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Bombay Stock Exchange Launches Cotton Contracts on February 18, 2019

Welcome you to the

LAUNCH OF COTTON CONTRACTS ON BSE

Monday, February 18, 2019

Shri. Atul S. Ganatra, President CAI rings the gong to signify the commencement of cotton trading on BSE.

Trading begins

Shri. Sameer Patil, Head Business Development, BSE, explains the cotton futures contract specifications.

Shri. Ashishkumar Chauhan, MD & CEO, BSE.

Chief Guest, Dr. P Ali Rani, CMD, Cotton Corporation of India.

Shri. Atul S. Ganatra, President CAI.

Shri. Arun Sekhsaria, Director CAI.

Guest of Honour, Shri. Pasha Patel, Chairman, State Agriculture Commission.

Shri. Neeraj Kulshrestha, CBO, BSE, presents memento to Shri. Atul S. Ganatra, President CAI

Shri. Sameer Patil, Head Business Development, BSE and Shri. Ashishkumar Chauhan, MD & CEO, BSE, present memento to Shri. Arun Sekhsaria, Director CAI.

Shri. Vinay Kotak, Additional Vice President, CAI.

Shri. Sharadkumar Saraf, Director, CAI.

Shri. Manish Daga, Director, CAI.

Shri. Shyam Makharia, Hon.Treasurer, CAI.

Shri. Rupesh Dalal, Consultant, BSE.

Shri. Raja Gokulgandhi, Director, CAI.

Shri. Chirag M. Shah, Of-Counsel, Masukhlal Hiralal & Co.

Shri. Neeraj Kulshrestha gives the vote of thanks

Team BSE and Team CAI.

Address by Shri. Atul S. Ganatra, President, CAI at the Launch of Cotton Contracts at BSE on February 18, 2019

Respected Shri. Pashabhai Patel, Chairman, State Agriculture Price Commission, my Dear Shri. Ashish Kumarji, Dignitaries on the dais, Friends from BSE, my dear Fellow Cotton Colleagues, Ladies and Gentlemen,

It gives me immense pleasure to be here today and welcome you all at the launch of Cotton Contracts on BSE. As partner in developing this contract I am aware of the hard work Shri. Ashish Kumarji and the entire BSE team has put up and I complement him and each and every member of the BSE team.

I am also conscious of the efforts of the Product Development Committee of BSE under the stewardship of its Chairman Shri. Arun Sekhsaria who is also one of our senior Directors in minutely designing the terms and conditions of this cotton contract to ensure that it caters to the twin objectives of price discovery and managing risk.

It is heartening to note that this contract does not provide for any location discount. This will lead to a healthy competition and cotton grown at various regions of the country will be treated on equal footing.

It is also a welcome sign that for ensuring participation of even a small trader, the size of a trading lot is kept at 25 bales only. This will attract lesser margin compared to a trading lot of bigger size and thus, it will be within the reach of a small trader. At the same time, size of a delivery lot is kept at 100 bales as per the practice prevailing in the spot market for ease of transportation and marketing which is advantageous to the trade.

I know that adequate precautions have been taken to ensure that the contract developed is user-friendly and it caters to the hedging needs of the entire cotton and textile sector be it a trader or a ginner or a textile mill or an exporter. However, as you all know, development is an ongoing process and I am sure that the Product Development Committee of BSE will welcome any suggestions for further improvements in future.

Friends, cotton has a volatile market and futures trading is a necessity to maintain health of the cotton trade. Mills, ginners, exporters and traders lose heavily when the prices go down which is a common phenomena in cotton trade. I therefore urge to all my ginner friends, exporters, mills and traders to utilise this efficient futures trading tool for hedging their stocks and mitigating the risk. The brokers can also act as counter parties and improve efficiency by providing liquidity to the market.

We all admire achievement of BSE in capturing about 36% market share in Guar Seed only in a few days after launching futures trading therein in the agri-commodity segment and I wish the team BSE a similar success in cotton futures as well. On behalf of CAI, I assure team BSE of our fullest cooperation.

Thank you.
Jai Hind Jai Maharashtra.

The Concept of Life Cycle Assessment (LCA) of Cotton and Its Implications

Continued from Issue No. 46 Dated 12th February 2019

GUEST COLUMN

Dr. Brijender Mohan Vithal

Cotton Expert

Dr. Brijender Mohan Vithal has a Ph.D. Agric (Plant Breeding-Cotton) from Punjab Agriculture University (PAU) Ludhiana. He has been associated with cotton R&D activities for more than three decades. He has worked as a Senior Cotton Breeder with PAU, GM Production / Executive Director with National Seeds Corporation and Director, DOCD, Ministry of Agriculture (MOA). He was Officer on Special Duties (OSD) to look after activities related with Tech Mission on Cotton (TMC) in CCI Ltd during its pre-launch period. He joined CCI Ltd - TMC Cell (MMIII & IV) during 1999 and continued working there till the end of the TMC Project in December 2010. He is still associated with cotton through agencies like ISCI.

