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Predicting Cotton Prices - So Difficult, Yet It's Possible, If You Pay Attention To The Prices!

He is the Director at Commtrendz Research and a consultant to commodity bourses and corporations both in India and the overseas. He has more than 20 years of experience in commodity and Forex trading and was formerly a Forex dealer with the Bank of Nova Scotia.

Cotton has a very rich history, including the fact that it was grown extensively in India for six thousand years. And today it is a part of just about every human being in the world. Its huge importance to humanity has turned it into a financial instrument from which investors can profit or hedge their businesses. Here, we'll be looking into the most important factors that move the price of cotton.

As with any commodity with its price dependent on inventory levels, rising inventories usually lead to lower cotton prices, as it signals that there is sufficient cotton to satisfy the demands. On the other hand, decreasing inventories usually lead to a price hike. What happens is that decreasing inventories causes traders to fear that the available cotton inventories will not satisfy demands.

China is both the largest producer and consumer of cotton. As the world's largest producer, if China's cotton production drops, says because of unfavorable weather conditions, you can expect

that a surge in cotton prices will follow. When the demand outlook in China is weak, chances are the cotton prices will decline. On the other hand, a positive demand outlook is likely to send the prices higher. The falling expectations of Indian production and late arrival of the monsoon, has certainly led to some strong Indian activity in the global market. The fall in domestic production this year was largely the result of back-to-back years of drought and an outbreak of damaging pests. While India has received a strong amount of rain overall in its monsoon period this year, early rain didn't come at the time needed by cotton farmers.

While cotton prices have fallen globally, in India, cotton prices have risen by about 50% since the start of the cotton season on Oct. 1 last year to \$320 per bale. Mills in southern India

have found it cheaper to import cotton, than buy it from local markets even though India has a large stockpiles of the commodity. The sea-transport cost from Africa to the southern ports is

lower than surface-transport cost from the central and western Indian states, making it alluring for domestic mills to import cotton.

The China National Cotton Information Center lowered its imports forecast for 2016-17 slightly to 1.05 million metric tons, as the extended reserve auction period pushes back the need for China to return to the world market to source more of



GUEST COLUMN

*Gnanasekar Thiagarajan
Director, Commtrendz Research and
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its cotton requirements, which again saw prices rallying higher.

In India, the world's largest producer of cotton, the country's sudden move to replace 500- and 1,000-rupee bank notes to fight counterfeiting, created a temporary cash crunch in that market, pushing prices higher. And in China, the world's largest cotton importer, inclement weather delayed some cotton shipments, which kept the bulls running. It is harvest time for U.S. cotton, and the market has been focused on snatching up the best of the crop as bales move to market from across the country.

West Texas is having one of its best crops on record, with some fields yielding as much as seven bales of cotton per acre, versus the national average of two to 2.5 bales normally. That has the International Cotton Advisory Committee predicting that the world cotton production will increase by 7%, to 22.4 million tons, with the U.S. anticipating a 24% increase this year, to 3.5 million tons of cotton.

Cotton prices surged 161% five years ago and reached all-time highs in early 2011, but since then every attempt to cross 100c has been repelled due to a subsequent period of oversupply. Going into 2017, cotton could strengthen as global deficit persists. Weather in 2017 will also play a key role as market participants closely watch the La Nina weather phenomenon, Chinese destocking and competition from competing man-made fibres. The external markets could also play a role, as to the direction of the dollar and a potential rate hike that could weigh on economic recovery of the U.S.

I have discussed above, the many factors that have influenced prices of cotton in the past and potential factors that could influence in the future as well. But, these are just factors that could evaporate and fresh ones, completely unknown, could take centre stage. Most of the above are known information and are stale in nature. But, market participants, media and other vested interests always love to munch on stale food. It is just a meagre percentage of market participants that actually takes a contrarian approach and are subsequently rewarded for the same. The rest which forms a large part of the industry and beyond, love to dwell on stale food and feel comfort in the fact that they are part of the herd and in difficult times get a shoulder to cry from each other. And it is this crowd that goes through long phases of anxiety and are constantly on the process of recovering what they lost earlier. And it is the huge comfort they derive from seeing others in the same boat, that keeps them away from trying something new.

