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Cotton and the Indian Textile Industry

With over 48 years experience in the textile industry, Shri. Prem Malik is Chairman, Confederation of Indian Textile and Industry (CITI) and Chairman, (BTRA) Bombay Textiles Research Association, Mumbai. He has been Executive Director of Bombay Dyeing Manufacturing Co. Ltd., C.E.O of Mafatlal Industries Ltd and Executive Director in Mafatlal Fine & Spinning Co. Ltd. He is a Management Consultant and Advisor and also on the board of various companies as Director.

Role of Cotton in Textile Economy

Cotton growing, processing and trading occupy a predominant position in our economy and cotton provides a strong competitive base for textile and clothing (T&C) production in the country. Close to 60 million people are engaged in production, trading, manufacturing, marketing and other activities relating to cotton and cotton textiles in India. The dependence of millions of rural families on this fibre and its products has made cotton the back bone of our rural economy. From farms to retail shops, cotton has been instrumental in creating millions of jobs in the country and with the steady increase in cotton production this process is only expected to accelerate in the coming years. Close to 65% of textiles production and over 75% of textiles exports of the country are linked to cotton. Thus, cotton has a vital role to play in the growth of manufacturing activities, exports and employment in India.

Cotton and Farmers

Our farmers have been working hard to increase cotton production in various regions of the country from year to year, though land, labour and all other inputs have been becoming more and more costly.

More than an economic activity, cotton farming in India involves serious livelihood issues since most of our farmers exist at a subsistence level. Therefore, we need to make all necessary efforts to ensure that the demand for cotton keeps pace with the increasing production and farmers get reasonable profits from cotton. Measures like MSP operations are welcome as distress-redress mechanisms, but the approach should be to create conditions in which such measures

do not become necessary. In CITI, we have been working in this direction for many years now. The projects being run by CITI-CDRA in Rajasthan have already helped in achieving a substantial increase in cotton productivity in the area covered and we have plans to expand the area and activities of CITI-CDRA in the state. In addition to propagating proper selection of seeds and measured as well as timely use of fertilizers and pesticides, we have been promoting High Density Planting which, if extensively used in all cotton producing states, has the potential to

double our cotton yield in a matter of a few years.

Trends in Cotton Production and Consumption

India has now emerged as the largest cotton producer and has the highest average growth in cotton consumption in the world. We are likely to remain a cotton surplus country for a few more years at least, until the domestic textiles industry is able to expand enough to consume all our cotton for value added products. Therefore, currently our farmers are susceptible to global price trends and we have serious stakes in cotton exports. China's new cotton policy has led to a steep decline in international prices of cotton and this has impacted our domestic prices. Our cotton exports have declined substantially in recent



Prem Malik

Chairman of Confederation of Indian Textile Industry

GUEST COLUMN

months mainly because of the demand recession in China. But more worrying is the fact, that our cotton textiles industry is getting seriously impacted by the decline in prices and demand for yarn and fabrics both in domestic and global markets and this may restrict cotton consumption in the country. We are expecting a record crop this year and any decline or even stagnation in domestic cotton consumption can lead to increased stress in the cotton market. So, a bumper crop and uncertainty in both domestic consumption and exports pose a real challenge to our cotton economy at this juncture. This is a situation that all the stakeholders have to handle together, rather than trying to profit at the cost of each other.

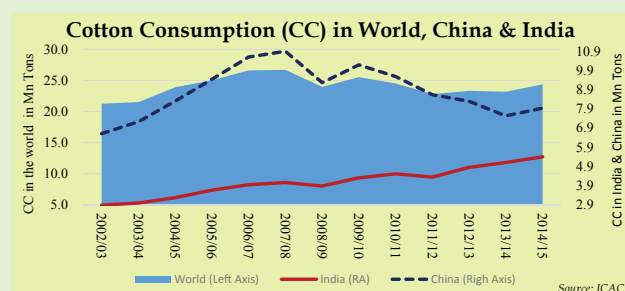
Role of MSP Operations

I understand that the Cotton Corporation of India is making arrangements for large MSP operations this year since prices are fast reaching the MSP levels in certain production centres. This is a welcome step. But it is important to ensure fairness and transparency in cotton procurement and even more importantly, in disposal of procured cotton. Large MSP operations would lead to market disruption unless due care is taken to dispose of the procured cotton as quickly as possible, through e-auction and at market prices. This may lead to some losses in the MSP operations. But these are not likely to be much higher than the carrying charges that will be involved if the disposal is delayed. And quick disposal will avoid creating artificial shortages in the market and will help the industry to continue its operations and consume the maximum quantity of cotton.

