

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2013 • No. 30 • 22nd October, 2013 Published every Tuesday

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## Marine Insurance – 6

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*The views expressed in this column are his own and not that of Cotton Association of India).*

### **DURATION OF INSURANCE COVER-“WAREHOUSE TO WAREHOUSE” COVER/CLAUSE**

In marine insurance, it is common to apply and ask for “warehouse to warehouse” cover. In fact, there is no such need, because all marine policies are issued by default on warehouse to warehouse (W/H to W/H) basis.

A very important aspect is, though the policy is issued by default on W/H to W/H or even if it is applied for and is issued as such, in practice cover is rarely available on W/H to W/H! Surprisingly, the duration of the cover is not shorted by the insurers but by the clients themselves! The clause W/H to W/H is subject to insurable interest, which in turn is guided by INCOTERMS. The person who takes the policy if he is not liable for loss or damage to goods in full transit, the cover

will remain in force to cover his liability, irrespective of what is stated on the policy. For e.g. in FOB exports the cover will cease on goods being safely loaded on board an overseas vessel and will not continue up to final destination.

There are two versions of clauses (standard terms and conditions) dated 1982 and 2009, respectively. In both these versions there is major difference about duration of insured transit and the cover.

### **EXPERT'S Column**



**Shri Rajendra Ganatra**

#### **1982 Version:**

1) The risk commences only after the cargo is loaded on the vehicle, which moves and comes to public road and starts moving towards destination.

Under the standard terms prior stages are not covered and if the same are required to be covered then an Add On cover of “Loading/ Unloading” is to be taken.

However under the 2009 version, the cover starts as soon as the cargo is shifted inside the place of storage to begin transit, provided vehicle is waiting outside to receive the cargo and commence the transit. In the 2009 version, there is no need to take add on cover of “Loading/ Unloading”.

2) After commencement of transit as in 1) above, the cover remains in force during the period of ordinary course of transit. This includes actual transit, incidental storage at transporters' godown or port /airport premises awaiting loading, during loading on to the ship/aircraft during transshipments process, till unloading of goods from the ship/aircraft at the final port/ airport. Till unloading at final port/ airport there is no time limit to validity of cover.

3) After unloading of cargo at final port, time limits apply. i.e. from the day of unloading to maximum 60 (continuous) days. This covers storage at port, undergoing clearance procedure with customs, and actual transit up to final destination.

4) When cargo reaches the final destination, the risk is over and even if 60 days are not completed, the balance of period up to 60 days is not allowed as storage.

"On reaching" is once again a technical term. It is interpreted to mean reaching of the carrying vehicle to its destination. At destination as transit stops, cover stops, even if cargo is not unloaded. If loading/unloading extension is taken, the cover continues till unloading of the cargo provided it is done within a reasonable time. However under the 2009 clauses, the cover is available up to unloading of the cargo at final storage place in the premises.

For e.g. if there is a strike in the factory premises of buyer and if cargo cannot be unloaded, as labour is not available; under the 1982 clauses, cover is over. Under loading/unloading extension, the cover continues up to next day when labour is arranged and cargo is unloaded at factory gate; but under the 2009 clauses, it continues further till it is shifted to storage godown.

5) Forced termination of voyage: If due to some circumstances beyond the control of the insured, if ship owner terminates transit at some intermediate port, the policy is over. Cover continues if insurer is informed

immediately and continuation of cover is requested, in which case cover is available for maximum of 60 days at that port. If the cargo is shifted from there by another vessel for destination, cover restarts as usual and 60 days time limit will apply only on unloading at the final port.

6) It is to be noted that if the cargo is unloaded at an intermediate port for the purpose of transshipment, the cover continues because there is no intention of ship owner to terminate the voyage. It is break in voyage and not termination.

7) In case of air carriage, the period of 60 days is replaced by 30 days.

## INLAND TRANSITS

In case of pure inland transit which is not in conjecture with exports/imports, under Inland Transit Clauses (ITC) B & A, the cover ceases 7 days after carrying vehicle enters final city/town. Here entering of vehicle will start the time and not unloading of the cargo as in case of overseas transits.

However, since inland transit is a combination of rail and road, the period of time limits is to be calculated from final railway station and not the destination city.