What new are we talking about here? It is the ability to understand price itself as a leading indicator,

rather than all the factors that influence price. All the factors that influence cotton prices should be used as tools to add to the probability of success. The tools cannot become the means to achieve success in price forecasting. It is a very deep understanding of price itself that could actually help in forecasting prices.

Let us look at some important developments that took place this year and how prices, news and fundamental information were lagging behind and proved to be stale information and was never useful in forecasting a bottom.



In the chart above, which is the benchmark MCX Cotton futures continuous contract, prices hit a low of 13,970 in January 2015 and 14,360 by July 2015.



Cotton price slide continues

Worry on Bt technology losing steam as crop sees bollworm attack

Dilip Kumar Jha | Mumbai

March 25, 2016 Last Updated at 23:10 IST

The price of cotton has been falling since the start of this year, both following a global trend and due to worm attacks on the standing crop in Punjab and Gujarat.

The benchmark Shankar-6 variety is quoting at Rs 9,026 a quintal, a four per cent fall over a month. In the same period, the price for delivery in May fell 10 per cent to 57.72 cents a pound on the benchmark InterContinental Exchange (ICE). "Prices dropped due to subdued demand in the domestic spot market. Besides, reports on China preparing to auction some of its vast stockpile of the natural fibre next month had fuelled the downtrend," said Ajay Kedia, managing director, Kedia Commodity Research.

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Reuters

MONEY NEWS | Tue Jun 14, 2016 | 3:38pm IST
India's cotton planting seen falling to seven-year low

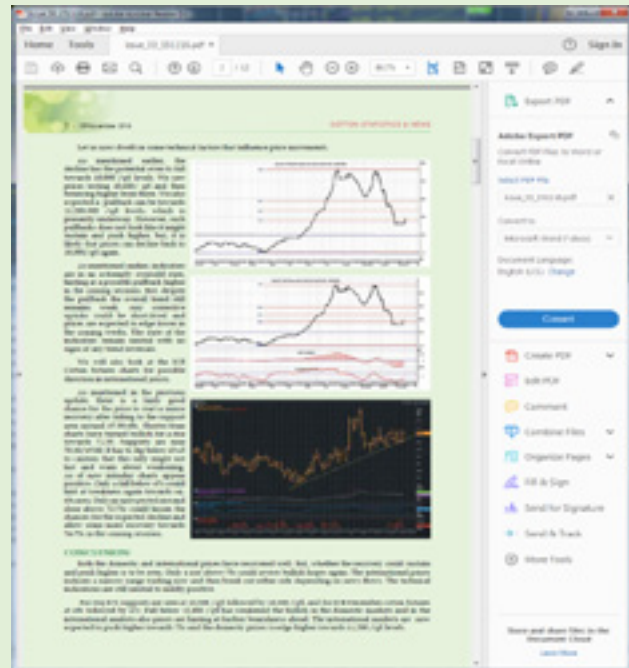
Cotton planting in India, the world's biggest producer, is likely to fall to the lowest in seven years in the 2016/2017 marketing season as farmers switch to other crops, potentially cutting production and exports of the fibre.

A pest attack in key cotton growing states and forecasts of good monsoon rains are also prompting farmers to plant other crops such as sugarcane, peanut and pulses.

Lower cotton shipments from India could support global prices, now trading near their strongest level since August 2015, and boost exports from rivals like Brazil, Australia and United States.



The above three news reports came around March 2015 to July 2015, when the market was in a very bearish undertone. Whereas, the technical indications were otherwise. There were many technical indications that were hinting at a possible reversal in prices from bearish to bullish. What is technical analysis and how does it help in price forecasting? We have dealt with this topic in detail and we do price outlooks based on technical analysis in the fortnightly newsletter published by the Cotton Association of India (CAI).



Experts' Column

Technical Approach to Commodity Trading



Dr. Ganesan Pragasam
 Professor and Director of Government Research and the main architect of the cottons in the year and set that of other commodities of India.
 (He can be reached at ganesan@prg.com)

Goal of Technical Analysis

The goal of technical analysis is very often misunderstood by those who are unfamiliar in analyzing prices and do not know that trends exist to understand the markets better.

In brief the goal would be to

Identify a trend and ride with it until enough evidence proves that the trend has reversed direction - Martin's Trick.

So, our job is to use the tools available to a technician and uncover the direction of the markets and identify when it has reversed direction.

