

Speech by  
**Shri Dhiren N. Sheth**  
President  
at the  
**94<sup>th</sup> Annual General Meeting**  
held on  
Saturday, the 31st December 2016  
in Mumbai

Dear Members,

With immense pleasure and great honour, I extend a very warm and hearty welcome to you all to this 94<sup>th</sup> Annual General Meeting of our Association.

You already have with you the Directors' Report and the Audited accounts of our Association for the year ended 31<sup>st</sup> March 2016 along with the auditors' report containing the brief summary of activities and the financial results of the Association. With your permission, I take them as read.

Friends, before I proceed to deal with the agenda of today's AGM, I wish to give you all good news. The Securities and Exchanges Board of India (SEBI) has officially announced our formal exit from the purview of the Securities Contracts (Regulation) Act by issuing

an Order dated 29<sup>th</sup> December 2016. The decision to de-recognise our Association from the purview of the FC (R) Act was taken by our Board of Directors in the year 2009. This decision of our Board was also ratified by our members at the Extra-ordinary General Meeting held in the year 2012. An official Order from SEBI brings conclusion to the long standing issue of de-recognition which we had sought for the last several years.

I would now like to share with you some of my thoughts on the economic scenario of our country in general and the cotton sector in particular.

### **INDIAN ECONOMIC GROWTH AN ENVY OF THE WORLD**

The Indian economy registered a slowdown in growth during 2016. Industrial production in the country went down by 1.9 percent year-on-year in October 2016, following 0.7 percent growth in the previous period and worse than market expectations of a 1 percent gain. This slowdown was however not sufficient for the Indian economy to lose its tag of being the fastest growing economy of the world. In fact, India is hailed as a bright spot amidst a slowing economy by no less than the International Monetary Fund (IMF). The country has one of the fastest growing service sectors in the world. The Indian economy has also achieved for the first time the distinction of topping the World Bank's growth outlook for 2015-16.

As per the advance estimate of the Central Statistics Office, the growth rate of India's Gross Domestic Product (GDP) at constant market prices has been estimated at 7.60 per cent in FY 2015-16 as against the growth rate of 7.2 per cent recorded in the previous year. The growth in the Gross Value Added (GVA) at constant basic prices has been estimated at 7.3 per cent in 2015-16 as opposed to 7.1 per cent in 2014-15 - with agriculture and other allied sectors, the industrial sector and the service sector growing at 1.1 per cent, 7.3 per cent and 9.2 percent respectively.

The long term growth prospects of the Indian economy are very positive due to its young population and a relatively low dependency ratio. Various policy initiatives of the Government that laid emphasis on the path of reform, augur well for the Indian economy and it is expected to grow at over 8 per cent. The two very important policy initiatives of the Government that instantly come to my mind at this juncture are the Goods and Services Tax (GST) and the recent demonetisation announced by the Hon'ble Prime Minister of India showing his deep commitment to provide clean governance. These are welcome steps in right direction and are expected to result in a widening of the tax base. Besides, these policy initiatives are expected to have a good impact on the Indian economy in the long term.

## **GROWTH OF INDIAN AGRICULTURE AND THE ALLIED SECTOR CRITICAL FOR POVERTY ALLEVIATION AND EQUAL DISTRIBUTION OF WEALTH**

Friends, as you all are well aware, a majority of the Indian population lives in villages and depends on agriculture as the prime source for earning its livelihood. The agricultural sector in India plays a strategic role in the process of economic development. The growth of this sector tends to contribute substantially to the overall economic development of the country and therefore, it is critical for attaining the twin objectives of the Government viz. the poverty eradication and inclusive growth in the country. No wonder then, that this sector is accorded top priority and special focus by the Government.

In its Budget 2016-17, the Government provided for a slew of measures for improving agriculture and increasing farmers' welfare. These measures included 28.5 lakh hectares to be brought under irrigation, allocation of Rs. 35,984 crore for agriculture and farmers' welfare, Rs. 287,000 crore grant in aid to be given to gram panchayats and municipalities and 100 per cent village electrification targeted by 1<sup>st</sup> May, 2018. Further, the Government has set an ambitious target of producing a record 270.1 MT of food grains in 2016-17, which is 7 per cent higher than the 252.23 MT of production estimated for 2015-16. Also, the Government has started work on 99 major and medium irrigation projects, slated to be completed by 2019. These projects will bring 76 lakh hectares of land under irrigation in some of the most drought-prone regions of India.