Growth in Cotton Consumption

India has registered a consistent growth trend in cotton consumption among major cotton textile producers with increasing share in world cotton consumption – from 14% in 2002/03 to 22% in 2014/15 – while China's cotton consumption and its share in world consumption have been declining in recent years. Most of the other major textile exporting countries follow the Chinese pattern, while in India the focus continues to be on cotton and cotton products. We have inherent strength and competitive advantage in cotton which we should not lose while intensifying our efforts to diversify into manmade fibre textiles.

It is interesting to note that among major cotton producing countries, India is the only one where cotton consumption has been growing consistently.



China seems to be shifting more and more into manmade fibres and the USA is exporting around 80% of its cotton. We have one of the most efficient spinning sectors in the world and it is keeping pace with the increasing cotton production in the country. Our industry is also reckoned to be the second largest producer of cotton fabrics in the world and a large producer of other value added products from cotton. Major cotton growing states in India such as Gujarat, Maharashtra, Andhra Pradesh, Madhya Pradesh and Rajasthan have announced state-specific policy support for investments in cotton textile industry with focus on maximum absorption of cotton for mill use within the state. This is expected to provide a further fillip to textile investments and cotton consumption in the states. However, investments in the value added segments of garments and made ups have not been able to keep pace with the increase in production of their raw materials and therefore export markets will remain very much relevant to our cotton and intermediate products at least in the short run. In fact, it is the increasing exports of yarn and fabrics that have sustained the demand for home grown cotton in recent years.

Textile Exports

On the supply side, India has the second largest installed capacity and production of conventional textiles and clothing in the world. It has the advantage of significant presence in each segment of textiles value chain and also of vertically integrated production. Studies show that India's competitiveness in the textile sector has improved over the last decade against most of the competing countries and there is immense scope for increasing our exports further. It has been observed that China is fast losing its cheap labour cost arbitrage and its overall production cost is also increasing rapidly. This would provide an opportunity for countries like India to grab a large share of world trade in textiles and cotton textiles in particular. The focus on more value added production, improved efficiency, modernisation and integrated operations is preparing the industry to cater to the emerging opportunities in global markets.

But challenges do exist for expanding our cotton textile exports as some of the developed regions have stagnate economic growth or demand slackness. Many countries are also operating discriminatory import duties or preferential treatment of goods which are erecting additional barriers for our textiles. EU has extended zero duty for most textile exporters directly competing with India, like Pakistan, Bangladesh, Turkey, Myanmar, Cambodia and African nations. On the other hand, our own preferential treaties are mostly working against our export interest, since we have been providing duty-free access and tariff concessions to the neighbouring countries. Government needs to expedite finalisation of the FTA with the EU that has been under negotiation for a long time, so that the duty disparity that our



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ASSOCIATES THROUGHOUT THE WORLD

exports suffer in the European markets can be addressed. We also have domestic problems relating to infrastructure, scale, labour laws, productivity, etc. that affect our export competitiveness. Measures are required to incentivise our textile exports to counter the disadvantages that we face in the global markets, so that we can achieve our export potential in full. It is heartening to see that the new government at the Centre is actively reviewing policies to facilitate growth of industries. Organised units with vertically integrated production processes are currently in expansion mode and will be able to cater to organised retails and exports more effectively in future. 'Make in India' initiative steered by the central government has strengthened the aspirations in the industry to manufacture and supply more products.

Growing Domestic Market

There is a growing domestic market for Indian apparel at 12-15% p.a. Organised retailing is helping to command better prices and demand for cotton products in domestic market. The rising per capita income, changing lifestyles with higher female participation in workforce, shift in preference to branded products and increasing propensity to spend in clothing have been helpful. In recent times, demand for high value cotton products with focus on branding and design contents like terry towels, bathing gowns, bed sheets, denims, inner wears, shirts, trousers, suits, etc. has been expanding in India and this trend is expected to continue. E-retailing is helping to expand the reach with reduced cost, fast movement and varieties across the country irrespective of the size of the cities and even in rural areas. It also helps to augment supply by connecting end users of products to production and inventory. Thus, e-retailing has added another dimension to the textile growth story and this will ultimately benefit the cotton economy. India has already a fair share in cotton textiles exports in all products – yarn, fabrics, made-ups and garments. Cotton textile products of India are increasingly visible in markets across the globe and are preferred by all classes of consumers now. These favorable demand factors as well as supply capabilities are creating large opportunities for further expansion and growth of our cotton textile industry in the coming years.

World Cotton Conundrum

It is an irony that when India is becoming the largest cotton producer in the world, a situation of supply glut is emerging globally. World cotton consumption has been lower than production during the last many years. This has added up increasing ending stocks in each year since 2011/12. World cotton ending stock was highest ever in cotton history at around 20 million tons in the previous cotton season, which again may go up over 21 million tons during current cotton season according to international cotton agencies' estimates (ICAC, USDA data). Chinese cotton policies during last three years have played a vital role in this phenomenon.