Basically there are two ways to analyze the markets, Fundamental Analysis or Technical Analysis.

Fundamental Analysis

- Study various reports
- Demand/Supply Analysis
- Gather News
- Examine commodity data
- Discover Ratios
- Study Related markets

Technical Analysis

- Study Price action alone

Is one approach best?

There's really no answer to that question. Some hedgers and operators favor fundamental analysis over technical analysis or vice versa, while others use both approaches.

In Summary the technical analyst believes that everything that affects a certain market is contained in one variable which is the underlying price. If you understand the price of a currency, stock or a commodity, then you will know everything related to the market.

DOW THEORY Overview

In 1902, Charles Dow developed two broad market averages. The "Industrial Average" included 12 blue-chip stocks and the "Rail Average" was comprised of 20 railroad enterprises. These are now known as the Dow Jones Industrial Average and the Dow Jones Transportation Average.

Technical analysis is a tool which uses price and price information and statistics models to forecast future trends. I have had the pleasure of interacting with companies and traders from the cotton industry and I am so sad to see that only a handful of them know and use technical analysis as a tool for predicting future prices. Most believe that it is only fundamentals that drive the market, but very few pay attention to the price movement itself, which can guide and offer clues towards predicting future prices. As explained above, by the time the news comes and is known to all, there is nothing new to look forward to and markets are constantly looking forward to something new. And news will only come after prices have moved higher or lower, depending on whether it is near a top or bottom. So, news does not help in forecasting prices with the help of Supply and Demand information.

The Japanese discovered it in the 17th century when it was used to trade in the rice futures in Osaka. As stability settled over the Japanese culture during the early 17th century, new opportunities became apparent also. The centralised government led by Tokugawa diminished the feudal system. Local markets began to expand to a national scale. The demise of local markets created the growth of technical analysis in Japan.

Osaka became regarded as Japan's capital during the Toyotomi reign. Its location near the sea made it a commercial center. Since land travel was slow and dangerous, not to mention costly, it became a natural location for the development of the national depot system, assembling and disbursing supplies and market products. It rapidly evolved into Japan's largest city of finance and commerce. Osaka, the "Kitchen of Japan" with its vast system of warehouses, eventually established an atmosphere of price stability by reducing regional imbalances of supply. Osaka became the profit center for Japan, completely altering the normal social standards. In all other cities, the quest for profits was despised. Japan was composed of four classes, the Soldier, the Farmer, the Artisan, and the Merchant. It was not until the 1700's that the merchants broke down the social barrier. "*Mokarimakka*" which means "Are you making a profit?" is still the common greeting in Osaka today.

The Dojima Rice Exchange, the institutionalised market that developed in Yodoya's front yard, was established in the late 1600's. Merchants were now capable of grading the rice, and negotiated setting the market price. After 1710, actual rice trading expanding into issuance and negotiating for rice warehouse receipts. These become known as rice coupons, and were the first forms of futures. The Osaka rice brokerage became the foundation for the city's wealth, with 1,300 rice dealers occupying the

Exchange. Due to the debasing of coinage, rice became the medium of exchange. A *daimyo* in need of money could send his surplus rice to Osaka and get a receipt from a warehouse. This receipt (coupon) could then be sold. As with many *daimyo*, cash flow problems could be eliminated through this method. Sometimes many future years of crops were mortgaged to take care of current expenses.

With the rice coupon becoming an actively traded entity, the Dojima Rice exchange became the world's first futures exchange. Rice coupons were also called "empty rice" coupons, rice that was not in physical possession. Rice futures trading became so established in the Japanese marketplace, that in 1749, 110,000 bales (rice traded in bales) were freely traded while there were only 30,000 bales in existence throughout Japan.

It was during this time period that technical analysis for trading became more refined. Candlestick analysis had been developed over the years simply due to the tracking of rice price movements. However, in the mid 1700's they were really fully utilised. "The god of the markets" Homna came into the picture. Munehisa Homna, the youngest son of the Homna family, inherited the family's business due to his extraordinary trading savvy. This, at a time when the Japanese culture, as well as many other cultures, thought it common that the eldest son should inherit the family business. The trading firm was moved from their city, Sakata, to Edo (Tokyo). Homna's research into historic price moves and weather conditions established more concrete interpretations into what became known as Candlesticks. His research and findings, known as "Sakata Rules" became the framework for Japanese investment philosophy.

