

Weekly
Publication of



**Cotton
Association
of India**

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CAI President Takes a Comprehensive View of Cotton and Cotton Trade

The 88th Annual General Meeting of the Association was held in Mumbai on 31st December 2010. In his address on the occasion, Shri Dhiren N. Sheth, President of CAI, touched on various aspects and issues that have a bearing on cotton and cotton trade. These included cotton economy in India, economic outlook for the Country, domestic cotton scenario, cotton production estimates for 2009-10 and 2010-11, world cotton scenario, rise in cotton prices, challenges on export front, cotton futures, organic cotton and the Association's role in International Forum.

The President stated that the cotton value chain in India has been making steady progress during the last several decades. It was somewhat moderate in the earlier decades but was quite rapid during the first decade of the new millennium. Cotton scores over most other competing crops which has led to a surge in cotton area. In the case of production, technology plays a significant role as is evidenced by the rapid expansion of area under GM cotton which now occupy about 90 per cent of the total area under the crop in India. In addition, greater awareness among farmers to adopt modern technology due to the launching of major schemes like the Technology Mission on Cotton has also contributed significantly to the breakthrough in production and productivity. It was noteworthy that the rapid progress made during the first



decade of this century is being sustained during the second decade also. Production during 2010-11 is expected to scale a new peak.

The economic outlook for the Country is quite encouraging given the high GDP growth and the comparatively better growth being recorded by other sectors especially agriculture. All recent reports indicate that the signs are positive for a sustained growth of the economy.

Touching upon the challenges of the cotton export front, the President pointed out that the frequent policy changes during the year have damaged the image of the Country as a reliable supplier of good quality cotton, an image built up by hard work and efforts of all concerned. The policy changes have marred the export performance which has adversely affected the interests of the nation in general and those of the farmers in particular. The Association, he stated,

CAI WISHES ALL OUR READERS

A Happy and Prosperous New Year 2011

made all out efforts in putting forward its views to the Government authorities and also was instrumental in opening up new avenues for export trade. The Association was proactive in presenting its views affecting various issues relating to international cotton trade. It also played an effective role in various International Conferences and Seminars to promote Indian cotton. The Association made presentations in all international fora on cotton promotional activities undertaken by it.

In conclusion, the President unveiled his vision for the Association in years to come. Relevant excerpts from his speech in this regard are reproduced below:

“(a) Expansion of Cotton Testing Services and Setting up new Cotton Testing Laboratories at various upcountry places

As you are aware, the Association's Laboratory, which is accredited with ISO Certificate, has been rendering valuable services in cotton testing. In order to cater to the growing need of instrument based testing of Indian cotton, the Association had set up two new Laboratories – one in Aurangabad and the other in Akola district of Maharashtra State. The Association is in the process of setting up two more laboratories – one in Indore, Madhya Pradesh and other in Warangal, Andhra Pradesh. Our Association has plans to set up many more machines at other locations as and when the volumes so justify.

The vision that I envisaged for the CAI laboratories is that in the years to come, testing certificates issued by the CAI laboratories are reckoned as the seal of approval.

b) To establish a Cotton School of international standard

It is our vision to give opportunity to youngsters to develop their flourishing cotton careers in India in a cost effective manner. I am glad to mention here that the Cotton School Committee constituted by the Association is actively

pursuing plans to set up a Cotton School of international standard.

I have always wished that our Association should become a platform for enhancing the careers of everyone who works in the Cotton sector and it should also become a training ground for members and their staff to increase their skills and expertise enabling them to handle their business better. Towards this end, we have taken the initiative in conducting training programme under 'Learn with CAI' which consist of a series of seminars covering various facets of business.

c) To undertake Cotton Promotion Projects

Cotton has started losing its market share to man-made fibres in India and it has necessitated developing an aggressive cotton promotion campaign to reverse this trend. Our Association has plans to undertake a host of ambitious cotton promotion programmes such as School/College contact programmes, promotion and branding of Suvin fibre, launching of a cotton store and brand image building, etc. in a phased manner. The Cotton Promotion Committee has already carried out market research with the active involvement of professionals and is in advance stage of roping in sponsors to implement this programme.

d) To establish a Cotton Museum

Our Cotton Green Building has great heritage value which needs to be treasured. In order to retain this rich heritage, the Association has decided to set up a Cotton Museum and to begin with, the pictorial museum showcasing the valuable photographs of the Association is being setup.

e) Development and Promotion of Grade Standards for Indian Cotton

As you all are aware, grade standards maintained by the Association have been changed from varietal base to description based a few years ago. The Joint Standards Committee of the Association is in the process of providing adequate number of grade standards for all major growths of Indian

CAB to Meet on 6th January 2011

The first meeting of the Cotton Advisory Board for the cotton season 2010-11 is scheduled to be held under the Chairmanship of Shri A.B. Joshi, Textile Commissioner on Thursday, the 6th January 2011 at 11.00 a.m. in the Conference Hall of the Office of the Textile Commissioner, Nishta Bhavan (New C.G.O. Building, Churchgate, Mumbai-400 020).

cotton and to popularise the same. This will help Indian merchants in marketing their cotton in the International markets more efficiently.

f) Widening Membership Base of the Association

With the efforts of the Membership Committee, the membership base of the Association has increased to about 440 during the last few months. We still need to put in maximum efforts to widen the membership base and I request you

to undertake the membership drive so that more firms are enrolled as members of our Association.

g) Scheme Relating to Quality Control System

It is our endeavour to introduce a comprehensive scheme relating to Quality Control System which includes a proposal to revive the system of registered panel for controllers, certification of quantity and weight, location of stock, etc. The purpose of scheme is to provide service to the trade and create opportunities for the members."