Their cotton state reserves bureau had started to buy cotton aggressively at higher than market prices since 2011. By October 2013, Chinese stock of cotton was over 60 per cent of global stock and was estimated to be around 13.6 million tons in the last cotton season. Now, according to reports, China is going to import substantially lower quantity of cotton. Their procurement policies are also changing which could bring down their domestic cotton prices as well as global prices. Already Cotlook-A Index has gone below its previous five years low mark of 70 cents/lbs level. Many cotton producing countries including India have support price policies to safeguard cotton producers. Already US has been providing direct support by compensating cotton producers against price decline below certain benchmark levels. Many others are also activating support mechanisms. Support prices, directly or indirectly, interfere with free market principles of supply, demand and equilibrium prices. In these situations, non-market factors feed the uncertainties and limit the cotton user's ability to fix the prices for his finished products. Many other non-price factors like speculative hoarding, trading or virtual transactions also contribute to inhibiting quantum of cotton available for end users. In fact, speculative factors play a distortionary role in the cotton economy, affect the price stability and in turn, cause aberration in the fiber mix for textiles production and consumption in favor of man-made fibers. Price stability or at least predictability of prices is necessary to sustain cotton consumption in the context of stiff competition from other fibres.

Fundamentally, a continuous rise in mill consumption and the requisite restraint on speculators can set discernible price trends. Absence of these factors may cause high uncertainty, volatility and unpredictability in cotton prices. If cotton prices decline significantly, traders may incur losses and planting of cotton may be discouraged in many countries including India. Among major producers and exporters of cotton, the US and Brazil have significant safeguards and capability to absorb any losses for the farmers. Though they claim that the support mechanisms are price neutralisation measures, they actually distort trade. And because of the very size of its operations, China is able to dictate cotton trends globally and compensate their cotton farmers in various ways. In fact, the world cotton conundrum has its origin in Chinese cotton stock and trade policies. In many developing nations including India, farmers can easily become victims of wild swings in prices of cotton, since the domestic support systems have limitations. Their manufacturing base could also be shunted due to uncertainties of cotton affordability and availability. The onus falls upon all stakeholders of cotton including governments to bring stability in prices and availability of cotton in order to sustain the livelihood of millions of farmers and provide a reliable and stable raw materials supply for the industry.

Courtesy: Cotton India 2014

Low Cotton Prices: A Long-term Problem

Last spring, when growers in the Northern Hemisphere made their decisions on what crops to plant, prices of cotton were much higher than the historical average and those of competing crops such as maize. As a result, world cotton area for 2014/15 is estimated at 33.5 million hectares, up 3%. However, world production is estimated down 1% to 26.1 million tons due to reductions in China and the Southern Hemisphere. As a result of the contraction in area caused by changes in its cotton policy and falling domestic cotton prices, China's cotton production is projected down 7% to 6.4 million tons. In response to low world prices, Brazil's production is forecast to fall by 10% to 1.5 million tons. Meanwhile, low prices and a significant drought are expected to reduce Australia's production by 47% to 470,000 tons. India's production is expected to remain stable at 6.8 million tons due to less favorable monsoon weather this season despite an expansion in the cotton area by 5% to 12.3 million hectares. However, its production will surpass China's by over 300,000 tons, making it the largest cotton producer in 2014/15. Production in the United States is looking to rebound 23% to 3.5 million tons, partially offsetting declines in the other major producing countries. Despite flooding in October, Pakistan's production is projected to rise 1% and reach 2.1 million tons.

International cotton prices have fallen substantially since last spring, when they were above 90 cents/lb. From 80 cents/lb just before the start of the 2014/15 season, prices fell to under 70 cents/lb in December. In response to the low prices, cotton consumption is forecast to increase by 925,000 tons to 24.4 million tons in 2014/15, after falling 1% to 23.5 million tons in 2013/14. Lower international and domestic prices are expected to bolster consumption in China by 6% to just under eight million tons. The contraction in China's demand for cotton yarn imports is expected to cause India's cotton consumption growth to slow to 4% reaching 5.3 million tons. This is down from 5% in 2013/14 and 14% in 2012/13 when demand for Indian yarn exports was much stronger. Pakistan, the third largest cotton consuming market, should see spinning expand 2%, to 2.3 million tons, as electricity and gas shortages are resolved.

Despite the growth in cotton consumption this season, a world production surplus of 1.7 million tons is still expected. This will bring 2014/15 world ending stocks to 21.3 million tons, up 9% from 2013/14 and up 147% from 2009/10 when stocks

reached a 15-year low. The average world stock-to-use ratio in the 25 years before China began its reserve policy in 2011 was 47%. However, the volume of ending stocks would represent 87% of the projected consumption in 2014/15, and is weighing heavily on prices this season. Even assuming reasonably lower production and higher consumption in the next few years, it will take several seasons for the significant volume of stocks to reach a more sustainable level, and low cotton prices are likely to persist while the market adjusts. Stocks held outside of China are forecast to rise by 20%, to nearly 9 million tons, the second largest volume (after 2004/05) in the last 30 years. Much of this increase is due to the expected 15% fall in exports as producing countries are more likely to be left with unsold stock.