After dominating the Osaka rice markets, Homna eventually went on to amass greater fortunes in the Tokyo exchanges. It was said that he had over one hundred winning trades in a row. His abilities became legendary and were the basis of Candlestick analysis.

Conclusion: Technical analysis on cotton futures has been prevalent in the US markets for a long time now. Trading, hedging, purchase, selling decisions are taken with the help of technical analysis or many times purely relying on technical analysis. Price discounts all fundamental factors and the raw material for technical analysis is "Price of the Commodity Itself". It is an art every market participant in the cotton industry must learn to help them navigate the volatile markets that have become more volatile in recent times.

Courtesy: Cotton India 2016-17

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

Production Of Man-Made Filament Yarn

(In Mn. kg.)

Month	Viscose Filament yarn	Polyester Filament yarn	Nylon Filament yarn	Poly propylene Filament yarn	Total
2005-06	53.09	1075.82	36.84	13.58	1179.33
2006-07	53.98	1270.83	32.25	13.41	1370.48
2007-08	51.07	1420.14	27.62	10.51	1509.34
2008-09	42.42	1332.09	28.07	15.08	1417.66
2009-10	42.70	1434.88	30.35	14.79	1522.72
2010-11	40.92	1462.28	33.46	13.14	1549.79
2011-12	42.35	1379.52	27.95	13.19	1463.01
2012-13	42.63	1288.15	22.91	17.18	1370.87
2013-14	43.99	1212.43	24.09	12.91	1293.42
2014-15	44.24	1158.20	32.55	12.77	1247.76
2015-16	45.41	1068.80	37.26	12.66	1164.13
2016-17 (P) (Apr-Jan)	38.64	880.45	33.45	9.51	962.05
2015-16					
April	3.80	95.97	3.22	1.09	104.08
May	3.70	96.03	3.01	0.99	103.73
June	3.69	82.80	2.69	0.95	90.13
July	3.78	82.67	3.11	1.12	90.68
August	3.81	86.94	2.96	1.13	94.84
September	3.82	89.67	2.81	1.00	97.30
October	3.83	89.49	3.17	1.00	97.49
November	3.75	87.58	2.86	1.32	95.51
December	3.82	90.60	3.29	0.91	98.62
January	3.83	93.31	3.36	1.02	101.52
February	3.78	86.91	3.32	1.10	95.11
March	3.80	86.83	3.46	1.03	95.12
2016-17 (P)					
April	3.78	84.08	3.30	0.96	92.12
May	3.88	85.31	3.38	0.96	93.53
June	3.90	84.93	3.27	0.95	93.05
July	3.98	89.83	3.46	0.99	98.26
August	3.97	90.88	3.38	0.97	99.20
September	3.75	89.11	3.67	0.96	97.49
October	3.89	93.00	3.69	1.05	101.63
November	3.78	86.49	3.06	0.77	94.10
December	3.84	84.52	2.76	0.80	91.92
January	3.87	92.30	3.48	1.09	100.75

P - Provisional

Source : Office of the Textile Commissioner



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COTTON EXCHANGE MARCHES AHEAD

Madhoo Pavaskar, Rama Pavaskar

Chapter 5 March To Freedom - I

Towards Liberalization

Soon after the suspension of futures trading in cotton in 1966, the Government of India removed from September 1, 1967 the statutory price ceilings on the commodity, which had continued uninterrupted since the second World War. The removal of price ceilings was a pleasant surprise to the cotton trade, which heaved a sigh of relief. But the joy was not to last too long. The State intervention in cotton marketing began almost immediately thereafter with the establishment of the Cotton Corporation of India (CCI) by the Central Government and the introduction of monopoly procurement of seed cotton (kapas) in Maharashtra under the auspices of the State government.

In fact, the trade was not so much averse to free and fair competition from the public sector agencies as to the monopoly element in the Maharashtra Government's kapas procurement scheme, which it resented. For, such monopoly not only prevented the private sector from entering the regulated markets in kapas in Maharashtra, but also denied the cotton farmers of the State from receiving a fair and competitive price for their produce. Moreover, the competition in cotton marketing from the public sector and other State agencies, including the CCI, was far from free and fair.

