

Speech by  
**Shri Nayan C. Mirani**  
President  
at the  
**95<sup>th</sup> Annual General Meeting**  
held on  
Friday, the 29<sup>th</sup> September 2017  
in Mumbai

Dear Members,

It gives me immense pleasure to welcome each one of you to the 95<sup>th</sup> Annual General Meeting of our Association.

The annual accounts of the Association together with the Auditors' Report thereon, Directors' Report giving a brief account of various activities of the Association and other information as required under the law are already with you and with your kind permission, I take them as read.

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

## **SLUGGISH GROWTH OF INDIAN ECONOMY**

During the year, the Government has taken two major policy initiatives - one to demonetise high value old currency notes in order to eliminate black money and the growing menace of fake Indian currency notes, thereby creating opportunities for improvement in economic growth and the other to introduce GST, which is considered to be the single largest tax reform in independent India.

These measures are expected to have a beneficial impact on the economy of the country in the long run. However, their short term repercussions have led to liquidity crunch in the market eventually leading to a somewhat slow growth of the Indian economy. The economy grew by a mere 5.7% in the quarter ended June 2017, extending the streak of falling growth to the sixth consecutive quarter.

Domestic consumption fell to 6.6% in the first quarter of this fiscal year as against 8.41% in the same period last fiscal; exports as a share of the Gross Domestic Product (GDP) was down to 19% from 20%; and fixed capital formation decreased from about 31% of the GDP to 29.8%, signaling a slowdown in the industry as well.

All four contributors to economic growth - domestic consumption, foreign consumption or exports, private investment and Government spending - are hit by the slowdown.

Consumer confidence in India has dropped eight percentage points in the second quarter of 2017 from the previous poll conducted by global information, data and measurement company, Nielsen in the fourth quarter of 2016.

The Indian economy has expanded 5.7 percent year-on-year in the second quarter of 2017, below 6.1 percent in the previous period and market expectations of 6.6 percent. It remains the weakest growth rate since the first quarter of 2014 due to a slowdown in consumer spending and exports.

All is however not lost. Moody's has affirmed the Government of India's Baa3 rating with a positive outlook stating that the reforms by the Government will enable the country to perform better compared to its peers over the medium term and India may witness cyclical recovery soon.

India's foreign exchange reserves stood at US\$ 366.781 billion as on March 2017, as compared to US\$ 360 billion by end of March 2016, according to data from the RBI and if the tax collection figures between April 2016 and January 2017 which show an increase in Net Indirect Taxes by 16.9 per cent and an increase in Net Direct Taxes by 10.79 per cent year-on-year are any indication to go by, a steady trend of healthy growth in the Indian economy is in the offing.

## **AGRICULTURE STILL A MAJOR THRUST AREA FOR THE GOVERNMENT**

Agriculture plays a vital role in India's economy. Over 58 percent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, continues to remain one of the largest contributors to the GDP and since the development of agriculture can play a direct role in rural poverty alleviation, agriculture continues to be a major thrust area for the Government.

According to the Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services and agricultural machinery sectors have cumulatively attracted Foreign Direct Investment (FDI) equity inflow of about US\$ 2,315.33 million from April 2000 to December 2016.

In order to further improve the financial condition of the farmers, the Government has set a target of doubling the farmers' income by 2022 and has already embarked on this mission in right earnest. Consultations with various stakeholders are in progress and various alternatives to achieve this target are being explored by the Government. Indeed, the efforts of the Government and the policy thrust it provides to agriculture are laudable.

Friends, this is a herculean task which requires sincere contributions from all concerned including trade and industry. CAI is actively

participating in deliberations in this regard with various other NGOs, Government agencies and scientists and we shall leave no stone unturned in extending our fullest cooperation to the Government in achieving this target.

