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PRESIDENT'S DESK

Policy Recommendation

Efficient risk management mechanisms are indispensable in a commodity as dynamic as cotton. Strengthening cotton futures markets can improve price discovery, facilitate hedging, and help market participants manage volatility. Well-functioning commodity exchanges contribute to greater transparency and support informed decision-making across the value chain. In addition, greater awareness of and participation in futures markets can enhance market efficiency and competitiveness. Effective hedging can support an increase in farmers' income and enhance the export competitiveness of textile products from India.

Address by Shri Vinay N. Kotak, President, CAI at the inaugural session of the MCX Global Commodity Conclave in Mumbai on 13th August 2026

Futures have mainly three functions: first, price discovery; second, providing an opportunity for hedging and mitigating price risk; and third, indirectly helping to ease liquidity constraints for market participants. We need futures to become a success story in order to fulfil the dreams of our Prime Minister of achieving $100 billion in exports by 2030 and doubling farmers' income. Without proper futures, achieving these objectives will be a difficult task.

For farmers, if they have price discovery in advance, they can take a call on whether they should go for cotton or any other agricultural product, which will help them increase their income. Secondly, when they feel that the market price is very high but the harvest is not yet ready, they can sell futures and earn profits. Thirdly, even if they feel that the price is not right but they need money and therefore have to sell their stock, they can sell the cotton, obtain liquidity, and buy futures. This can help farmers become more financially secure and prosperous.

Regarding other participants across the textile value chain, from garment and textile producers to yarn producers, the common objective is to achieve $100 billion in exports. Frankly, in exports, garments require advance orders of at least six months, while yarn is required around three months in advance. So, how can exporters commit to such orders without adequate hedging facilities? It is therefore very important for exporters to have access to futures so that they can hedge themselves. By hedging, they can lock in their profits and increase overall exports. Today, many participants take very limited positions because adequate hedging facilities are not available. Only large mills or large groups like MNCs have the option of hedging themselves through international exchanges such as ICE, while most general traders and small mills are not in a position to make proper use of these facilities. Therefore, it is very necessary for medium-sized groups also to have access to cotton futures for hedging so that they can compete, participate effectively and increase their share of exports.

There are four types of participants in the futures market: hedgers, speculators, institutional investors and arbitrage traders. All four categories can participate in futures, but the major issue is liquidity. It is an egg-and-chicken story: participants feel that there should be sufficient liquidity before they participate, but if they do not participate, how can liquidity increase? This is a major challenge. Ultimately, the success of futures depends on sufficient and good liquidity in the

market. So, what should we do as participants? I am not very sure of the exact figures, since I have not done the calculation, but there are around 4,000 mills in India, 4,000 traders, perhaps 1,000 brokers and another 1,000 traders, without even counting other manufacturers. At least 10,000 participants directly related to cotton are therefore present in India. Even if 10% of them, or 1,000 participants, put just 100 bales lots on the screen every day, either to buy or to sell at whatever price they want, the screen would be full, with around 100,000 bales available. The exchange is providing the facility; it is not their duty alone to ensure liquidity—it is our duty as participants to ensure that liquidity increases. Therefore, it is not really a chicken-and-egg problem; it has to start with us. We have to make small efforts. Even if only 10% of participants do this, the futures market can become successful.

The government can also take several steps to improve liquidity. First, it should promote free trade. Second, it should reduce unnecessary interventions. Third, for contracts that have low liquidity or are new or renewed contracts, the government should allow market making. A new contract needs support in its initial stage; just as a small baby needs more nursing, a new futures contract needs greater support. Therefore, for the period of two years, market making should be officially permitted for these products. Another thing the government can do is promote hedging. If participants are hedging, they are protected and the banks are also safer. The government could allow an incentive of around 1% interest per annum for those who hedge in the market. This would also increase liquidity and encourage exporters to enter the futures market.