For almost the last quarter of a century, and even more, while the private sector was subjected to various regulatory restrictions under a spate of legislations like the Essential Commodities Act, the Forward Contracts (Regulation) Act, the Cotton Ginning and Pressing Act and the Selective Credit Control Policies under the Banking Regulation Act, the Cotton Corporation of India and the Monopoly Procurement Scheme of the Maharashtra Government were virtually exempted from all such regulations. The continuance of these restrictions even after the country embarked on a far-reaching economic liberalization programme since the early nineties of the last century was indeed a pathetic

anachronism. Unsurprisingly, during the last two decades and a half, the cotton trade was perforce constrained to wage a historic struggle against the needless governmental regulations, and throughout this momentous march to freedom the Cotton Exchange remained at vanguard. The saga of the Cotton Exchange through these two decades and a half is primarily a story of this heroic struggle.

The freedom march of the cotton trade was aimed mainly at (a) abolition of stock limits, (b) lifting of quota restrictions on exports, (c) removal of selective credit controls, (d) deregulation of trading in delivery contracts and (e) revival of futures trading. The Cotton Exchange pursued this struggle in a more peaceful and conciliatory manner with sound economic logic and cogent arguments, instead of resorting to confrontation. This strategy adopted under the able and wise stewardship of Mr.C.H. Mirani, which was subsequently also followed by the learned and sagacious Mr.Suresh A. Kotak, the present President of the Cotton Exchange, yielded quite fruitful results on most issues facing the cotton trade. This and the next two chapters outline the chequered but eventful account of this peaceful march to freedom.

A. Abolition of Stock Limits

Essential Commodities Act

Although under the Constitution of India (which came into force on January 26, 1950), agriculture is a State subject and the assembling markets for agricultural produce are regulated by the State governments, the subject of "commodity distribution and marketing" is included in the concurrent list of the Constitution, giving the Central Government the precedence over the State governments in legislating issues relating to that subject. In exercise of this constitutional authority, the Central Government brought on the Statute Book the Essential Commodities Act, 1955.

The Act empowers the Government of India to regulate the production, supply and distribution



of, and trade and commerce in, essential commodities. "Raw-cotton, whether ginned or unginned" is classified as essential commodity under that Act. Section 3 of the Act authorises the Central Government to provide for regulation in any essential commodity by issue of an Order. In exercise of the powers conferred by that Section, the Government of India issued the Cotton Control Order, 1955, which was later replaced by the Cotton Control Order, 1986.

Cotton Control Order

As per the Cotton Control Order, the Textile Commissioner, whose office functions under the Union Ministry of Textiles, is empowered, among others, to

- 1) fix the minimum and maximum prices of kapas, cotton lint and cottonseed;
- 2) impose restrictions and conditions on sale and purchase of kapas;
- 3) prescribe stock limits on kapas and cotton lint for mills, merchants and ginners;
- 4) specify minimum/maximum quantities which ginners can buy;
- 5) restrict movement of kapas from one place to another;
- 6) issue licences to merchants and ginners for purchase, sale, store or carry on business in cotton and impose conditions on such licences; and
- 7) require various licencees and spinners to maintain records of their stocks, receipts and sales of each description of cotton, and submit periodical returns.

The Cotton Control Order is so comprehensive that it empowers the Textile Commissioner to not only impose price, stock and movement restrictions on kapas and cotton, but also regulate the trade in them. The contravention of any of the provisions of the Cotton Control Order and the notifications issued thereunder are punishable under the Essential Commodities Act with imprisonment and/or fine.

True, most of the powers conferred on the Textile Commissioner under the Cotton Control Order have been used less frequently in recent years than in the fifties and sixties of the 20th century. But that seems to be a small mercy on the trade. For, with kapas and cotton classified as essential commodities, the draconian Essential Commodities Act hangs like a Sword of Democles on the head of private sector cotton trade all the time. And whenever the Textile Commissioner exercises his powers under the Cotton Control Order, not only the cotton trade, but the entire cotton economy is more often than not totally paralysed.

