been met through the concerted efforts of cotton researchers without straying from the key focus of improving yields. The results achieved so far may not be as significant as in synthetic fibers, but they are being attained with a minimal impact on the environment. Every bit of cotton fiber production today is much more sustainable than twenty, thirty or forty years ago. Similarly, great strides have also been made in other natural fibers.

Throughout the history of their development, technological innovations have followed different courses. This is true for natural fibers (produced from living organisms) as well as for the chemical processes involved in the textile finishing industry. One such recent technological innovation was the use of genes from non-Gossypium species to achieve targets within a very specific range of possibilities. In this case, the objective was not to change the nature of the fiber produced by the cotton plant, but to eliminate the obstructions that prevent growers from achieving cotton yields that are perfectly feasible. Transgenic cotton achieved by borrowing a gene from another naturally occurring living organism still produces a natural fiber. The agronomic practices implemented over the last twenty years of commercialization of this technology have worked for the good of the economy and for the environmental solidarity of the natural fiber—cotton. Undoubtedly, both avenues have had a beneficial impact on the social wellbeing of the communities concerned. Farmers were able to reduce their unit cost of production and millions of marginal growers were able to continue producing cotton. Without the development and adoption of biotech cotton it would be difficult to imagine what the pesticide industry would have had to bring on line to achieve similar results. The recovery of the cotton industry from various insecticide resistance management strategies would have been much slower and no one knows with any degree of certainty how many more countries might have become ensnared in the implications stemming from the use of insecticides—the most dangerous chemicals ever applied to produce not only natural fibers, but food crops as well. The cotton production map of the world might have been changed and the share of natural fibers consumed at the end use level in the world would have declined even further than the cumulative loss of 28% recorded in 2014.

Cellulosic fibers can also be manufactured from naturally occurring materials like wood pulp, but they are not considered to be natural fibers. Manufactured cellulose or semi-synthetic fibers are made from plant materials that are ground into a pulp and then processed and formed by methods similar to those used in manufacturing synthetic fibers. The best examples of semi-synthetic or cellulosic fibers, wherein a natural raw material is used to make fibers, are rayon and viscose rayon. Rayon is made from regenerated cellulose, mostly acquired from purified wood pulp. The pulp is converted into a soluble cellulose compound and then processed to produce a chemically solidified filament. The end result of pulping, conversion into a soluble material and chemical solidification is a pure cellulosic fiber/filament, not a natural fiber. However, because of its origins in natural materials, rayon can be processed to have many of the same properties as natural fibers.

(to be continued)

Source: The ICAC Recorder, Vol. XXXIII No.2 June 2015.

COTAAP Corner

Events for October 2015

We are proud to report that this is the second time that the Department of Agriculture, Maharashtra State has selected COTAAP for Public Private Partnership (PPP) Project. In fact, COTAAP is the only NGO in the state selected by government to work in the PPP format for the cotton crop. With the prime objective of disseminating the latest technology for improving the net profit of the farmers, COTAAP has demonstrated Extra Long Staple variety 'Bahubali' in 200 ha. This is a step towards producing import substitute quality production. At the same time, trials of straight variety 'Suraj' have also taken place, so that farmers can reuse the seed from their own fields. This can also create a better option for the existing Bt technology which is beset by complications from the vagaries of unpredictable weather.

Through PPP project, the government has sanctioned Rs.12 lakhs for distribution of improved variety seed and Rs. 18 lakhs for providing critical inputs including biological agents. Thanks to the continuous follow-up by Shri. Pradipbhai Gujrathi, the government has approved a special grant of Rs.3.75 lakhs for field training and anti-contamination campaign activity. In this way, a total grant of Rs.33.75 lakhs will be utilised for the benefit of the farmers. Government officers too are taking a keen interest in the innovative ways of extension activities COTAAP is implementing successfully, through their regular visits.