Given these policy thrusts and various initiatives of the Government, agriculture performance is bound to get a boost in future.

## **DOMESTIC COTTON SCENARIO**

Friends, cotton enjoys a predominant position among all cash crops in India and thus plays an important part in the Indian agriculture. The cotton sector plays a significant role in the Indian economy by providing sustenance to over 6 crore farmers and workers involved in the cotton industry, right from production, processing, trade and textile manufacturing. The country's textile industry, which is predominantly cotton based, is the second largest employment provider in the country after agriculture.

The production of cotton in the country which had reached a record high of over four crore bales during the 2013-14 crop year fell to about 386 lakh bales in 2014-15. The production of cotton in the country declined further during the 2015-16 crop year to around 338 lakh bales, the lowest during the last five years. This drastic reduction in the crop during 2015-16 was mainly due to the whitefly attack especially in the northern region.

Cotton prices sought lower levels almost during the entire 2015-16 cotton season, resulting in lower realisation of prices by farmers for their produce. This has led to a reduction of over 10% in the acreage under cotton during 2016-17. As per the latest estimates of

the Directorate of Cotton Development (DOCD), the acreage under cotton is expected to go down to about 105 lakh hectare during 2016-17 from 118.77 lakh hectares during 2015-16. However, due to the improvement in productivity expected on account of better weather conditions across all cotton growing regions of the country, the country expects to produce about 345 lakh bales during 2016-17.

Productivity of cotton in the Country continues to remain well below the world average productivity mark. However, looking to the initiatives taken by the Government and continued research by scientists, one can hope that India would soon achieve the world average productivity mark.

### **INTERNATIONAL COTTON SCENARIO**

In its latest report, the ICAC has estimated the production of cotton in the world during the 2016-17 crop year at 22.83 million tons which is higher by 1.76 million tons than the 21.07 million tons in 2015-16. The world cotton consumption for the cotton season 2016-17 is estimated by the ICAC at 24.25 million tons, higher by 0.05 million tons than the consumption of 24.20 million tons during 2015-16. Thus, according to ICAC, this year also, like last year, the consumption of cotton is going to outpace production. The fall in production during 2015-16 crop year was not anticipated and has led to a 14% decline in both the world ending stocks and in stocks outside of China. This pushed cotton prices up till the end of the last cotton season. International prices

have remained high with the Cotlook A index averaging 79 cents/lb during the period from the beginning of the season since bulk of the 2016-17 crop is only just now reaching the international market.

## **FAREWELL**

Friends, I will be laying down my charge as the President of this august body at the conclusion of this AGM today and this is my last address to you all. After having been on the Board of Directors of the CAI for the last 23 years and the President of this Association for the last 8 years, I have now decided to take a break from the activities of the CAI and will be laying down my charge as the President of Cotton Association of India today after having completed my tenure.

Please do pardon me today if I get emotional.

Eight years ago, when I was bestowed the honour of becoming the CAI President, I was one of the youngest Presidents in the history of the Association. I had the onerous task of meeting the expectations of our members, who had reposed their trust and confidence in me and the high benchmark set by my illustrious predecessors. My late father Shri Narendra C. Sheth gave me the advice just before he passed away to give back as much as I could as a person, as a family and as a company, to the trade, which had been a source of livelihood to me and my family, since generations. He had also advised me that the best way to do this

would be through the Association (CAI). I therefore had the desire to contribute my might for the welfare of the cotton trade through our Association. With my experience of working as a Director of the CAI before taking charge as its President, I had in my mind the sketches of several ambitious plans for the betterment of the cotton trade in general and the CAI in particular. However, I required a team to take my ideas to fruition and here I have no qualm in admitting that I was extremely fortunate to have had a team of the most dedicated Directors on the Board who marched with me in close unison, step by step and toiled hard in implementing my ideas with utmost dedication and sincerity. My team and I relied on the Committee culture, by involving more and more members in the decision making process at the CAI. Again I wish to place on record that all the Committees worked very diligently in discharging the onerous responsibility cast on them.