As a matter of fact, with abundant cotton supplies, removal of both the tariff and non-tariff barriers on import of cotton, and a remarkable improvement in the per caput availability of cloth made from both cotton and man-made fibres, kapas and cotton are no longer such essential commodities as foodgrains. Therefore, the private cotton trade and industry as well as the cotton growers have been clamouring for the removal of seed cotton and cotton lint from the purview of the Essential Commodities Act. But the government which has freed industry and international trade from various controls in the wake of its economic liberalization programme, has turned a deaf ear to the calls for similar liberalization in agriculture and domestic trade, which continue to groan under the archaic and obsolete controls which have outlived their utility. There seems to be no end to the woes of the cotton farmers and the private sector cotton trade, though it appears from the recent government pronouncements that the end of the tunnel may not be far from sight, unless the authorities make a sudden volte-face. That may not happen; though one never knows, since kapas and raw-cotton continue to be covered by the dreaded Essential Commodities Act.

Stock Limits

Under the Cotton Control Order, the Textile Commissioner was earlier empowered to impose restrictions on cotton stocks held by only the spinning mills. On January 17, 1986 the spinners were prohibited from stocking cotton (including quantities to be delivered against outstanding contracts), either directly or through others on their behalf, in excess of their six months' consumption. This limit was removed on March 10, 1993, following surplus cotton production in the cotton year 1992-93.

Thereafter, following the rise in cotton prices during the 1993-94 cotton season, the Cotton Control Order was amended on March 24, 1994 to enable the Textile Commissioner to fix stock limits on the ginning and pressing factories and the private trade, in addition to the yarn manufacturers. And within less than a fortnight from the issue of the amended Order, the Textile Commissioner once again prohibited the spinning mills from possessing stocks of Indian cotton in excess of their three months' average consumption in the preceding cotton year. The private trade as well as the ginning and pressing factories were simultaneously barred from holding cotton, pressed and unpressed, in excess of 110 per cent of the quantity held by them on the last day of the corresponding month of the previous year, or 100 quintals, whichever was more, which implied that 100 quintals of cotton was actually the overall ceiling on stocks to be held by the trade and ginners.

Criticising strongly that “these stock restrictions are harmful to the cotton economy of the country” and the “worst sufferers of these measures are the farmers, ginners and the workers in gins”, Mr. C.H. Mirani in his Presidential address at the 72nd Annual General Meeting of the East India Cotton Association held on August 17, 1994 deplored that “much hue and cry was made by the interested circles against the so-called ‘steep’ rise in the cotton prices during 1993-94 season”. He pointed out that “comparing the prices of 1993-94 season with those of 1992-93 season, when cotton prices were at unduly low levels on account of record production of cotton amounting to 140 lakh bales, was not proper”.

Mr. Mirani told the authorities, “If you compare the prices with the prices of 1990-91 season, which happened to be a year of similar demand and supply positions, current prices are lower by about 5% than the highest prices of 1990-91 season”. Arguing that the rise in prices of cotton was due to the swift rise in the prices in the international markets on account of the lower world production, he pointed out that the U.S. Cotton Outlook ‘Index A’ spurted by about 52 per cent from 56.80 U.S. cents per lb. at the beginning of the 1993-94 season to 86.50 cents per lb towards the end of May 1994, and was hovering around 83.50 cents as late as in August 1994.

These arguments were reiterated by Mr. Mirani in a subsequent letter dated September 12, 1994 addressed to the Textile Commissioner. In that letter, he elaborated the hardships faced by the farmers, the ginning and pressing factories, the private market functionaries and the mills by the ridiculously low stock limits fixed in April 1994. Mr. Mirani informed that while the cotton farmers were deprived of the legitimate price for their produce, the stock limits are rendering the operations of the ginning and pressing factories uneconomic and unviable, discouraging fresh investments for modernising or setting up new units. The stock limits on private market functionaries, “lead to a situation where there will be enough seed cotton with the farmers in the country, but not enough ready cotton bales to offer to the consuming mills. This will obviously create artificial shortages and artificial rise in prices, defeating the very purpose for which the stock restrictions are imposed.” Mr. Mirani therefore urged the Textile Commissioner “to withdraw the notification” without delay.