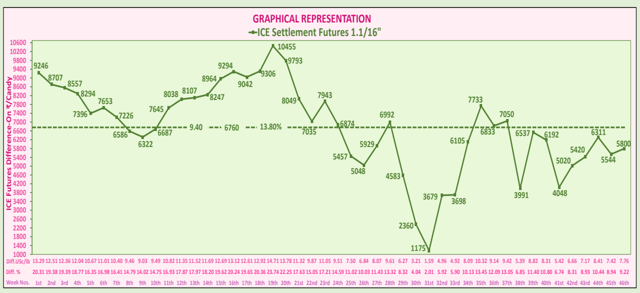
I would also like to frankly share my own views regarding liquidity, although many people may not agree with me. There is a misconception in our economy that more the delivery, more liquidity, which is not correct and is not sustainable. If we look at the USA, they are doing an average of around 50,000 contracts per day in 2026, which is equivalent to approximately 5 million bales, or 50 lakh bales, a day. Similar activity is also seen in China, where hardly half a percent is in deliveries. The success of these two major futures markets provides a clear lesson that the belief that more delivery means more liquidity is a myth.

I propose that all of us—the government, the exchange and all market participants—come together and become Atmanirbhar in futures. Today, if we want to hedge ourselves, we have to rely on international exchanges. We are the second-largest consumer and second-largest producer in the world, yet we still have to depend on international exchanges. Therefore, I recommend that all of us, including myself, work together so that we can become Atmanirbhar in futures contracts.

Basis Comparison of ICS 105 with ICE Futures – 17th August 2026

SEASON 2025-2026							
Comparison M/M(P) ICS-105, Grade Fine, Staple 29mm, Mic. 3.7-4.9, Trash 3%, Str./GPT 28 with ICE Futures							
Date	CAI (₹ /Candy)	Conversion Rate (US$ = ₹)	CAI (USc/lb.)	ICE Settlement Futures 1.1/16" Front Mth. Dec'26 (USc/lb.)	Difference-ON/OFF ICE Futures		
					USc/lb.	₹ /Candy	%
A	B	C	D	E	F	G	H
Cotton Year Week No-46th							
10th Aug 2026	68500	95.30	91.68	83.86	7.82	5843	9.33
11th Aug 2026	68800	95.44	91.95	84.39	7.56	5657	8.96
12th Aug 2026	69000	95.33	92.32	84.38	7.94	5934	9.41
13th Aug 2026	68800	95.45	91.94	83.50	8.44	6316	10.11
14th Aug 2026	68700	95.43	91.82	84.80	7.02	5252	8.28
Weekly Avg.	**68760**	**95.39**	**91.94**	**84.19**	**7.76**	**5800**	**9.22**
Total Avg. frm 1st Wk to 46th Wk (Weekly Basis)	**58059**	**92.28**	**80.11**	**70.71**	**9.40**	**6760**	**13.80**

Note:- Weeks taken as per Cotton Year (October To September).