ICAC

World cotton imports are forecast to decrease to 7.5 million tons in 2014/15. Significantly, imports by China are expected to decline by 44% to 1.7 million tons, though it would still remain the world's largest importer. Of the top five importing countries, only Vietnam is likely to see cotton imports increase. Consumption in Vietnam is projected to grow by 8% to 720,000 tons, while imports are expected to rise by 13% to 780,000 tons as it also replenishes low stocks. In Bangladesh imports may fall by 2% to 965,000 tons, and in Indonesia, by 4% to 625,000 tons. The antidumping probe by the Turkish government against cotton exports from the United States has dampened enthusiasm for imports, which are expected to fall 11% to 780,000 tons. The United States has been the largest source of Turkish imports for the last few seasons, representing nearly 50% of all Turkish imports in 2013/14.

Given the low volume of beginning stocks and the significant decline in production in 2014/15, Australia's exports are forecast to fall by 46% to 560,000 tons, leaving an ending stock of 93,000 tons, the lowest since 1982/83. While U.S. cotton exports are projected down 5% to 2.2 million tons, it will likely remain the largest exporter, followed by India where exports are expected to fall 39% to 1.2 million tons. Brazil's exports could increase by 25% to 606,000 tons, recovering from the 48% drop in exports experienced in 2013/14.

The ICAC Secretariat sends their best wishes to all in the cotton and other natural fiber industries for the New Year.

*Source: ICAC COTTON THIS MONTH,
January 05, 2015*

Run For Cotton!

Run for Cotton is not a promotion line for a sale but an appeal to support for the cause of Cotton. Many questions arise when there is an appeal for the Cause of Cotton amongst oft known / heard causes like 'Support the girl child', 'Street Children upliftment', 'Rural development' and so many more. Amongst myriad causes, 'Choose Cotton, For Life' raises a lot of questions and seems almost farcical. India is known and publicised to be a large cotton growing, consuming and exporting country.

However some facts are only partially known to the public at large. A natural fibre like cotton is fast losing its market share. The Cause of Cotton is just that; Support the Natural Fibre - Cotton, Support the Indian farmer, Choose Cotton - For Life!

The benefits of using cotton; primarily unparalleled comfort though known to all are often not remembered top of the mind.

The Cotton Association of India's Cotton Promotion Committee has specifically undertaken two key initiatives to support the cause of cotton and bring recall of the benefits of using the natural fibre - cotton, all aimed at creating a preference for cotton and thereby supporting the farmer.

1. School Contact Programme

A School Contact Programme that is aimed at educating school-going children from the age group of 10 to 13 years on the benefits of cotton. The attempt here is to inculcate at early life stage (school children) a preference for the cotton fibre. The Program is an educational yet an entertaining one titled 'Cottonology' wherein school kids are explained the History, Geography & Science of Cotton. They are also explained the uses of cotton in other areas apart from the usually known like cotton clothes. The School Contact Programme has been launched in Mumbai as a pilot project with 20 schools. The program in its pilot stage is funded by the members of the association in their individual capacity, however the same is envisioned to reach the length and breadth of the country.

CAI's Cotton Promotion Committee is heartened by the overwhelming response received at the pilot stage. The cotton slogan, enthusiastically mouthed by the school children, which is initiated by King



Cotton (a character created to connect with children) and enthusiastically repeated by school children at the School Contact Program is an assurance of the impact and value the program has given them. The Cotton Slogan Pledge is as follows:

'I pledge to opt for comfort with no compromise. Cotton is good for me, my country and my planet. So I pledge to Choose Cotton For Life'

2. CAI has launched yet another initiative to support the finest Cotton, India's very own - Suvin.

Suvin cotton was created by the ingenuity of Indian scientists in 1967-68 who combined the 'Sujata' cotton variety from India and the Sea Island Cotton variety 'St. Vincent' - thus the name Suvin. It is arguably the best cotton in the world. Our primary objective is to ensure that the farmers who are today disinclined to grow Suvin because of low demand and disproportionate efforts are encouraged to significantly expand its cultivation. CAI has undertaken a mission to promote this very special cotton to the world by launching 'Suvin Ratna'.

Suvin Ratna, is a carefully selected shirting fabric made from SuvinCotton conscientiously cultivated by Appachi Eco-Logic Cotton P Ltd., Pollachi and expertly spun and woven by Morarjee Textile Mills with both its warp and its weft containing a 2/200s count yarn (one of the most exquisite count of yarn produced in the country). We have also ensured that the entire chain right from the farm to the fabric is fully traceable so that the end product can be certified to be made from authentic Suvin.