Cotton Crop Loss in Saurashtra - Conflicting Report

Heavy rains and strong winds in November are reported to have led to the loss of cotton production in the Saurashtra region of Gujarat. However, there are conflicting reports about the extent of actual loss. The main problem this year is stated to have been that rain played truant during the first and second flowering phase of the plants bringing down the productivity. There is not much scope or expectation about the output during the third and last phase of the flowering since roots appear to have been damaged owing to the rain followed by the onset of winter, resulting in stunted growth. In some areas, about 10 percent of the plants are said to have been uprooted. Thus, the loss is both due to the less number of bolls produced per plant and the reduction of plant population per hectare.

According to some source, the drop in production may be only around 10 percent in the Saurashtra region while other places it is about 30 percent. Normally, Saurashtra region produced about 70 lakh bales. The farmers are said to aver that there are indeed significant losses and in some centres cotton plants have been removed from the fields and farmers have planted gram, it is stated.

(Source: Business Line - 15.12.2010)

DGFT Invites Fresh Application for Cotton Exports

The Directorate General of Foreign Trade in the commerce ministry had started accepting application for new registrations from 31st December 2010. This would continue till January 6. Of the 5.5 million bales permitted for the current season, exports have already been transacted for three million bales of cotton. Registration certificates would be issued for upto 1,00,000 bales of cotton on a single application.

Earlier, a group of ministers had allowed 5.5 million bales for exports during the cotton season 2010-11, but exporters failed to ship the entire quantity after unseasonal rains delayed arrivals in the spot market.

(Source: Business Standard-31.12.2010)

Cotton Arrivals

The Cotton Corporation of India is reported to have estimated the cotton market arrivals up to January 2, at 136.9 lakh bales as against 126.5 lakh bales by the same period last year. After the prevalence of unhelpful weather during the early stages of the harvest season, market arrivals appear to have picked up.

CAI Extends Warm welcome to the Re-elected Office Bearers for the Year 2010-11

Shri Dhiren N. Sheth

President

Shri Nayan C. Mirani

Vice-President

Shri Sanjay V. Udeshi

Addl. Vice-President

Shri Shirish R. Shah

Hon. Treasurer

CAI also extends warm welcome to the newly elected members of its Board of Directors

SNIPPETS

The working group on agricultural production under the Chairmanship of the Chief Minister of Haryana is reported to have stated that the centre should fix the minimum support price for crops at levels that are 50 percent more than the actual cost of cultivation. If implemented, this recommendation would have a far-reaching impact on farmers' incomes. Cultivation cost (C-2) covers all expenses on fertilisers, insecticides, diesel, hired labour etc. plus imputed values on labour, land (rental interest foregone) and capital (interest foregone on owned assets such as tractors and implements).

(Source: *Business Line* - 16.12.2010)



Textile groups from about 14 countries including the 27-member European Union are reported to have protested against quantitative restrictions imposed on exports of cotton from India which is claimed to be affecting the global prices. India, it is stated, is violating the WTO obligations by putting quantitative restrictions on cotton exports.

(Source: *Business Line* - 16.12.2010)



Cheap land availability and host of incentives are luring a number of textile units from Punjab to Madhya Pradesh. It is reported that the availability of good quality cotton, conducive weather, cheap labour, uninterrupted power and pan India market are the major reasons behind setting up of textile units in Madhya Pradesh.

Several biggest integrated textile players of the country have acquired land and are planning to invest large sums to set up spinning mills in the State.

Enquiries revealed that concession on land premium, refund of VAT and CST, exemption from entry tax, infrastructure development assistance up to Rs.1 crore, special investment subsidy for micro and small scale units and interest subsidy offered by Madhya Pradesh are other reasons for textile units of Punjab buying land and setting up units in Madhya Pradesh.

(Source: *Financial Express* - 4.1.2011)



UPCOUNTRY SPOT RATES

(Rs./Candy)

Official quotations for standard descriptions with basic grade and staple in Millimetres based on Upper Half mean Length under By-law 66 (A)(a)(4)						SPOT RATES (UPCOUNTRY) 2009-10 CROP December 2010					
						25 th	27 th	28 th	29 th	30 th	31 st
03.	ICS-102	22mm	V-797	4.5-5.9	19	H	N.A.	N.A.	N.A.	N.A.	N.A.
04.	ICS-103	23mm	Jayadhar	4.0-5	19		N.A.	N.A.	N.A.	N.A.	N.A.
2010-11 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	O	34300	34300	34700	34900	34900
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	L	34700	34700	35300	35500	35800
05.	ICS-104	24mm	Y-1	4.0-5.5	20		37500	38300	38500	38900	39000
06.	ICS-202	25mm	J-34	3.5-4.9	23		40700	40700	41200	41600	41800
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	I	39300	39300	39600	40000	40000
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24		39500	39500	40000	40500	40500
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	D	40500	40900	41200	42000	42200
10.	ICS-105	29mm	S-6	3.5-4.9	26		41800	41800	42100	43000	43000
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	A	42000	42000	42500	43100	43100
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28		43300	43300	43500	44000	44000
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	Y	52300	52300	52500	53000	53000