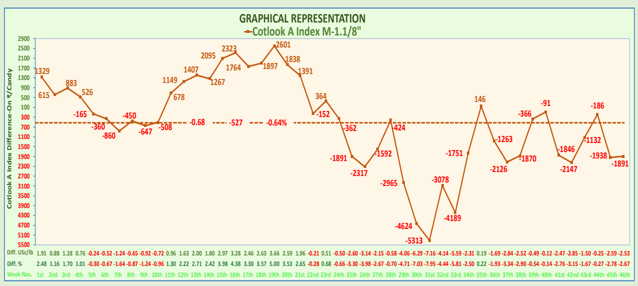


Basis Comparison of ICS 105 with Cotlook A Index – 17th August 2026

SEASON 2025-2026							
Comparison M/M(P) ICS-105, Grade Fine, Staple 29mm, Mic. 3.7-4.9, Trash 3%, Str./GPT 28 with Cotlook A Index							
Date	CAI (₹ /Candy)	Conversion Rate (US$ = ₹)	*CAI (USc/lb.)	Cotlook A Index M-1.1/8" C & F FE Ports	Difference-ON/OFF Cotlook A Index		
					USc/lb.	₹/Candy	%
A	B	C	D	E	F	G	H
Cotton Year Week No-46th							
10th Aug 2026	68500	95.30	91.88	94.95	-3.07	-2294	-3.23
11th Aug 2026	68800	95.44	92.15	94.45	-2.30	-1721	-2.44
12th Aug 2026	69000	95.33	92.52	94.95	-2.43	-1816	-2.56
13th Aug 2026	68800	95.45	92.14	94.95	-2.81	-2103	-2.96
14th Aug 2026	68700	95.43	92.02	94.05	-2.03	-1519	-2.16
Weekly Avg.	**68760**	**95.39**	**92.14**	**94.67**	**-2.53**	**-1891**	**-2.67**
Total Avg. frm 1st Wk to 46th Wk (Weekly Basis)	**58059**	**92.28**	**80.31**	**80.99**	**-0.68**	**-527**	**-0.64**

Note:- Weeks taken as per Cotton Year (October To September).

*Converted to C & F FE Ports by adding 20c/lb. to CAI spot rates.



Glimpses of 80th Independence Day Celebrations - 15th August 2026

The Cotton Association of India (CAI) proudly celebrated the 80th Independence Day of our country on Saturday, August 15, at its historic 106-year-old headquarters in Cotton Green, Mumbai.

The flag hoisting ceremony was performed by Shri Pankaj D. Mepani, Director, CAI in the presence of CAI President, Shri Vinay N. Kotak, CAI Past President, Shri. Atul S. Ganatra, Director & Hon. Addl. Treasurer, Shri Sudhirkumar Mantri, Director, Shri Raaja Gokulgandhi, and other CAI members. Shri Pankaj D. Mepani, Director, CAI also gave a short speech.

This was followed by addresses by Shri Vinay N. Kotak, President, CAI, and Shri Atul S. Ganatra, Past President, CAI, and screening of a short patriotic documentary film.

Shri Pankaj D. Mepani, Director, CAI gave speech on Independence Day.

Respected Board Members Distinguished Guests, My Dear Friends and Fellow Members of CAI,
Suprabhat Good morning to you all.

On this historic and proud occasion of our nation's 80th Independence Day, I am deeply humbled and filled with immense gratitude. To stand before you today and have the privilege of hoisting our beloved National Flag – the Tricolour – is not merely a moment of personal joy; it is one of the greatest honours of my life.

Our nation's progress is built on the hard work and enterprise of its people and industries. For me, the cotton and textile sector has been my lifeline––the purpose and passion of my professional life.

My journey spans more than five decades–fulfilling years during which I have had the privilege of working closely with some of the leading cotton trading houses and textile companies of our country.

Looking back, it sometimes feels as though it was only yesterday that I began this journey.

I started my career in 1974 with the highly reputed cotton trading company, M/s. Gill & Company Ltd., and subsequently moved to an equally reputed company, M/s. Bhaidas Cursondas & Co. Those formative years were spent right here, in this magnificent and enduring Cotton Exchange Building at Cotton Green. This building is much more than brick and mortar – it is a living monument to the rich history and heritage of the Indian cotton trade.

Thereafter, I had the privilege of serving for 29 wonderful years with Forbes Gokak, a distinguished part of the Shapoorji Pallonji Group. These experiences shaped my professional life and deepened my association with the cotton and textile industry.

Over the years, my bond with the Cotton Association of India has grown stronger and deeper. It has been a privilege to serve on various committees of the Association. Today, as a member of the Board of Directors and as Chairman of some of its committees, I feel a profound sense of responsibility to contribute to and give back to an industry that has given me so much.

Beyond CAI, it has also been my privilege to represent our industry at both the national and international levels. I serve as an Executive Council Member of the Indian Fibre Society and the Indian Society for Cotton Improvement at CIRCOT, Mumbai.

On the international front, I am honoured to represent our trading community as a committee member of the Value Difference Committee of the International Cotton Association (ICA), Liverpool.

My dear friends,

As we witness the Tricolour unfurling today, let us remind ourselves that the strength of India lies in its unity, heritage, enterprise and spirit of self-reliance.

Cotton has been woven into the history and economic development of our nation. From the farmer in the field to the spinner, weaver, trader and exporter, the cotton value chain provides livelihoods to millions and contributes significantly to our economy.