Visit of Shri. R.S. Mote, Divisional Joint Director, Department of Agriculture :

Shri. Mote has appreciated activities of COTAAP since we demonstrated Mini Mission-II under DOCD. As a Divisional Joint Director, he is always keen to visit COTAAP, Chopda Unit. On 1st Oct 2015 he visited fields in Machla and Vardi villages where ELS and straight varieties were demonstrated. He was highly impressed by his discussion with the beneficiary farmers and he has promised to sanction more projects for COTAAP.

Visit of Shri. B. K. Kadlag, Taluka Agriculture Officer, Department of Agriculture :

Shri. Kadlag also visited the fields in Gartad and Adgaon villages, verified the distribution of the inputs and took samples of the inputs for testing in government laboratory as an integral part for releasing the grants.

Distribution of Bags for Harvesting, Transport and Storage:

This is a novel activity undertaken by COTAAP to provide farmers bags made from cotton cloth. From last year we have supplied such bags so that contaminations in cotton can be avoided while harvesting, transport and storage. This is to ensure that clean cotton will be available to the industry and to some extent, encourage and promote the consumption of cotton instead of plastic and synthetic fibres.

Apart from creating awareness regarding how to avoid contaminations, the provision of these bags encourages farmers to produce clean cotton which is the prime requirement for the cotton industry. About 1200 farmers under the PPP project will get five bags each, which can be used for another five years also.

TAO (Taluka Agriculture Officer) Shri. B.A. .Kadlag visiting FLD plot at Gartad village

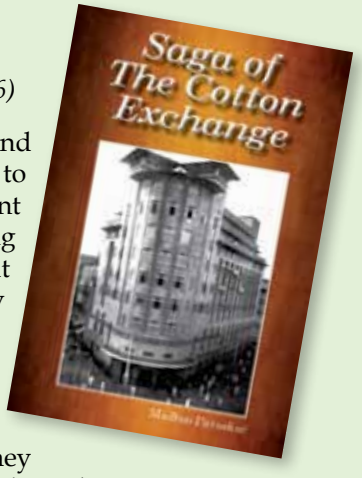
Clean cotton harvesting bags being distributed at Tawase village

SAGA OF THE COTTON EXCHANGE

By Madhoo Pavaskar

Chapter 5 - Assault on King Cotton

(Continued from Issue No.26)



Attack on Cotton Futures

But logic is never the strong point of those who are blindfolded by self-interest. It is therefore no surprise that Sir Jeremy paid no heed to the cold reasoning of Sir Purshotamdas, and on May 1, 1943, in exercise of the powers vested in it under the Defence of India Rules, the Government of India issued the Cotton Options (Forward Contracts and Prohibition) order prohibiting all forward contracts in cotton in respect of new crops and any option in cotton, and declaring void any such contract entered into after the commencement of the Order.

Within a few days, the government decided, by another Order dated May 18, 1943, to prohibit all forward contracts even in the current crop. Soon the existing contracts for May and July 1943 deliveries were closed out by yet one more official flat issued on May 21, 1943 at Rs. 565 and Rs. 568 per candy. The East India Cotton Association protested vehemently that the rates fixed were much too low and inequitable to cotton growers. But their protest was in vain, for the Government did not relent. The prices of cotton collapsed sharply to the detriment of the growers. Futures trading at the Exchange came to a standstill. It seemed that King Cotton had lost his crown.

Floors and Ceilings

After more than five months, wiser counsels prevailed over the government. The marketing of new cotton crop for the 1943-44 season was to commence soon. The government realised that without the protection of hedge contracts, cotton prices would depress further and affect adversely the orderly marketing of cotton. Not that they cared for the fate of the growers. But they were anxious to ensure adequate supplies of raw cotton to the mills. The Cotton Committee of the Textile Control Board was also in favour of re-opening of the cotton futures market. The government therefore reluctantly decided on October 27, 1943, to permit futures trading in the 1943-44 cotton crop, subject to a ceiling of Rs. 550 and a floor of Rs. 400 per candy. It also stipulated that every member of the East India Cotton Association should, on each clearing day commencing from November 12, 1943, deposit with the Association a sum which should not be less than Rs. 25 per bale on his net open futures position regardless of the price level.