For example: transit from Gwalior, Nashik to Mumbai - by road only - 7 days from truck entering Mumbai city limits. If it is from Gwalior to Nashik by rail and then by road to Mumbai, the 7 days are to be calculated from Nashik and not Mumbai.

In case of cover under ITC-C there is no time limit, as cover starts on loading of the cargo on to the truck/ railway wagon and continues till unloading at destination. If it is unloaded for transshipment etc, in between, the cover is suspended during the storage period.

All the days mentioned above are to be calculated from midnight to midnight and continuous without break for holidays. The day on which the time commences, the

remaining hours are to be treated as grace period and calculation to start only from midnight.

Secondly, 7, 30 or 60 days are maximum period and not fixed period. If transit is over earlier, cover is over and if transit is not completed by then, cover is over. However, when cover is about to expire but transit is not over, the policy can be extended on payment of additional premium, provided the delay in transit is not due to insured's fault. If the delay is intentional, even 7, 30 or 60 days are not available and any extension is ruled out.

For e.g. in case of import, buyer does not have money to pay customs duty and cargo is shifted to customs bonded warehouse. Here the delay is intentional- within insured's control. As soon as cargo is shifted to customs warehouse the cover is over. Another policy is required for storage and on clearance, one more transit policy is required to cover

inland transit. However in case of importing party wanting to clear the cargo and customs raising dispute, the cargo remains in bonded warehouse till dispute is resolved. Here the cover will continue under the original marine policy for 60 days and if required can be extended further.

### Cover under Strikes / War Clause:

Under strike clauses covering riot, strikes, civil commotion and terrorism cover is identical to institute clauses i.e. warehouse to warehouse. However under War clauses cover is available only when goods are on board ship or aircraft. On land it is either suspended or ceases.

Under Termination of Transit (Terrorism) clause, the terrorism cover is suspended during intentional storage taken as extension under the marine policy. However cover remains in force during ordinary course of transit.



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## Weekly Percent Departures of Rainfall - Monsoon 2013

LEG	EXCESS	NORMAL	DEFICIENT	SCANTY	NO RAIN	
S. No.	WEEKS ENDING ON ---> MET. SUBDIVISIONS	4 SEPT 2013	11 SEPT 2013	18 SEPT 2013	25 SEPT 2013	02 OCT 2013
1.	ORISSA	-46%	-49%	-48%	52%	128%
2.	HAR. CHD & DELHI	-79%	-90%	-96%	105%	-4%
3.	PUNJAB	-65%	-69%	-71%	-74%	-59%
4.	WEST RAJASTHAN	-100%	-99%	-68%	103%	1228%
	EAST RAJASTHAN	-96%	-99%	-54%	205%	446%
5.	WEST MADHYA PRADESH	-80%	-95%	-69%	167%	-30%
	EAST MADHYA PRADESH	-39%	-94%	-73%	49%	-35%
6.	GUJARAT REGION	-94%	-79%	6%	740%	366%
7.	MADHYA MAHARASHTRA	-91%	31%	193%	91%	-69%
	MARATHWADA	-95%	-19%	132%	2%	-69%
	VIDARBHA	-92%	-61%	13%	118%	-57%
8.	COASTAL ANDHRA PRADESH	-26%	13%	34%	-49%	-58%
	TELANGANA	-48%	19%	37%	16%	-48%
	RAYALASEEMA	164%	169%	77%	-81%	-86%
9.	TAMILNADU & PONDICHERRY	125%	131%	6%	-82%	-85%
10.	COASTAL KARNATAKA	-75%	-1%	67%	156%	-45%
	N. I. KARNATAKA	-4%	176%	117%	-17%	-76%
	S. I. KARNATAKA	77%	180%	130%	-46%	-83%

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



**Since 1921,**  
we are dedicated to the cause of Indian cotton.  
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The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research is strategically spread across major cotton centres in India and is equipped with:

- State-of-the-art technology & world-class Premier testing machines
- Wet test made with trash % tested gravimetrically
- Certificate of accreditation from NABL (National Accreditation Board for Testing and Calibration Laboratories) and accreditation in accordance with the standard ISO/IEC 17025:2005 at the Mumbai facility