Let us therefore continue to work together to strengthen our industry, support our farmers, promote Indian cotton and contribute to building a stronger, more self-reliant and prosperous Bharat.

I wish our respected President, my fellow Board Members, and each one of you a very happy and proud 80th Independence Day.

May our great nation continue to progress, prosper and rise to greater heights.

Jai Hind!
Vande Mataram.

Shri Vinay N. Kotak, President, CAI, welcomed everyone and extended Independence Day greetings. He noted that CAI and its building are over 100 years old, older than our 80 years of Independence, and recalled with pride that Sardar Vallabhbhai Patel had visited this building.

He said Independence Day is to remember and pay tribute to our freedom fighters.

He added that while we are politically independent, we are still dependent in cotton. We depend on imports for quality and on ICE for futures, which MSMEs cannot afford, while big MNCs can. We must work to improve the quality and credibility of Indian cotton to make it a world benchmark, and to strengthen our own futures market, whether MCX or NCDEX. If futures flourish, cotton trade will flourish.

He said increasing farmers' income is the Government's mission and also our responsibility, which can be achieved through protection of farmers, protection of crop, and productivity. For this, CAI is training farmers under Dr. Mayee's guidance and distributing Pheromone Traps to protect the crop.

He requested all Board and senior Members of CAI to join hands to make Indian cotton truly independent and wished for a prosperous cotton season ahead with good rains, remunerative kapas prices, and increased acreage, adding that if the textile industry flourishes, we all flourish.

Shri Atul S. Ganatra wished Happy Independence Day to all, thanked Shri Pankaj Mepani for hoisting the flag and for his 52 years of service to cotton since 1974, appealed to all to register in large numbers and make the Cotton Conference - Cotton India 2026-27 on 29th-30th October at Hotel Sahara Star, Mumbai successful, and wished everyone a prosperous cotton season with rates expected around Rs. 63,000-65,000.

2026 ICAC Report Projects World Cotton Trade to Reach 10.3 Million Tonnes by 2028/29

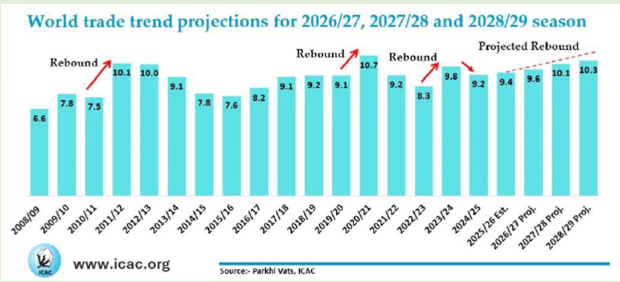
The International Cotton Advisory Committee has released the 2026 World Cotton Trade Report, which provides analysis of global cotton trade patterns, key trading relationships, import and export trends, and the geopolitical and policy developments shaping cotton trade flows.

According to the publication — which is available free through the end of 2026 — global cotton trade is expected to remain on a positive trajectory over the medium term despite increasing supply-side pressures. Trade in the 2025/26 season is estimated at 9.4 million tonnes, representing a 2% increase over the previous season. It is projected to rise further to 9.6 million tonnes before reaching approximately 10.3 million tonnes by the end of the 2028/29 season.

The report identifies the increasingly tight balance between global production and consumption as a primary driver of future trade growth. In the 2026/27 season, global cotton production is projected to decline by 2% to 25.8 million tonnes, while consumption is expected to remain relatively robust at 25.5 million tonnes.

As the gap between production and consumption narrows, global markets are expected to become increasingly dependent on inventories held by major exporting countries. Any additional increase in demand would require exporters to draw down ending stocks, increasing the volume of cotton moving through international trade channels.

Demand developments in China, the world's largest cotton-consuming country, will be particularly important in determining future trade patterns. Sustained growth in China's textile manufacturing and consumer demand could push global consumption beyond current projections, increasing imports and providing additional support for international cotton trade.