It was only due to the concerted efforts of my team that I could achieve whatever success I could during my tenure at the CAI.

### **STEPS FOR ENHANCING THE EFFICIENCY AND EFFECTIVENESS OF CAI IN SERVING THE COTTON SECTOR**

In order to enhance the efficiency and effectiveness in the services rendered at the CAI, my team and I focused on some of the following key areas during my tenure:-

- The key distinctive features which separate our Association from the rest are the fixation of spot rates, the preparation of grade standard boxes and the arbitration mechanism for dispute redressal. During my tenure as the President of this august body, I laid greater emphasis on strengthening the processes of fixing spot rates, preparation of grade standard boxes and the arbitration process. We made several reforms and provided various checks and balances to ensure that these services are provided at the CAI in a cost effective manner and with utmost precision. I am happy to report that due to the efforts put in by the concerned committees over the years, we have been able to acquire greater proficiency and are now internationally acclaimed/recognised insofar as these services are concerned.
- The world-over, trading of cotton is done on the basis of quality parameters. In order to be in sync with this trading norm and looking to its crop size, our country requires a huge boost in infrastructure. Our Association took the initiative in converting this challenge into an opportunity and set up eleven laboratories across the country, with one more laboratory in the pipeline. Apart from providing cotton testing facilities to the cotton community at various cotton growing centres locally in a cost effective manner, these laboratories also work as regional centres of our Association and provide other services to the cotton sector in their respective regions. As I said before in my previous

addresses, it is my desire to make the testing results of our Association a seal of approval and I draw satisfaction from the fact that the network of the CAI laboratory is working in the right direction in achieving this goal in the near future.

- Producing accurate estimates of crop numbers regularly is a key to success for any business. This is another area where the Association has put in some commendable efforts, although there is still enough scope for improvement.
- Globally, cotton is losing its share in textile manufacturing because of the stiff competition it faces from polyester and other manmade fibres. In order to arrest the declining trend of cotton consumption, countries like USA, Australia, Brazil, etc. have effective demand enhancement programmes. After years of hard work, research and planning, we also embarked on the generic promotion of cotton and as a medium, we chose School Contact Programmes (SCP), one of my dream projects. In the pilot phase of SCP, we covered 20 English medium schools in Mumbai across all boards and targeted school children of fifth to seventh standards to create awareness amongst them about cotton and to familiarise them about the benefits of cotton. We have successfully completed the pilot of the SCP this year and it is a matter of great pride that all the SCPs conducted by our Association have received overwhelming response not only from the students, faculty and the parents but also drawn

appreciation from the members who were associated with them.

- We also undertook a programme for promotion of Suvin cotton, which is arguably the best cotton in the world and considered to be the 'Jewel of Indian cottons'. Our Association developed a brand named *Suvin Ratna* under which shirting material made out of Suvin Cotton was introduced to cater to the gifting needs of the members of the Association. This has received overwhelming response from all of you.
- In order to showcase the rich and varied heritage of our cotton, we have started in right earnest our plan of establishing a cotton museum of international standard like the one in Egypt. We have already completed a fair amount of spadework and are at an advance stage of implementation.
- Being a student of two international cotton schools myself, it was my desire to establish a cotton school in India to provide the opportunity to all those aspiring to make a career in cotton, to study about cotton in a cost effective manner without having to go abroad. We have done a considerable amount of research and planning in this area and acquired first-hand experience by conducting one day seminars on various topics of importance to the cotton value chain under

our 'Learn with CAI' series. It is now the implementation which is pending. This is now upto the new team to pursue this matter further.

- As is well known, the productivity of cotton in our country is lagging behind the world average and our Association, through its research arm COTAAP Research Foundation, has been undertaking various cotton developmental activities in

different parts of the country. We focused on enhancing these activities for the benefit of cotton farmers in Chopda and Raichur. Friends, it is gratifying to note that these activities are receiving wide recognition and appreciation, not only from the farmers but also from the Government agencies as well.

- We also took the initiative to organise international conferences on cotton. The conferences being organised by our Association under the COTTON INDIA series have carved a niche for themselves and created a brand. These conferences have now become a regular feature of the International Cotton calendar and received overwhelming response from the cotton community across the world.
- Most importantly, we worked arduously and succeeded in sensitising the Government about several important issues and problems faced by the cotton sector from time to time.