#### LABORATORY LOCATIONS

Current locations • Mumbai (Maharashtra) • Akola (Maharashtra) • Aurangabad (Maharashtra) • Rajkot (Gujarat) • Warangal (Andhra Pradesh) • Indore (Madhya Pradesh) • Hubli (Karnataka)  
Upcoming locations • Bathinda (Punjab) • Hisar (Haryana)



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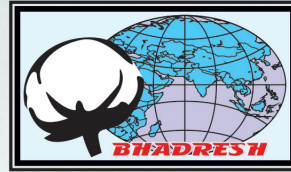


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## Union Minister of Textiles Visits CAI

October 11, 2013 was a proud day for the Association, when the Hon'ble Union Minister of Textiles, Dr. K.S. Rao along with Hon'ble Minister of State for Petroleum & Natural Gas and Textiles, Smt. Panabaaka Lakshmi, Secretary to the Government of India, Ministry of Textiles, Smt. Zohra Chatterji and Textile Commissioner, Shri A.B.Joshi visited the Association premises at Cotton Green Building.

The visiting dignitaries were given a warm welcome by the Vice-President, Shri Nayan C. Mirani and Addl. Vice-President, Shri Bhadresh Mehta along with CAI team. The guests were taken around the premises and shown the Grade Standard Room.. A PowerPoint presentation about the role and activities of CAI and its cotton promotion plans was made.

In his welcome address, Shri Nayan Mirani expressed his gratitude to the distinguished dignitaries for sparing their precious time despite their busy schedule. He stated that in a short while as Textile Minister, Dr. Rao has taken the initiative to interact with all the stakeholders of the entire cotton value chain and displayed a comprehensive understanding of the situation and succeeded in evolving a consensus on the various

issues confronting the cotton sector and the entire textile value chain. He thanked Dr Rao for a stable cotton policy during the entire cotton season of 2012-13.

In his address, Dr. Rao appreciated the role being played by the CAI in the promotion and development of cotton in the country. Stressing the importance of research and development for improving productivity, he called upon the Association to undertake such research and development. He stated that there is a huge potential to increase productivity of cotton in the country and intensive R & D can supplement the effort and good work of cotton farmers and further that it was imperative to tap this potential so that our country becomes number one in the field of cotton in the whole world. The Minister spontaneously offered the utmost support and cooperation from the Government to the CAI for its Cotton School Contact programmes.

Shri Bhadresh Mehta thanked the visiting dignitaries and all members. He specially thanked the Hon'ble Minister for envisioning a Textile Conclave and desiring an export target of US \$ 220 billion by 2020.



## CAI Releases Third Estimate for the 2013-14 Cotton Season

The Association has released its third estimate of the cotton crop for the season 2013-14 beginning on 1st October 2013 at 381 lakh bales of 170 kgs. each.

The Association has retained the crop for the season 2012-13 at 356.75 lakh bales. The State-wise production estimates of the Association are given below:

CAI's Estimates of Cotton Crop as on 9th October		
State	Production (in lakh bales)	
	2013-14	2012-13
Punjab	15.25	15.50
Haryana	22.75	24.00
Upper Rajasthan	5.50	7.50
Lower Rajasthan	9.00	8.50
<b>Total North Zone</b>	<b>52.50</b>	<b>55.50</b>
Gujarat	113.50	83.25
Maharashtra	76.25	72.50
Madhya Pradesh	17.75	18.00
<b>Total Central Zone</b>	<b>207.50</b>	<b>173.75</b>
Andhra Pradesh	69.50	78.00
Karnataka	15.50	13.50
Tamil Nadu	5.00	5.00
<b>Total South Zone</b>	<b>90.00</b>	<b>96.50</b>
Orissa	3.00	3.00
Others	2.00	2.00
Total	355.00	330.75
Loose Cotton	26.00	26.00
<b>All-India</b>	<b>381.00</b>	<b>356.75</b>

The Balance Sheet drawn by the Association for 2013-14 and 2012-13 is reproduced below:

Details	(in lakh bales)	
	2013-14	2012-13
Opening Stock	44.50	54.75
Production	381.00	356.75
Imports	12.00	16.00
<b>Total Supply</b>	<b>437.50</b>	<b>427.50</b>
Mill Consumption	260.00	247.00
Consumption by SSI Units	24.00	22.00
Non-Mill Use	16.00	16.00
Exports	—	98.00
<b>Demand</b>	<b>300.00</b>	<b>383.00</b>
Available Surplus	137.50	—
*Closing Stock	—	44.50

In its press communique, CAI has stated that the late arrivals have resulted in a delay in arrivals of seed cotton. However, the available moisture is likely to help increase the yields and result in a larger than estimated crop and if the monsoon withdraws in the next few days, a better crop can be expected.