Related to Cotton Life Cycle (Cradle-To-Grave)

- The textile manufacturing was the largest contributor to all impact categories modeled except blue water consumption and eutrophication potential. Textile plant wastewater emissions, upstream production of energy, and process chemicals drive eutrophication, acidification potential, and the toxicity measures. Yarn spinning was the main contributor for global warming potential, acidification potential, photochemical ozone creation potential, human health particulate air emissions, blue water use, and primary energy demand due to the energy intensive yarn production process. Energy for conditioning, processing, heating, and eventual drying fabric in the preparation and dyeing processes was also a significant contributor within the textile manufacturing life cycle stage.

- Consumer use phase contributed the most to global warming potential, primary energy demand, photo chemical ozone creation, human health particulate air, and blue water use. The consumer use phase including laundering contributed more towards all the impact categories than the cut-and-sew and end-of-life processes, except for the abiotic depletion potential within the woven pants scenario. The results were very sensitive to assumptions since the number of lifetime washings and the impacts of those launderings can vary widely in practice and by region. Since this data was a global average, there is high degree of variability within the use parameters.

- It is important to note that compared to East Asia, Eurasia, Latin America, and South/ Central Asia, the emissions profile of U.S. electricity has considerably less AP, EP, GWP, and POCP per kWh. Since the textile manufacturing data in this study was derived from countries other than the United States, the burdens from energy-intense textile processes drove up these impact categories compared to the use phase, which was modeled with energy grids from the six studied countries.

- With the exception of water consumed and eutrophication potential, agricultural production's contribution to total impact was lower than textile manufacturing in all of the categories evaluated. However, field emissions and fertilizer production were major contributors to several environmental impact categories; eutrophication potential was strongly influenced by nitrate, acidification potential was influenced by ammonia, global warming potential was influenced by nitrous oxide, and toxicity impacts were influenced by pesticides and herbicides applied in the field. The ginning process and energy required for irrigation played a role in primary energy demand.

- Despite a high uncertainty of toxicity effects in ecotoxicity potential and human toxicity potential impact categories, it is evident that textile manufacturing process chemicals and associated upstream emissions are the primary contributor. Although the USEtox™ model is currently the most precise LCA model for evaluating toxicity, there are still wide ranges in uncertainty around the actual effects of the compounds contributing to the toxicity measures. Thus, interpretation of the toxicity potential indices is challenging and the findings of this study are meaningful only for identifying compounds of concern.

- Carbon sequestered during the growth of cotton is modeled as a CO2 emission at end-of-life, even though garments won't necessarily be thrown away after their first useful life. The reuse and recycle of garments can hold carbon for a number of years and could potentially hold carbon beyond the temporal scope of this study of 100 years. When carbon is locked up in products for periods longer than 100 years, the end-of-life emissions are often emitted as they are considered outside of the study scope. Furthermore, there is a growing understanding of the value of temporary carbon storage that when considered could also influence the results by lowering the global warming potential over a set time period.

- Continued improvement in the cotton garment production system should focus on several areas within the supply chain. For water consumption and eutrophication, cotton irrigation and fertilizer use within the cotton cultivation process are key parameters which should be further optimized. The textile manufacturing phase contributed the most to all but two impact categories due to high energy usage and use of various process chemicals. Textile manufacturing optimization should focus on energy efficiency, use of cleaner energy sources, and using more environmentally friendly process chemicals and processes to create finished fabric. The use phase also contributed significantly to most impact categories. Use phase impacts are dominated by consumer use due to laundering. Use phase impact reduction can be made through the change of laundering behavior by switching from machine drying to line drying, using cold wash water with appropriate detergents, and using more efficient washing machines.

a.) Overall Conclusions

- When considering the three primary life cycle phases (agricultural production, textile manufacturing, and product use), textile manufacturing was often the largest contributor to the impact categories considered.
- Textile plant wastewater emissions, upstream production of energy, and process chemicals were major sources for these impacts as was the energy use in yarn manufacturing.
- The agricultural phase also had significant impacts on eutrophication and blue water consumption. Sources for these impacts were primarily related to nitrogen fertilizer and irrigation water use.
- While the use phase did not have the great impact on any single metric, it closely followed the textile manufacturing section on several metrics.
- The consumer use phase was very sensitive to the number of launderings and indirectly the number of launderings can be related to garment life. That is, a garment that is well constructed and has a long life is more likely to have a greater number of launderings and would increase the impact of the use phase. Thus, lowering the impact of the use phase by decreasing the useful life of a garment would not have the desired positive impact on the environment.

Limitations

- This study represents global average practices associated with the life cycle of typical cotton apparel products. While it can provide some context to comparison to other studies, it represents global average conditions, and as such, cannot be used to infer the impact of a new practice unless evaluated in the same global context. For example,
- the agricultural data is very sensitive to the regional climate—therefore, if the data to evaluate the impact of changing an agricultural practice is not collected in same global context, the data from this study cannot be used to make claims about the impact of that practice.
- Similarly, for textile and consumer data, the difference in an energy grid in a specific country relative to the global average could overwhelm any difference in changes in a textile process or consumer behavior.
- Additionally, this LCA has been focused on the environmental impacts and does not address social or economic aspects of a product's raw materials, creation, and use.