### **IMPROVEMENT IN COTTON PRODUCTIVITY CRITICAL FOR FURTHER GROWTH**

The cotton sector in India has clocked an enviable growth and it has carved a niche for itself in the international market. India has the largest acreage under cotton, which is about 1/3<sup>rd</sup> of the world's total cotton acreage. Our country is the largest producer, 2<sup>nd</sup> largest exporter next only to USA and the second largest consumer of cotton next only to China, in the world.

However, productivity of cotton in India is amongst the lowest. As against the world average productivity of over 700 kilograms per hectare, the productivity of cotton in India is still hovering around 500 kgs. per ha. Unfortunately, the yield is stagnating for the last several years. It is in this context that it is now critical for India to exploit the enormous potential it has to clock further growth in productivity to achieve atleast a productivity level of 1000 kgs per ha. This is the only way our country can achieve the target of doubling the farmers' income by 2022.

Our scientists are in the process of developing technologies including development of Desi varieties best suited to the Indian soils and we hope that they succeed in their endeavour sooner than later. These technologies will provide impetus to the Government initiatives like Pradhan Mantri Gram Sinchai Yojana, Per Drop More Crop, Soil Health Card scheme to educate farmers about nutrients and fertilizers required for the individual farms to improve productivity through judicious use of inputs and host of other schemes launched by the Government for the betterment of cotton sector particularly farmer.

As per the reports published by the Ministry of Agriculture, the acreage under cotton during the 2017-18 season (Oct.-Sept.) is estimated to witness a growth of over 12% compared to the last year. Yield is also likely to go up in view of the good monsoon witnessed across all cotton growing regions thus far. If the weather Gods remain kind in future as well, the country is likely to harvest a bumper crop during the ensuing 2017-18 crop year.

Inspite of the reports of major crop loss in USA due to cyclones, crop size of USA is still expected to be large. Other countries are also expected to harvest a bumper crop. Therefore, cotton prices are likely to witness a depressing trend. However, in order to meet any eventuality of cotton prices going below the MSP level due to bumper crop expected this year, the Government agencies are geared up to undertake support price

operations so as to eliminate the possibility, if any, of distress sales by farmers.

## **SOME SUCCESS**

Friends, as you all will recall, I was bestowed the honour of becoming the President of this august body in December 2016 and I will be completing my term as the President of this Association at the conclusion of this AGM. During my tenure as the President, my team and I took up some initiatives and undertook various activities. The following are some of these activities:-

### **Textiles India 2017**

CAI was one of the co-organisers of Textiles India 2017, a mega event organised by the Ministry of Textiles. For the first time, the Association set up an exhibition stall showcasing its history and the history of the cotton trade in India, various activities of the Association, Suvin Ratna and COTAAP Research Foundation. This was a unique experience and provided good visibility to the Association. Shri Radha Mohan Singh, Hon'ble Minister of Agriculture and Cooperation, Shri Ajay Tamta, Hon'ble Minister of State for Textiles and Dr. Anant Kumar Singh, Secretary, Ministry of Textiles were amongst the many visitors to the stall who appreciated the work done by the Association.

## **Efforts to increase cooperation with other bodies to ensure inclusive growth**

Realising the importance of comprehensive and coordinated efforts in addressing the issues facing the cotton economy, we have initiated the process of increasing cooperation amongst all concerned, and when I look back I draw satisfaction from the fact that our Association has succeeded in entering into MOU with China Cotton Association, who have shown keen interest in assisting CAI in the process of sensitising CIQ authorities to the difficulties faced by Indian exporters in China. It was due to their cooperation that the CAI could break ice with CIQ authorities and a meeting was held with them in Chongqing City on the sidelines of the 2017 China International Cotton Conference.

We have also entered into MOUs with the International Cotton Association, Cotton Corporation of India and Wakefield Inspection Services Ltd. in order to ensure cooperation with these bodies to further the cause of cotton and achieve inclusive growth.

In addition, we have also initiated the process of utilising our networking capabilities to increase cooperation with our sister associations from upcountry places in devising strategies for resolving various problems faced by the cotton economy of the country.

