



# **GUJCOT TRADE ASSOCIATION**

## **ANNUAL REPORT**

### **2023-2024**

**In Service of Entire Textile Value Chain**



## President's Message - Seven Years of Gujcot Trade Association

Dear Members and Friends,

I am delighted to share this message as we celebrate Seven years of the Gujcot Trade Association. This milestone is a testament to the dedication and hard work of our entire team, and it fills me with immense pride to see how far we've come.

Gujcot Trade Association has played a vital role in serving our trade community by providing valuable services such as Gujarat daily spot rate reporting, comprehensive crop surveys, weekly reports, and monthly reports. These services have proven to be invaluable tools for our cotton industry, offering real-time insights and data-driven decision-making capabilities.

I want to express my heartfelt gratitude to all our friends and associations who have been unwavering in their support of our mission. Your support has been instrumental in the success of Gujcot, and we are truly grateful for your commitment to our cause.

I would like to extend a special thanks to the Saurashtra Ginners Association for their exceptional efforts in collecting data from nearly 400 ginners and for their dedicated work in addressing the concerns of our stakeholders. Our collaboration with SGA has been instrumental in strengthening our organization.

I also want to acknowledge the invaluable contributions of our broker friends who provide daily rate information, helping us maintain an accurate and up-to-date database.

Furthermore, I extend my gratitude to the individual personalities who have played a crucial role in data collection and crop survey efforts. Your commitment to our cause has been pivotal in achieving our goals.

As we move forward, Gujcot remains committed to enhancing and expanding our services to meet the evolving needs of our trade community. We will continue to strive for excellence and provide the support and resources necessary for our industry's growth and prosperity.

Thank you for your continued trust and support.

Warm regards,

**Akash Shah**

President

**Gujcot Trade Association**



## Message from Secretary of Gujcot Trade Association

Dear Members and Stakeholders of Gujcot,

It fills me with immense pride to reflect on the incredible journey I have undertaken as the Secretary of Gujcot Trade Association over the past Seven years. We embarked on this journey in 2017-18 with a blank canvas, and today, Gujcot Trade Association boasts a comprehensive database covering various aspects of the cotton trade. This remarkable achievement would not have been possible without the relentless dedication of our exceptional team.

Our database now includes Seven years' worth of invaluable information, such as Gujarat daily spot rates, daily Indian and International future market closing rates, currency exchange rates, export and import data spanning the last 15 years, M.S.P. rates, CCI procurement figures, and much more. This wealth of data has become an invaluable resource for all stakeholders in the cotton industry.

I must extend my heartfelt gratitude to Hitubhai Vikani, whose unwavering support has been instrumental in developing the best software and data management system, ensuring the seamless functioning of our operations.

Our success has also been greatly bolstered by the cooperation of individual brokers, friends, and ginners. Their unwavering support has allowed us to serve the trade efficiently and effectively.

In this year's annual report, you will find a treasure trove of information, including Seven years' worth of data on arrivals, pressing, crop surveys, imports, and exports, all presented on a month-by-month basis.

We trust that this substantial annual report will continue to serve the trade well, providing the insights and information needed for informed decisions.

I want to assure you that our commitment remains unwavering. We promise to continue delivering the same level of service and are dedicated to improving our offerings further. The future of Gujcot holds even greater promise, and we are excited to embark on this journey with all of you.

Thank you for your trust and support.