On November 18, 1943, the Government of India issued a press note announcing the means by which they intended to maintain the price of Indian cotton between the prescribed floors and ceilings. If cotton prices were to touch ceilings, the government retained the right of requisitioning cotton for the use of mills at prices, say,3 to 5 per cent below the ceilings. As for the floors, they offered to buy cotton from whomsoever at floor prices or their up-country equivalent. However, it was clarified that they would not buy any cotton unless the Indian Cotton Contract was quoted at Rs. 400 per candy. While they would then buy the basic JarillaKhandesh 3/4" staple at the floor price of Rs. 400 per candy, they would buy other varieties at the respective floor price or at the market rate, whichever was lower.

The East India Cotton Association was not too happy with the ceilings and floors announced by the government. Nevertheless, they accepted the government proposals under protest, as "they felt it their duty not to expose the grower to the risk of steadily decreasing prices, without the protection of a hedge contract."

But as luck would have it, prices of cotton declined-thanks to the steady accumulation of stocks following the stoppage of exports and on April 5, 1944, the Government of India was constrained to bring into operation its purchase plan. Not only did it purchase Broach cotton in Gujarat, American seed styles in Sind and the Punjab and Hubli-Jaywant in Karnatak, but also all varieties of Indian cotton tendered against July and September 1944 deliveries of the Indian Cotton Contract. The total purchases amounted to 277,920 bales.

It is true, as Sir Purshotamdas Thakurdas admitted at the 23rd Annual General Meeting of the East India Cotton Association held on December 22, 1944, that "these purchases whether they steadied the cotton market or not, did prevent further deterioration in prices of cotton." But with these also began the new era of state intervention in cotton through price controls, and support purchases and requisitioning of cotton at floors and ceilings respectively, which not only continued till the end of the War in 1945, but for over two more decades thereafter. King Cotton lost his sovereignty, and, worse still, did not regain it even though India achieved her independence on August 15,1947.

Cotton Consumption - Cotton Year-wise

(In Lakh bales)

Month	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (P)	2014-15 (P)
Oct.	17.33	18.32	16.54	18.13	22.09	17.77	21.84	24.03	24.17
Nov.	17.81	16.94	16.94	18.47	21.09	18.34	21.09	22.96	25.05
Dec.	18.49	18.86	17.98	19.49	22.57	20.13	22.63	25.16	25.89
Jan.	18.22	18.54	16.93	19.54	22.1	20.33	23.30	25.19	25.77
Feb.	17.11	18.14	16.23	18.81	20.23	20.31	22.24	23.22	24.58
March	18.39	18.45	17.51	20.01	21.77	20.38	23.61	25.07	26.18
April	18.06	17.98	17.12	20.53	20.17	20.31	23.22	24.32	25.57
May	17.89	18.95	17.83	20.93	18.64	21.27	22.85	24.38	25.64
June	17.85	18.55	18.01	20.71	18.23	21.17	22.51	24.11	25.60
July	18.42	18.50	18.98	22.11	19	22.14	24.11	24.54	25.70
Aug.	18.58	17.62	18.59	21.73	18.64	22.08	24.23	24.46	25.0
Sept.	18.03	16.90	18.29	21.42	21.71	21.46	23.70	25.81	
Total	**216.18**	**217.75**	**210.96**	**241.88**	**246.23**	**245.47**	**275.34**	**293.24**	**279.14**

P - Provisional

Source : Office of the Textile Commissioner

Update on Cotton Acreage (As on 15th October 2015)

(Area in lakh ha)