No Change of Heart

The Textile Commissioner responded positively to Mr. Mirani’s fervent plea and modified on

October 11, 1994 his earlier Order of April 7, 1994, to exempt the ginning and pressing factories and the private cotton trade from the stock limits. Alas, this change of heart was short-lived. For, within less than two months, on December 8, 1994 the Textile Commissioner reintroduced the previous stock limits for both the ginning and pressing units and the private trade. It was obvious that bureaucracy does not change easily, and resorts to the past precedents at the drop of a hat. No doubt, cotton prices had risen in November 1994 owing to the low carry over stocks from the preceding season when the crop had declined to 123.25 lakh bales from 140 lakh bales in 1992-93. But the absurd stock limits affected adversely the ginning and pressing activity and merely aggravated the shortages when the arrivals of kapas were picking up.

What the authorities fail to realise is that the ups and downs in the prices of agricultural commodities are largely unavoidable due to the vagaries of weather and the consequent instability in crop production from year to year. When the marketing seasons are not the same in different States and the pattern of arrivals (in terms of their volumes) varies from State to State, it is absurd to prescribe uniform stock limits for all the States in the country simultaneously. The stock limits also reduce the degree of competition in the assembling markets. The competition in cotton is even otherwise unfair in that the CCI and the State Marketing Federations are always fully exempted from the stock restrictions.

Moreover, the limits as prescribed virtually prevent the entry of new firms (either ginning and pressing units or private trading businesses) to the market, as the stock ceiling of 100 quintals of cotton lint prescribed for such new entrants is too meagre to conduct any worthwhile viable business. Insofar as the stock limits stifle competition, these render the markets imperfect to the detriment of the cotton producers and cotton production. In the process, the seasonal variations in prices rise beyond the storage costs, affecting adversely both the growers and consumers of cotton.

Even if the stock limits were to succeed in depressing cotton prices, their long term consequences would be disastrous. The depressed cotton prices reduce the returns to cotton farmers and thereby weaken the long-term growth in cotton production. It is evidently a shortsighted policy to sacrifice the long-term goals for some small short-term reliefs.

(To be continued)



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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) 2016-17 Crop MARCH 2017					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	20th	21st	22nd	23rd	24th	25th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	9926 (35300)	9926 (35300)	9926 (35300)	9898 (35200)	9898 (35200)	9898 (35200)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	10208 (36300)	10208 (36300)	10208 (36300)	10179 (36200)	10179 (36200)	10179 (36200)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	8352 (29700)	8323 (29600)	8323 (29600)	8323 (29600)	8323 (29600)	8323 (29600)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	9589 (34100)	9561 (34000)	9561 (34000)	9561 (34000)	9561 (34000)	9561 (34000)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	10854 (38600)	10826 (38500)	10826 (38500)	10826 (38500)	10826 (38500)	10826 (38500)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	12626 (44900)	12598 (44800)	12541 (44600)	12570 (44700)	12541 (44600)	12513 (44500)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	10742 (38200)	10742 (38200)	10742 (38200)	10798 (38400)	10742 (38200)	10742 (38200)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	10911 (38800)	10882 (38700)	10854 (38600)	10911 (38800)	10911 (38800)	10911 (38800)
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	12795 (45500)	12766 (45400)	12710 (45200)	12738 (45300)	12710 (45200)	12682 (45100)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	10967 (39000)	10939 (38900)	10939 (38900)	10995 (39100)	10939 (38900)	10939 (38900)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	11220 (39900)	11192 (39800)	11164 (39700)	11220 (39900)	11220 (39900)	11220 (39900)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	12851 (45700)	12823 (45600)	12766 (45400)	12795 (45500)	12766 (45400)	12738 (45300)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	11810 (42000)	11782 (41900)	11726 (41700)	11810 (42000)	11810 (42000)	11810 (42000)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	11923 (42400)	11895 (42300)	11838 (42100)	11895 (42300)	11895 (42300)	11895 (42300)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	12120 (43100)	12092 (43000)	12035 (42800)	12092 (43000)	12092 (43000)	12092 (43000)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	12204 (43400)	12176 (43300)	12120 (43100)	12176 (43300)	12176 (43300)	12176 (43300)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	12429 (44200)	12429 (44200)	12401 (44100)	12401 (44100)	12373 (44000)	12373 (44000)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	12710 (45200)	12710 (45200)	12682 (45100)	12682 (45100)	12682 (45100)	12682 (45100)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	12907 (45900)	12907 (45900)	12879 (45800)	12935 (46000)	12935 (46000)	12935 (46000)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	16310 (58000)	16310 (58000)	16310 (58000)	16310 (58000)	16310 (58000)	16310 (58000)

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