Recommendations

Continued improvement in the cotton garment production system should focus on several areas within the supply chain.

- For water consumption and eutrophication, cotton irrigation and fertilizer use within the cotton cultivation process are key parameters which should be further optimised.
- The textile manufacturing phase contributed the most to all but two impact categories due to high energy usage and use of various process chemicals. Textile manufacturing optimisation should focus on energy efficiency, use of cleaner energy sources, and use of more environmentally friendly process chemicals and processes to create finished fabric.
- The use phase also contributed significantly to most impact categories. Use phase impacts are dominated by consumer use due to laundering. Use phase impact reduction can be made through the change of laundering behavior by switching from machine drying to line drying, using cold wash water with appropriate detergents, and using more efficient washing machines.

(The views expressed in this column are of the author and not that of Cotton Association of India)

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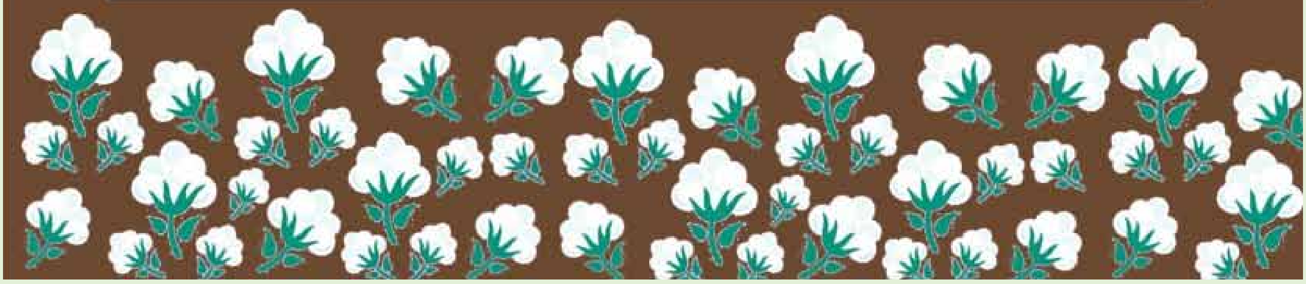

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]							Spot Rate (Upcountry) 2018-19 Crop February 2019					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	11th	12th	13th	14th	15th	16th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	11360 (40400)	11276 (40100)	11276 (40100)	11276 (40100)	11304 (40200)	11304 (40200)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	11501 (40900)	11417 (40600)	11417 (40600)	11417 (40600)	11445 (40700)	11445 (40700)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	8436 (30000)	8352 (29700)	8352 (29700)	8436 (30000)	8436 (30000)	8436 (30000)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	10264 (36500)	10179 (36200)	10179 (36200)	10179 (36200)	10179 (36200)	10179 (36200)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	10742 (38200)	10657 (37900)	10657 (37900)	10657 (37900)	10657 (37900)	10657 (37900)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	11698 (41600)	11614 (41300)	11614 (41300)	11614 (41300)	11642 (41400)	11642 (41400)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	10601 (37700)	10517 (37400)	10517 (37400)	10517 (37400)	10517 (37400)	10517 (37400)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	10798 (38400)	10714 (38100)	10714 (38100)	10714 (38100)	10714 (38100)	10714 (38100)
9	P/H/R	ICS-105	Fine	27mm	3.5.4.9	26	11979 (42600)	11895 (42300)	11895 (42300)	11895 (42300)	11923 (42400)	11923 (42400)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	10882 (38700)	10798 (38400)	10798 (38400)	10798 (38400)	10798 (38400)	10798 (38400)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	11107 (39500)	11023 (39200)	11023 (39200)	11023 (39200)	11023 (39200)	11023 (39200)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	12092 (43000)	12007 (42700)	12007 (42700)	12007 (42700)	12035 (42800)	12035 (42800)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	11417 (40600)	11332 (40300)	11332 (40300)	11332 (40300)	11332 (40300)	11332 (40300)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	11754 (41800)	11670 (41500)	11614 (41300)	11529 (41000)	11445 (40700)	11389 (40500)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	11614 (41300)	11529 (41000)	11529 (41000)	11529 (41000)	11529 (41000)	11529 (41000)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	11867 (42200)	11782 (41900)	11726 (41700)	11726 (41700)	11726 (41700)	11726 (41700)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	11895 (42300)	11810 (42000)	11810 (42000)	11810 (42000)	11810 (42000)	11810 (42000)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	12176 (43300)	12092 (43000)	12092 (43000)	12092 (43000)	12092 (43000)	12092 (43000)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	12513 (44500)	12429 (44200)	12429 (44200)	12429 (44200)	12429 (44200)	12429 (44200)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	14060 (50000)	13976 (49700)	14257 (50700)	14538 (51700)	14622 (52000)	14650 (52100)

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