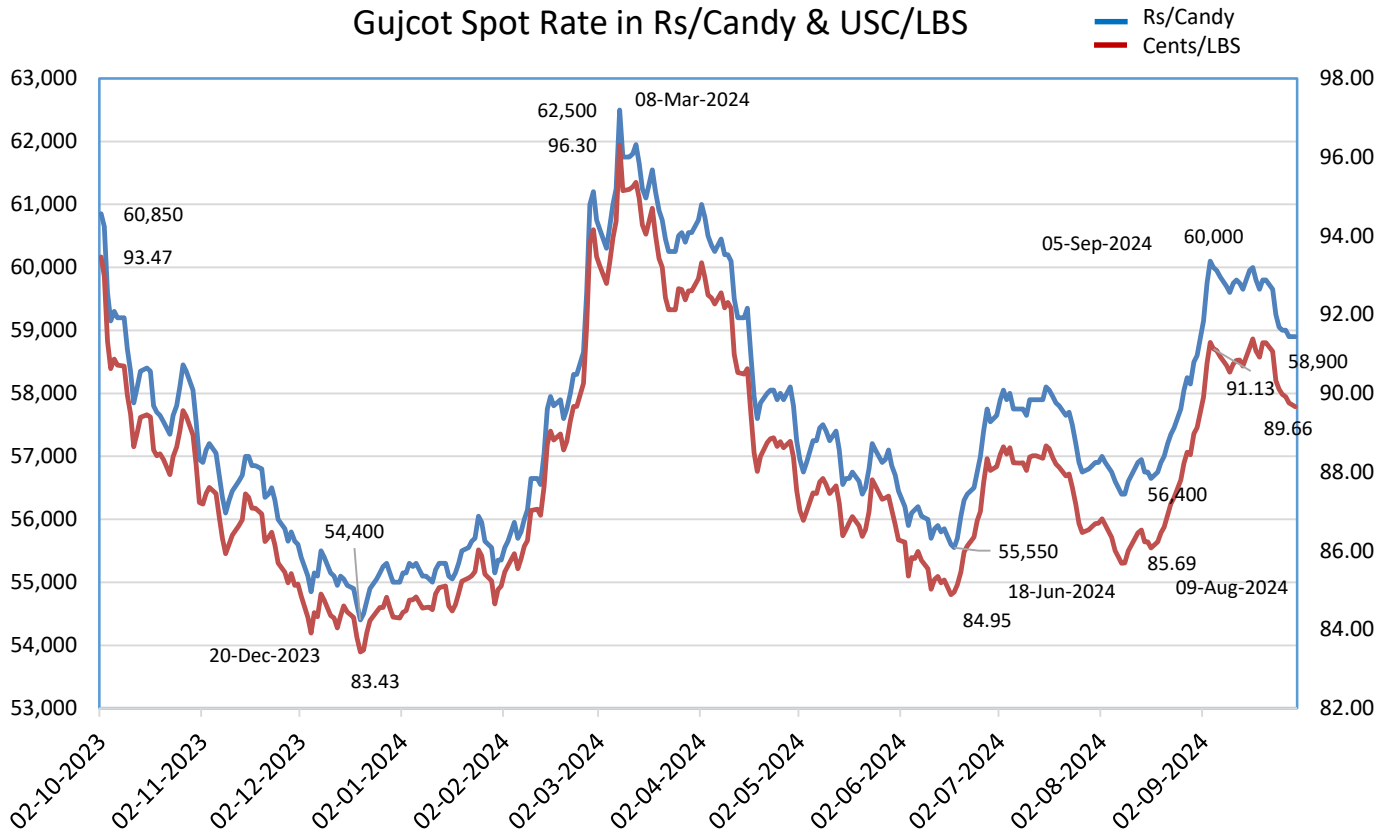
Warm regards,

**Ajay Shah**

Secretary

**Gujcot Trade Association**

# S6 Spot Price Movement During the season



## GUJCOT SPOT RATE MONTHLY

Month	In Rs Per Candy			In Cents/LBS		
	High	Low	Average	High	Low	Average
Oct-23	60,850	57,350	58,463	93.47	87.93	89.61
Nov-23	57,200	55,650	56,515	87.61	85.12	86.54
Dec-23	55,600	<b>54,400</b>	55,052	85.16	<b>83.43</b>	84.35
Jan-24	56,050	55,000	55,330	86.02	84.29	84.93
Feb-24	61,200	55,350	57,394	94.15	85.10	88.24
Mar-24	<b>62,500</b>	60,250	61,008	<b>96.30</b>	92.12	93.71
Apr-24	61,000	57,600	59,140	93.32	88.02	90.47
May-24	57,500	56,400	56,969	87.83	86.36	87.15
Jun-24	57,750	55,550	56,268	88.34	84.88	85.98
Jul-24	58,100	56,750	57,658	88.67	86.46	87.98
Aug-24	58,600	56,400	57,141	89.13	85.68	86.86
Sep-24	60,100	58,900	59,592	91.38	89.66	90.69