Traceability, mixing, excess moisture in bales due to pouring of water on bales, extremely poor quality of bale packing, uniformity in bale weight,

different trading norms (dharas) prevailing in different parts of the country, lack of sanctity in contract performance, etc. are some of the areas that we identified to address through this process.

Friends, I am confident that with the involvement of upcountry associations and other like-minded bodies, the new team will be able to resolve all these and many more such problems that are begging our urgent attention.

We wish to add here that every association in the country is unique and important and we all must respect their uniqueness and importance and provide enough space to enable them to maintain their identity and uniqueness and ensure cooperation amongst all.

### **Initiative to provide a congenial and harmonious atmosphere**

The other initiative that we took up was to create a congenial and harmonious atmosphere in the cotton trade. I can't say if I have succeeded in this task but I am confident that the small steps that my team and I have initiated during the short span of the last 8-9 months have started showing light at the end of the tunnel and brought us closer to achieving this goal.

## **Need for sharpening the edge to meet challenges**

There are many challenges before our Association. Our Association is a 95-year young body and it needs to re-orient itself constantly in order to continue to remain relevant in changing times.

We are no longer an exchange and we are now out of the regulatory purview of FMC and SEBI. We need to amend many provisions of our Articles and By-laws to cater to the dire needs of our modern day cotton trade.

Although we have initiated the process of amending our Memorandum and Articles of Association to make the same in sync with the Companies Act, 2013 and effect changes required on account of the exit of the Association from the SC (R) Act, the process is not yet complete.

In addition, there are several other unfinished agenda items which are in the pipeline and I am confident that our new team will take them to fruition.

## **ACKNOWLEDGEMENT**

I wish to place my sincere thanks and gratitude to all of you for extending your whole-hearted and invaluable support to me and my team. I sincerely urge all of you to extend similar support and cooperation to the new CAI team also in all their endeavours.

I also wish to thank all my colleagues on the CAI Board for extending their invaluable support and cooperation to me.

Our thanks are also due to the Ministry of Textiles especially the Hon'ble Minister for Textiles and Information and Broadcasting, Smt. Smriti Zubin Irani, the Hon'ble Minister of State Shri Ajay Tamta and the Textile Secretary Dr. Anant Kumar Singh and other officers of the Ministry of Textiles for showing deep understanding and keen interest in resolving the problems faced by the trade and industry. I also owe a debt of gratitude to Shri Ajay Tamta ji and Dr. Anant Kumar Singh for sparing their invaluable time to visit the exhibition stall of the Association in Textiles India 2017.

I would also like to place on record our deep appreciation for the good understanding shown by all the officers at the Ministry of Agriculture and Cooperation especially the Hon'ble Minister of Agriculture and Cooperation, Shri Radha Mohan Singh, who also spared his invaluable time to pay a visit to our exhibition stall at Textiles India 2017.

Ministry of Commerce and Industry, Ministry of Finance and the Ministry of Home Affairs, Directorate General of Foreign Trade, Textile Committee, Central Institute for Research on Cotton Technology, Central Institute of Cotton Research, Office of the Textile Commissioner, Cotton Corporation of India and all other Government agencies have shown

good understanding and deep appreciation of the work done by the CAI and I can't thank them enough for their support to the cotton sector in general and the CAI in particular.

Friends, I can't thank enough all our Committee members who have toiled hard and contributed enormously in broad basing the process of decision making at the Association. I also thank our Vice-President Shri Udaybhai without whose support and cooperation, I would not have been able to discharge my duties diligently. I was fortunate to have received the wise counsel of our Past Presidents Shri Suresh A. Kotak, Shri Kishore Jhunjhunwala and Shri Dhiren N. Sheth whenever any problems arose.

The Secretariat of the Association has worked efficiently throughout the year and I place on record our deep appreciation of the good work done by them.

Last but not the least, I wholeheartedly thank the Press and Media for providing excellent coverage to various press releases and the activities of the Association.

Thank you.

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