The launch of both the projects has received tremendous appreciation from the Cotton fraternity and even outside, and there was been a genuine support and understanding for the need to support the Cause of Cotton.

Cotton Promotion Committee modestly anticipated the appreciation towards both the causes and had registered for the largest charity Marathon in Asia, The Standard Chartered Mumbai Marathon. Last year was a modest beginning for CAI's participation to solicit sponsorship for its causes. Last year we had 16 participants across 3 categories of Dream Run, Half Marathon and Full Marathon. This year we have already registered close to double of last year. We hope to also raise more awareness for the support of our projects this year.

The Standard Chartered Mumbai Marathon is one of the most enthusiastic events that Mumbai experiences, and is a great way to support a cause that one passionately believes in. The energy and the enthusiasm are unmistakable, making it an event to participate in. The Standard Chartered Mumbai

Marathon is held on the third Sunday of every January. This year the SCMM (Standard Chartered Mumbai Marathon) falls on 18th January 2015. Our participants are running across all three popular categories : The Dream Run: 6 kms, Half Marathon: 21 kms and Full Marathon: 42 kms.

You all can also support the Cause of Cotton, by coming on 18th morning to Marine Drive, opposite the Intercontinental Hotel at 10 a.m. and cheering all our runners. Your presence will add and encourage their enthusiasm and passion to support the cause of Natural Fibre – Cotton!

Please give in your confirmation for 'I Support Run for Cotton participants' by simply dropping an email to one or both email ids herewith; lalita.sakure@caionline.in or aparna.chawathe@caionline.in

We will be happy to provide you with merchandise in support of 'Run for Cotton' and guide you with exact details of location for supporters.

So let's get active this Sunday, 18th January at 10 a.m. and support 'Run of Cotton'

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Legacy

Shri Mangaldas Bhavanji Thacker



It was his handsome personality that landed Shri. Mangaldas Bhavanji Thacker (Jobanputra) his first job at the young age of 16! But to tell the story in his own words. “At a family function, Shri. Hansrajseth Mirani of Khimji Visram, who was related to us, spotted me and wanted to know who this tall good-looking boy was. When he learnt it was me, he told my father to send me to his office from the next day itself.”

Mangalbai who was born in December 1936 in Mumbai, was the eldest son among Shri. Bhavanji Lalji and Smt. Mithaben Thacker’s five children. Mangalbai’s father had a successful leather business – Kohinoor Leather Works – on Abdul Rehman Street in Mumbai. “My father was an extremely hard-working man. He would go to Dharavi early in the morning by 6.30 a.m., place his orders and come back to open his shop by 9 a.m.,” recalls Mangalbai.

But then an unforeseen event that changed the course of Indian history also affected his family in a totally unexpected way. Mahatma Gandhi was assassinated in 1948, and Mangalbai’s father, who was an ardent Gandhian was so traumatised by the event that he suffered a stroke and was bed-ridden

for almost a year. Through all this, Mangalbai managed to complete his Matric in 1952 from the Gujarati medium Vadilal Chaturbhuj Gurukul High School, Ghatkopar and even began attending Ruia College in Matunga for his B.A. degree when catastrophe struck again. His father’s trusted business partner of many years, took advantage of his absence due to illness and cheated him. Mangalbai’s father had no option but to sell the business and the once prosperous family was left in dire straits. It was around this time that Shri. Hansrajseth asked him to join work. But the youngster was not ready to work. “I was only 16, and wanted to study, not work,” he admits. “But the circumstances were such that my parents would push me to go to work very morning. And I would go very reluctantly.” He worked with Khimji Visram from 1952 to 1953. “They did not pay me anything as I was an apprentice, but what I learnt there was priceless. And after 12 months I felt I was ready to move on.”

He started doing brokerage from Jan 1, 1954 and in February his first earning came from the ¼ per cent commission he earned on 50 bales of cotton. “The amount was Rs. 26. 25 paise,” he remembers clearly. “From that money I bought 50 paise worth of biscuits and mithai from Bazar Gate for my family. And I will never forget how my younger brothers and sisters started dancing with joy when they saw the goodies I’d got for them,” he says with nostalgia.

“By the grace of God, the 50 bales became 500 bales and I never looked back. The cotton business helped me fulfill all my responsibilities as the eldest son of the family including getting all my sisters and brothers married, and settling them. Even now, I am a cotton broker and so is my only son Amit.”

In 1965, Mangalbai and his younger brother Suresh, started Jobanputra Brothers. This company developed a very good reputation in the Gujarat market and slowly they started getting business from big mill owners and merchants. They soon were the No 1 brokerage house in Gujarat in those days.