Among the major trends addressed in the report:

- Global cotton trade is estimated at 9.4 million tonnes in 2025/26 and projected to reach 10.3 million tonnes by 2028/29.
- Brazil remained the world's largest cotton lint exporter in 2025/26, supported by record production, competitive pricing, expanded market access, and reduced availability of U.S. cotton in international markets.
- U.S. exports declined in 2025/26 but are projected to increase by 3% in 2026/27, supported by higher ending stocks.
- China's imports are expected to recover strongly in 2025/26 after falling sharply in the previous season.
- Bangladesh remains one of the world's leading cotton importers, although consumption and imports have been affected by economic disruption, energy constraints, and logistical challenges.
- Vietnam continues to expand its role as a major cotton importer, supported by its growing textile and apparel sector and strengthening trade relationships.
- India's cotton import and consumption patterns are being shaped by policy changes, tariff measures, and expanding domestic textile demand.

"Global cotton trade is entering a period in which supply constraints, inventory levels, policy decisions, and consumption trends will play an increasingly important role," said Parkhi Vats, ICAC Principal Statistician and Data Architect and author of the World Cotton Trade Report. "While production challenges and geopolitical uncertainty remain significant, the medium-term outlook points to continued growth in trade as markets respond to stable consumption and shifting sourcing relationships."

The report also highlights how tariffs, trade agreements, logistical bottlenecks, energy costs, and changing supplier relationships are adding uncertainty to cotton value chains and purchasing decisions. Disruptions affecting shipments through the Strait of Hormuz are identified as one particularly important logistical concern.

The 2026 World Cotton Trade Report is available free of charge until January 2027 on the ICAC website

ICAC–World Cotton Day 2026 to Bring Global Cotton and Textile Community to Tashkent on October 7

The Government of Uzbekistan and the International Cotton Advisory Committee (ICAC) will host the official World Cotton Day 2026 Partners Conference at the Hyatt Regency in Tashkent, Uzbekistan, on October 7.

The event will be open to the public, with registration information and additional program details available on the World Cotton Day Partners Conference website (view the draft agenda here). The partner organizations, which have participated in annual World Cotton Day celebrations since the event was launched in 2019, are the ICAC, Food and Agriculture Organization of the United Nations (FAO), the International Atomic Energy Agency (IAEA), the International Trade Centre (ITC), United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), and the World Trade Organization (WTO).

Held under the theme "Cotton for Good: Building Prosperity Through Trade, Transformation and Partnership," the full-day event will bring together government officials, international organizations, cotton and textile industry representatives, development institutions, researchers, and other stakeholders from across the global value chain.

"Uzbekistan is proud to host World Cotton Day 2026 and welcome the international cotton and textile community to Tashkent," said Ibrokhim Y. Abdurakhmonov, Uzbekistan's Minister of Agriculture. "This celebration will provide an important platform for sharing experience, building partnerships and exploring how cotton can contribute to employment, trade, investment, and sustainable economic development."

The program will examine how cotton-producing and cotton-consuming countries can become more competitive, diversify their economies and build stronger connections among agriculture, industry, trade, and innovation.

Planned sessions include:

- Trade, Transformation, and Partnership: How Cotton Builds Prosperity
- Building Prosperity Across the Cotton Value Chain
- Trust, Quality, and Responsible Cotton Supply Chains
- Investment, Innovation, and Competitiveness in Cotton Economies
- Carbon Markets and Climate Finance: New Opportunities for Cotton Farmers

The discussions will explore practical approaches to increasing cotton productivity, expanding domestic processing and textile manufacturing, attracting investment, strengthening relationships with global buyers, improving quality and traceability, and ensuring that farmers benefit from emerging opportunities such as carbon markets and climate finance.

"World Cotton Day gives the global community an opportunity to recognize cotton's extraordinary economic and social importance while confronting the challenges facing the sector," said ICAC Executive Director Eric B. Trachtenberg. "By opening the official celebration to the public, Uzbekistan is enabling more people to participate in this critical international conversation about cotton's future."

The program is expected to feature contributions from senior government representatives, international organizations, cotton and textile associations, development finance institutions, technology providers, private-sector companies, and producer organizations.