## Inauguration of New CAI Testing Laboratory at Hissar, Haryana

CAI has set up one more new Laboratory at Hissar in Haryana. The objective was to expand the network of Cotton Testing Laboratories at all important cotton growing centres. This brings the total number of laboratories set by CAI to 9.

The Hissar Laboratory was inaugurated on October 13, 2013 on the auspicious occasion of Dassehra by Shri Gyan Devji Tayal, Chairman, Tayal Sons Ltd., Hissar. A large number of members from the local

cotton trade were also present on the occasion of the inauguration. Shri Kunal Thakkar welcomed the guests present on the occasion.

Shri Tayal appreciated the initiative of CAI for setting up Cotton Testing Laboratories in Hissar which he said, will enable the local cotton community to avail of the cotton testing facilities at affordable rates. He wished CAI a great success in its endeavour to provide testing facilities at various cotton growing states.



Shri Gyan Devji Tayal inaugurating the Hissar Laboratory



Shri Kunal Thakkar making presentation on the activities of CAI



Shri Kunal Thakkar briefing about the functioning of the Laboratory



A cross section of local traders

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) 2012-13 Crop OCTOBER 2013					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	14th	15th	16th	17th	18th	19th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	15	10348 (36800)	10292 (36600)	10292 (36600)	10404 (37000)	10404 (37000)	10292 (36600)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 - 7.0	15	10629 (37800)	10573 (37600)	10573 (37600)	10686 (38000)	10686 (38000)	10573 (37600)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	20	8408 (29900)	8408 (29900)	8408 (29900)	8408 (29900)	8408 (29900)	8408 (29900)
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	21	9448 (33600)	9448 (33600)	9448 (33600)	9448 (33600)	9448 (33600)	9448 (33600)
5	M/M	ICS-104	Fine	24mm	4.0 - 5.5	23	10967 (39000)	10967 (39000)	10967 (39000)	10967 (39000)	10967 (39000)	10967 (39000)
6	P/H/R	ICS-202	Fine	26mm	3.5 - 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
7	M/M/A	ICS-105	Fine	26mm	3.0 - 3.4	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
8	M/M/A	ICS-105	Fine	26mm	3.5 - 4.9	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 - 4.9	26	12092 (43000)	12007 (42700)	12035 (42800)	12148 (43200)	12148 (43200)	12063 (42900)
10	M/M/A	ICS-105	Fine	27mm	3.0 - 3.4	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
11	M/M/A	ICS-105	Fine	27mm	3.5 - 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
12	P/H/R	ICS-105	Fine	28mm	3.5 - 4.9	27	12373 (44000)	12288 (43700)	12317 (43800)	12457 (44300)	12457 (44300)	12373 (44000)
13	M/M/A	ICS-105	Fine	28mm	3.5 - 4.9	27	12766 (45400)	12682 (45100)	12682 (45100)	12541 (44600)	12485 (44400)	12373 (44000)
14	GUJ	ICS-105	Fine	28mm	3.5 - 4.9	27	12429 (44200)	12345 (43900)	12345 (43900)	12429 (44200)	12373 (44000)	12317 (43800)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 - 4.9	28	12907 (45900)	12795 (45500)	12795 (45500)	12654 (45000)	12598 (44800)	12513 (44500)
16	GUJ	ICS-105	Fine	29mm	3.5 - 4.9	28	12710 (45200)	12626 (44900)	12626 (44900)	12682 (45100)	12626 (44900)	12570 (44700)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 - 4.9	29	13188 (46900)	13076 (46500)	13076 (46500)	12935 (46000)	12935 (46000)	12935 (46000)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 - 4.9	30	13048 (46400)	12935 (46000)	12935 (46000)	12935 (46000)	12935 (46000)	12879 (45800)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 - 4.9	31	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	15888 (56500)	15888 (56500)	15888 (56500)	15888 (56500)	15888 (56500)	15888 (56500)

(Note: Figures in bracket indicate prices in Rs./Candy) N.Q. = Not Quoted