“We brought our work culture from Mumbai to Gujarat. Over there, people had a set routine. They would come to the pedhi only around 10. 30 a.m.,



Shri. Mangalbai Thacker with his wife Vijaya (extreme right) with (l to r) brothers Shri. Pratap B. Jobanputra, the late Shri. Suresh B. Jobanputra and his father, the late Shri. Bhavanji L. Thacker

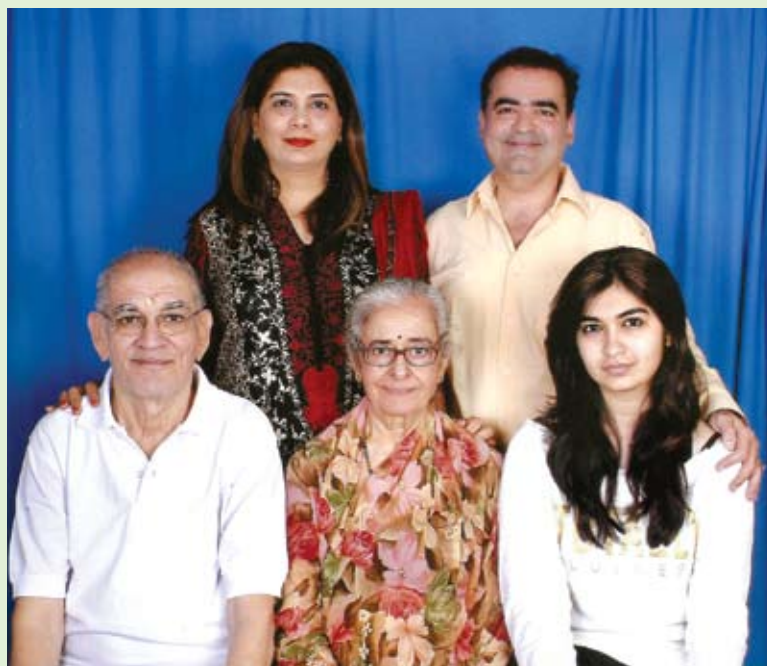
then take a long lunch break from 1 p.m. to 4 p.m. and then return to the pedhi and work till 7 p.m. We changed all that and began working continuously from 10 a.m. to 7 p.m., like we did in Mumbai with a 45 minutes break for lunch. When other brokers realised that they were losing business and we were gaining because of our continuous work hours, everybody started following our timings," Mangalbai recollects with a smile.

Mangalbai counts the late Shri. Trikamdasseth Kapadia who was a purchaser for the Thakersey Mills, as his mentor in business. Another person he could count on was the late Shri. Manubhai Amarsey from Amarsey Damoder, who treated him like a younger brother. These two proved to be the pillars who helped him reach the pinnacle of success. He also makes special mention of childhood friends from Ghatkopar like the late Shri. Laxmidas (Babubhai) Gandhi, partner in Khimji Poonja and Shri. Pratap Soni, who was the in-house broker for Khimji Poonja.

He recollects an incident. "Manubhai and Shri. Nusli Wadia of Bombay Dyeing were very good friends. And one day they decided to buy cotton in bulk for 8-10 months stock. Manubhai called me to his residence at 6 p.m. and asked 'How much cotton do you have?' I replied that I had as much as he wanted. He started buying for Bombay Dyeing. I called my brother in Ahmedabad and told him to stay put in office. Manubhai confirmed 3,000 bales. Then 10 minutes later he confirmed another 5,000 bales. This went on. Then at 8.30 p.m my brother phoned to say he was going to Kadi in North Gujarat



Shri. Mangalbai with the late Shri Chandulal Thakkar



Shri. Mangalbai with his wife Vijaya, grand-daughter Enasha, son Amit and daughter-in-law Purvi.

to get more cotton. After 1 hour he made a lightning call to me to say he had the cotton. Manubhai kept buying and we kept selling and by midnight, we had sold 75,000 bales of V797, CO2 and 30,000 bales of Maharashtra Federation cotton. This was a record breaking figure for a day's transaction."

Mangalbai's wife Vijaya, was by now very worried at her husband's prolonged absence and phoned up Manubhai. "He told her, 'Vijaya, don't worry. Your husband is with me. He is spending the night with me because he is doing business with me.'" Mangalbai recounts the story with a great deal of enjoyment.

Mangalbai remembers how prior to 1970, getting payment from mills was a big headache. "Every time I would go to a particular mill for payment, I was told, 'Seth nahi hai.' I got fed up of hearing this week after week and one day just barged into the seth's cabin and sure enough he was there. He owed me around Rs. 40,000. Since he could not pay the entire amount at once; I told him to give me a token of Rs. 1,000 cash every day. This money I would give to the shroff in Zaveri Bazaar, who in turn would give the money to the spot party concerned through his own network. This continued till the amount was recovered."