The event will conclude on October 8 with a Technical Tour hosted by the Government of Uzbekistan highlighting the country's cotton and textile heritage, culture, and craftsmanship. All registered participants will have the opportunity to attend.

The confirmed agenda, speaker announcements, and other updates will be published soon.

About World Cotton Day

Officially recognized by the United Nations and observed annually on October 7, World Cotton Day raises awareness of cotton's importance to millions of people around the world. The celebration highlights cotton's role in employment, trade, and economic development while providing a global platform for discussing innovation, sustainability, and opportunity across the cotton and textile value chain.

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Standard Descriptions with Basic Grade & Staple in Millimeters based on Upper Half Mean Length As per CAI By-laws								Spot Rate (Upcountry) 2025-26 Crop August 2026					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	10th	11th	12th	13th	14th	15th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	14904 (53000)	14904 (53000)	15044 (53500)	14988 (53300)	14904 (53000)	
2	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	15%	20	13273 (47200)	13329 (47400)	13357 (47500)	13301 (47300)	13273 (47200)	H
3	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	15325 (54500)	15466 (55000)	15466 (55000)	15466 (55000)	15466 (55000)	
4	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	17687 (62900)	17687 (62900)	17828 (63400)	17800 (63300)	17687 (62900)	
5	M/M(P)/ SA/TL/GUJ	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	15747 (56000)	15747 (56000)	15747 (56000)	15607 (55500)	15466 (55000)	
6	M/M(P)/ SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	17547 (62400)	17603 (62600)	17659 (62800)	17603 (62600)	17575 (62500)	O
7	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	18278 (65000)	18278 (65000)	18447 (65600)	18419 (65500)	18306 (65100)	
8	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	18981 (67500)	19065 (67800)	19122 (68000)	19065 (67800)	19037 (67700)	
9	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	18784 (66800)	18897 (67200)	18897 (67200)	18840 (67000)	18784 (66800)	L
10	GUJ	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	18840 (67000)	18925 (67300)	18953 (67400)	18953 (67400)	18868 (67100)	
11	R(L)	ICS-105	Fine	28mm	3.7 – 4.9	4%	27	18419 (65500)	18419 (65500)	18503 (65800)	18503 (65800)	18419 (65500)	
12	R(L)	ICS-105	Fine	29mm	3.7 – 4.9	3.5%	28	19009 (67600)	19009 (67600)	19093 (67900)	19065 (67800)	18981 (67500)	
13	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.9	3%	28	19262 (68500)	19346 (68800)	19403 (69000)	19346 (68800)	19318 (68700)	I
14	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.9	3%	28	19009 (67600)	19122 (68000)	19122 (68000)	19065 (67800)	19009 (67600)	
15	GUJ	ICS-105	Fine	29mm	3.7 – 4.9	3%	28	19150 (68100)	19234 (68400)	19262 (68500)	19262 (68500)	19178 (68200)	
16	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.9	3%	29	19571 (69600)	19628 (69800)	19684 (70000)	19628 (69800)	19600 (69700)	D
17	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.9	3%	29	19346 (68800)	19403 (69000)	19403 (69000)	19346 (68800)	19290 (68600)	
18	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.9	3%	30	19684 (70000)	19740 (70200)	19796 (70400)	19796 (70400)	19740 (70200)	
19	SA/TL/K/ TN/O	ICS-105	Fine	31mm	3.7 – 4.9	3%	30	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	A
20	SA/TL/ K / TN/O	ICS-106	Fine	32mm	3.5 – 4.9	3%	31	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	
21	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	25167 (89500)	25167 (89500)	25167 (89500)	25167 (89500)	25308 (90000)	
22	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	25449 (90500)	25449 (90500)	25449 (90500)	25449 (90500)	25589 (91000)	Y
23	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	25730 (91500)	25730 (91500)	25730 (91500)	25730 (91500)	25870 (92000)	
24	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	26011 (92500)	26011 (92500)	26011 (92500)	26011 (92500)	26152 (93000)	

Note:

a) P/H/R(U) ICS-202(SG) is lower by Rs.1000/- pc than Sr. No.4.

b) Figures in bracket indicate prices in Rs./Candy