We have succeeded in establishing a closed bond with the officials in various Ministries viz. Agriculture and Cooperation, Textiles and Commerce and Industry. The fact that we succeeded in organising the visits of Dr. K. S. Rao and Shri Santosh Kumar Gangwar, the Hon'ble Ministers of Textiles to our Association speaks volumes about the efforts that my team and I took in building rapport with our parent ministry.

Similarly, there are several such initiatives which my team and I took during my tenure and I am sure that the benefit of these initiatives would start showing in the near future.

I sincerely believe that the SCP, setting up of a cotton school and a cotton museum will bring a tremendous amount of goodwill to our Association and therefore, I strongly recommend to the new team to consider implementing these visions of mine, if they consider it appropriate.

## **ACKNOWLEDGEMENTS**

I have been very fortunate to have had the opportunity of working with late Shri Babaseth Mirani, Shri Sureshbhai Kotak and Shri K.F. Jhunjhunwala. Whatever I have been able to achieve during my tenure, was thanks to the able guidance, encouragement and fatherly advice they gave to me. Late Shri Babaseth Mirani brought me to the Board of Directors of our Association at a very young age and I can't thank him enough for

this. Shri Sureshbhai Kotak laid the foundation of the ability that I displayed while leading this Association. Also, when I served the Association during Shri Kishorebhai Jhunjhunwala's tenure, I enjoyed so much freedom in conducting the activities of the Association. It was because of this experience that my skills and abilities got sharpened and helped me during my tenure as the CAI President. I shall always remain indebted to each one of them.

In my journey at the CAI, I had been fortunate to have received wide support from the entire cotton fraternity from India and abroad and I take this opportunity to thank them all. Friends, as I have said before, our Association has developed a very close bond with the Government authorities especially with the Ministry of Agriculture and Cooperation, Commerce and Industry and Textiles during my tenure as the President of the CAI. Dr. Kavuru Sambasiva Rao, the Hon'ble Minister of Textiles, Dr. Panabaka Lakshmi, then Hon'ble Minister of State for Textiles and Smt. Zohra Chatterji, the Secretary to the Government of India, Ministry of Textiles visited our Association while they were in office and blessed us with their words of wisdom. I can't thank them enough for this. I am also humbled by the visit of Shri Santosh Kumar Gangwar, the Hon'ble Minister of Textiles to our Association when he was in office and I am indeed grateful to him for his kind gesture. Smt. Smriti Irani, the current Union Minister of Textiles has also been very supportive to me and my team and I take this opportunity to thank her on behalf of all our members, entire Board of the Association and on my personal behalf.

I also wish to place on record our sincere thanks to the Ministries of Agriculture and Cooperation and Commerce and Industry, office of the Textile Commissioner, Cotton Corporation of India, Central Institute for Research on Cotton Technology and the Central Institute for Cotton Research for their support and cooperation to us in various activities of the Association from time to time.

Friends, I owe a debt of gratitude to all our members without whose active involvement and support, I would not have been able to carry out my responsibility as the President of the CAI effectively. It is my humble request to all our members to lend similar support and cooperation to the new CAI team in future. I have no doubt in my mind that the future of this Association is very bright and under the able leadership of the new team, the CAI will scale even greater heights of glory in the years to come.

I also express our sincere thanks to all our upcountry associations and cooperative cotton marketing societies for their invaluable support and assistance to us from time to time.

I wish to convey my sincere thanks to my fellow office bearer Shri Rishabhshah, the Hon. Treasurer and our erstwhile Additional Vice President Shri Bhadreshbhai Mehta, whose support and guidance has always helped me in making my task lighter.

Friends, Vice President Shri Nayan Mirani has stood by me like a rock and it was due to his support and cooperation that I have succeeded in discharging my duties. I can never thank him enough for this.

I will be failing in my duty if I did not convey my thanks to the Secretariat and the entire staff of the Association.

Last but not the least, it gives me immense pleasure to thank the Press and media for being so very supportive to us and providing timely coverage to all our activities.

Thank you.

-----