The fact that Mangalbai would take such pains to recover money added to his already spotless reputation in the market. "I have always maintained my reputation," he says with discernable pride. "In fact, I have never traded in cotton futures as I don't believe in speculation."

He has a vivid recollection of the Cotton Conference organised by the EICA from June 26 – 28, 1970 in Delhi. “Shri. Madanmohan Ruia was the President of the EICA then. I was sent to Delhi a month earlier in May to organise the event. Later on a few more people were sent from here to help me. I stayed at the Gujarat Samaj and hired a taxi for the month. Almost 2,000 delegates came from Mumbai by a special train. It was supposed to reach early morning of the 25th, but was delayed and reached at 1 a.m. at night. I had organised 15 buses at the station to ferry the delegates to their lodgings. One of the biggest cotton conference of its time, it was held at the newly opened Asoka Hotel and we had almost 3,000 people including mill owners and industry stalwarts attending the event which was a grand success. The only sad part was that one delegate, an employee of Breul and Company had a massive heart attack and died during the conference.”

He also remembers organising a Gujarati Dairo annually for a few years at the behest of the late Shri Trikamdasseth Kapadia, director, EICA. “He really pushed me into organising these events. All the stalwarts of the cotton market would attend these musical evenings. And once we even had the famous Shakila Banu Bhopali doing a quwwali programme for us.”

Mangalbai also has happy memories of meetings at the Amarsey Damoder office in Ballard Pier and later Churchgate between 4 p.m. and 6 p.m. every day. “Shri. Nathubhai Barot, Shri. Pratapbhai Thakkar, Shri. Manibhai Mehta, Shri. R. D. Jhaveri and I would meet every day and discuss cotton at



Shri. Mangalbai (extreme right) with his brother, the late Shri. Suresh B. Jobanputra and the late Shri. Jawahar Seth



Shri. Mangalbai (left) with childhood friends, Shri. Pratapbhai Soni and Shri. Lakshmidasbhai Gandhi.

the all-India level. We would order kachoris and bhajias from Masjid Bunder or sometimes chaat from Vithal’s and enjoy these snacks and our chit chat with tea/coffee.”

Another memory that has stayed with him is from his early days with Khimji Visram. “I used to work closely with their head salesman Shri. Padamsi Vallabhji. One day he sent me with a sample to the India United office at Ballard Pier. Shri. Wadia who I gave the sample to, had one look at me and began shouting, ‘Arre chokra you have come for boxing match or what? Where have you come from?’ I was confused and scared and told him I’d come from Khimji Visram. He immediately called up Hansrajseth and told him, ‘Your man has come to my office dressed for boxing. Don’t send him again’. Then I realised that I was wearing pants and a half-sleeved shirt, whereas those days the uniform for cotton merchants was white dhoti, shirt and long coat. But those days I didn’t have enough money for all that. But anyway I got myself a long-sleeved shirt and every time I went to meet Shri Wadia I would wear that. To date, I continue wearing white bush shirt and white pants, when I come to work.”

Although his only son Amit has joined him in the brokerage business, Mangalbai is very clear that the next generation should not enter the cotton business. “Where are the ethics? Now even the farmers mix kapas and add more moisture to cotton.”

But for those like Amit who are young and already in the business of cotton, he has this advice: “To survive, go with the flow. Do less, but make sure it’s safe business.”