Sl. No	States	Normal of Year	Normal Area as on Date (2010-2014)	Area sown (during the corresponding week in)					
				2015	2014	2013	2012	2011	2010
1	2	3	4	5	6	7	8	9	10
1.	Andhra Pradesh		20.449	23.110	23.867	21.199	21.780	18.300	17.100
	Andhra Pradesh (23.95%)	4.800	5.226	6.220	7.360	5.076	5.216	4.383	4.095
	Telangana (76.05%)	15.240	15.223	16.890	16.507	16.123	16.564	13.917	13.005
2.	Gujarat	26.140	27.334	27.612	30.060	26.880	24.030	29.590	26.110
3.	Haryana	5.580	5.698	5.863	6.390	5.570	6.030	6.050	4.450
4.	Karnataka	5.400	5.150	5.790	7.600	5.290	4.160	4.850	3.850
5.	Madhya Pradesh	6.200	6.308	5.470	5.788	6.210	6.080	7.060	6.400
6.	Maharashtra	39.800	40.602	38.239	41.919	38.680	41.450	41.230	39.730
7.	Orissa	0.900	1.088	1.250	1.250	1.240	1.190	1.020	0.740
8.	Punjab	5.100	5.122	4.500	4.500	5.050	5.160	5.600	5.300
9.	Rajasthan	4.200	3.908	4.060	4.162	3.030	4.500	5.300	2.550
10.	Tamil Nadu	1.300	0.506	0.984	0.700	0.890	0.260	0.570	0.110
11.	Uttar Pradesh	0.000	0.266	0.210	0.260	0.230	0.300	0.310	0.230
12.	Others	0.360	0.060	0.000	0.050	0.100	0.000	0.150	0.000
	Total	**115.020**	**116.491**	**117.088**	**126.546**	**114.369**	**114.940**	**120.030**	**106.570**

Source: Directorate of Cotton Development, Nagpur

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	Spot Rate (Upcountry) 2015-16 Crop OCTOBER 2015 12th	13th	14th	15th	16th	17th
	Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]											
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	8520 (30300)	8520 (30300)	8577 (30500)	8577 (30500)	8633 (30700)	8577 (30500)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	8661 (30800)	8661 (30800)	8717 (31000)	8717 (31000)	8773 (31200)	8717 (31000)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	6889 (24500)	6889 (24500)	6889 (24500)	6749 (24000)	6693 (23800)	6636 (23600)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	7227 (25700)	7227 (25700)	7227 (25700)	7227 (25700)	7171 (25500)	7114 (25300)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	8183 (29100)	8183 (29100)	8183 (29100)	8183 (29100)	8127 (28900)	8127 (28900)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	9055 (32200)	9111 (32400)	9083 (32300)	9111 (32400)	9111 (32400)	9111 (32400)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	8099 (28800)	8099 (28800)	8099 (28800)	8099 (28800)	8070 (28700)	8070 (28700)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	8380 (29800)	8380 (29800)	8380 (29800)	8380 (29800)	8352 (29700)	8352 (29700)
9	P/H/R	ICS-105	Fine	27mm	3.5.4.9	26	9139 (32500)	9195 (32700)	9167 (32600)	9195 (32700)	9195 (32700)	9195 (32700)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	8323 (29600)	8323 (29600)	8323 (29600)	8323 (29600)	8295 (29500)	8295 (29500)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	8717 (31000)	8717 (31000)	8717 (31000)	8717 (31000)	8689 (30900)	8689 (30900)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	9280 (33000)	9336 (33200)	9308 (33100)	9336 (33200)	9336 (33200)	9336 (33200)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	8858 (31500)	8886 (31600)	8886 (31600)	8886 (31600)	8858 (31500)	8858 (31500)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	9055 (32200)	9083 (32300)	9111 (32400)	9111 (32400)	9083 (32300)	9083 (32300)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	8998 (32000)	9026 (32100)	9026 (32100)	9026 (32100)	8998 (32000)	8998 (32000)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	9195 (32700)	9223 (32800)	9251 (32900)	9251 (32900)	9223 (32800)	9223 (32800)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	9111 (32400)	9111 (32400)	9111 (32400)	9111 (32400)	9083 (32300)	9083 (32300)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	9251 (32900)	9251 (32900)	9251 (32900)	9251 (32900)	9223 (32800)	9223 (32800)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	9505 (33800)	9505 (33800)	9505 (33800)	9505 (33800)	9476 (33700)	9476 (33700)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	12654 (45000)	12654 (45000)	12654 (45000)	12654 (45000)	12654 (45000)	12654 (45000)

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