Written by Jayashree Menon

SUPPLY AND DISTRIBUTION OF COTTON						
January 05, 2015						
Seasons begin on August 1	Million Metric Tons					
	2010/11	2011/12	2012/13	2013/14 Est.	2014/15 Proj.	2015/16 Proj.
BEGINNING STOCKS						
WORLD TOTAL	8.614	9.477	14.391	16.864	19.560	21.25
China (Mainland)	2.688	2.087	6.181	9.607	12.074	12.29
USA	0.642	0.566	0.729	0.903	0.651	1.12
PRODUCTION						
WORLD TOTAL	25.425	27.820	26.680	26.283	26.082	24.55
China (Mainland)	5.865	6.239	6.205	6.770	6.770	6.48
India	6.400	7.400	7.300	6.929	6.444	5.74
USA	3.942	3.391	3.770	2.811	3.467	3.26
Pakistan	1.948	2.311	2.002	2.076	2.091	2.00
Brazil	1.960	1.877	1.310	1.705	1.538	1.55
Uzbekistan	0.910	0.880	1.000	0.940	0.940	0.94
Others	4.401	5.722	5.094	5.053	4.832	4.58
CONSUMPTION						
WORLD TOTAL	24.508	22.821	23.766	23.465	24.390	24.67
China (Mainland)	9.580	8.635	8.290	7.531	7.960	7.97
India	4.470	4.231	4.817	5.042	5.269	5.30
Pakistan	2.100	2.217	2.416	2.271	2.308	2.37
East Asia	1.832	1.776	2.131	2.272	2.320	2.38
Europe & Turkey	1.549	1.495	1.555	1.605	1.665	1.71
Brazil	0.958	0.897	0.910	0.879	0.850	0.85
USA	0.849	0.718	0.762	0.773	0.827	0.84
CIS	0.577	0.550	0.561	0.590	0.600	0.60
Others	2.592	2.302	2.325	2.503	2.590	2.65
EXPORTS						
WORLD TOTAL	7.728	9.847	10.104	8.862	7.533	7.77
USA	3.130	2.526	2.836	2.293	2.177	2.42
India	1.085	2.159	1.685	2.014	1.234	1.30
Australia	0.545	1.010	1.305	1.037	0.560	0.39
Brazil	0.435	1.043	0.938	0.485	0.606	0.73
CFA Zone	0.476	0.597	0.828	0.926	0.952	0.96
Uzbekistan	0.600	0.550	0.653	0.650	0.628	0.59
IMPORTS						
WORLD TOTAL	7.716	9.749	9.662	8.740	7.533	7.77
China	2.609	5.342	4.426	3.075	1.733	1.99
East Asia	1.825	1.998	2.352	2.341	2.395	2.50
Europe & Turkey	0.972	0.724	0.833	1.082	0.957	0.94
Bangladesh	0.843	0.680	0.631	0.987	0.965	0.97
Pakistan	0.314	0.173	0.470	0.402	0.520	0.40
TRADE IMBALANCE 1/	-0.012	-0.098	-0.442	-0.122	0.000	0.00
STOCKS ADJUSTMENT 2/	-0.041	0.013	0.000	0.000	0.001	0.00
ENDING STOCKS						
WORLD TOTAL	9.477	14.391	16.864	19.560	21.253	21.13
China (Mainland)	2.087	6.181	9.607	12.074	12.286	12.04
USA	0.566	0.729	0.903	0.651	1.115	1.12
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA (M) 3/	50	58	47	47	55	54
CHINA (MAINLAND) 4/	22	72	116	160	154	151
COTLOOK A INDEX 5/	164	100	88	91		

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by World-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. Cents per pound

(Source : ICAC Monthly January 2015)

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) 2014-15 Crop JANUARY 2015					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	5th	6th	7th	8th	9th	10th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	9083 (32300)	9083 (32300)	9083 (32300)	8942 (31800)	8942 (31800)	8942 (31800)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	9223 (32800)	9223 (32800)	9223 (32800)	9083 (32300)	9083 (32300)	9083 (32300)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	7367 (26200)	7396 (26300)	7396 (26300)	7396 (26300)	7396 (26300)	7396 (26300)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	7930 (28200)	7958 (28300)	7958 (28300)	7958 (28300)	7958 (28300)	7958 (28300)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	8689 (30900)	8717 (31000)	8717 (31000)	8717 (31000)	8717 (31000)	8717 (31000)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	9026 (32100)	9055 (32200)	9026 (32100)	8970 (31900)	8886 (31600)	8802 (31300)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	7902 (28100)	7902 (28100)	7902 (28100)	7845 (27900)	7733 (27500)	7649 (27200)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	8155 (29000)	8155 (29000)	8155 (29000)	8099 (28800)	7986 (28400)	7902 (28100)
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	9139 (32500)	9167 (32600)	9139 (32500)	9083 (32300)	8998 (32000)	8914 (31700)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	8099 (28800)	8099 (28800)	8099 (28800)	8042 (28600)	7930 (28200)	7845 (27900)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	8492 (30200)	8492 (30200)	8492 (30200)	8436 (30000)	8323 (29600)	8239 (29300)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	9280 (33000)	9308 (33100)	9280 (33000)	9223 (32800)	9139 (32500)	9083 (32300)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	9055 (32200)	9055 (32200)	9055 (32200)	8998 (32000)	8886 (31600)	8802 (31300)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	8998 (32000)	8942 (31800)	8942 (31800)	8886 (31600)	8773 (31200)	8689 (30900)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	9251 (32900)	9195 (32700)	9195 (32700)	9139 (32500)	9026 (32100)	8942 (31800)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	9195 (32700)	9139 (32500)	9139 (32500)	9083 (32300)	8970 (31900)	8886 (31600)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	9336 (33200)	9280 (33000)	9280 (33000)	9223 (32800)	9111 (32400)	9026 (32100)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	9589 (34100)	9533 (33900)	9533 (33900)	9476 (33700)	9364 (33300)	9280 (33000)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	9870 (35100)	9814 (34900)	9814 (34900)	9758 (34700)	9645 (34300)	9561 (34000)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	12401 (44100)	12401 (44100)	12541 (44600)	12541 (44600)	12541 (44600)	12541 (44600)

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