# NY Future – Cotlook

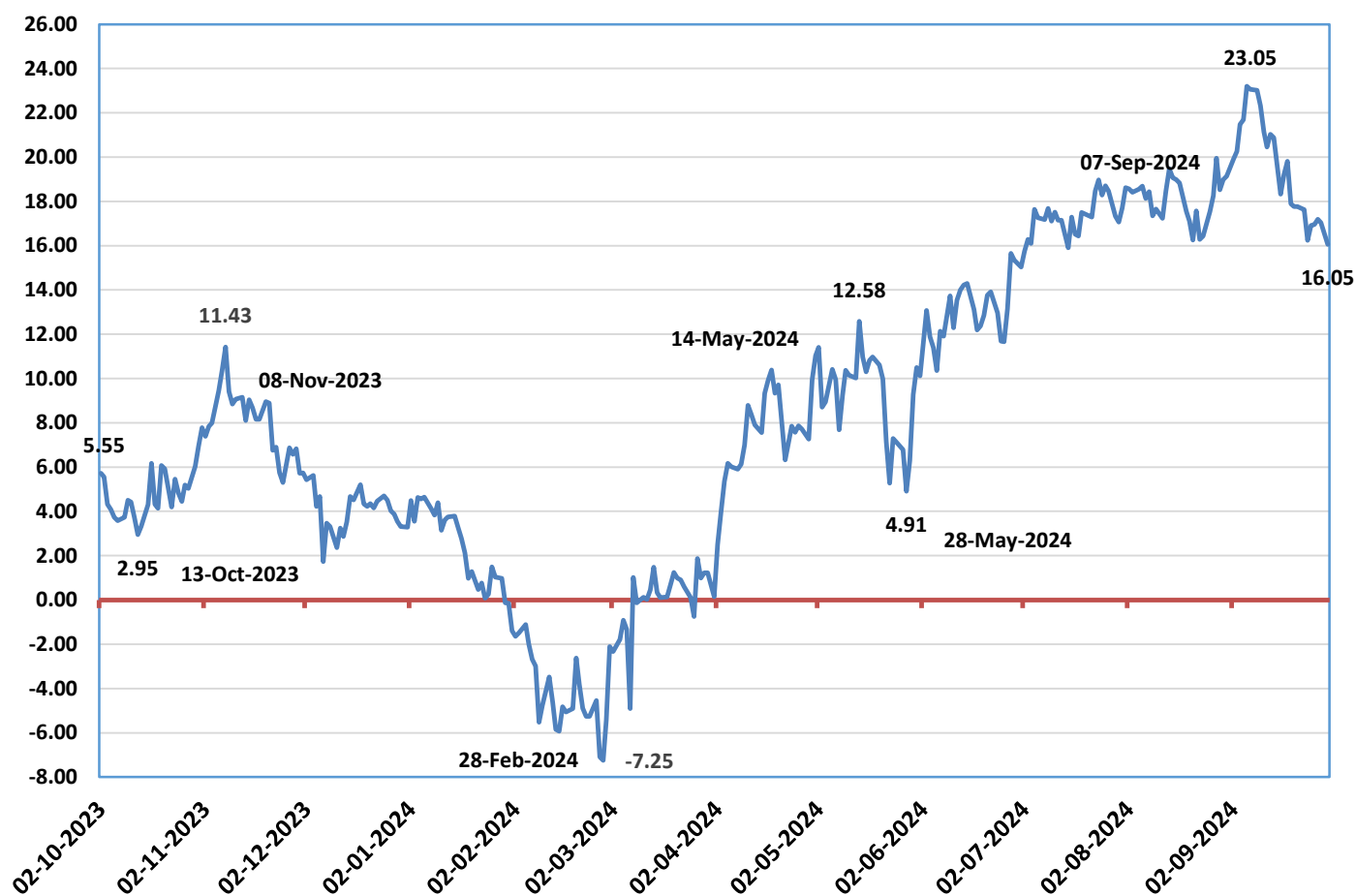
## Price Movement During the season



### Foreign Indices

Month	NY Future			Cotlook		
	High	Low	Average	High	Low	Average
Oct-23	87.75	81.22	84.89	97.85	93.20	95.54
Nov-23	80.39	74.89	78.48	92.60	87.55	90.49
Dec-23	82.59	78.68	80.27	92.70	89.00	90.51
Jan-24	85.76	79.94	82.44	94.85	90.25	92.13
Feb-24	101.08	86.49	92.41	107.00	94.10	99.53
Mar-24	99.28	90.77	93.74	105.95	95.60	99.70
Apr-24	92.76	78.10	83.31	97.25	86.55	90.25
May-24	82.43	74.63	77.94	91.30	83.25	86.57
Jun-24	76.15	70.97	73.12	86.80	81.70	83.37
Jul-24	73.10	67.99	70.70	83.45	78.35	81.34
Aug-24	70.91	67.05	68.71	81.75	78.45	79.89
Sep-24	74.09	67.69	71.21	85.80	79.10	82.64

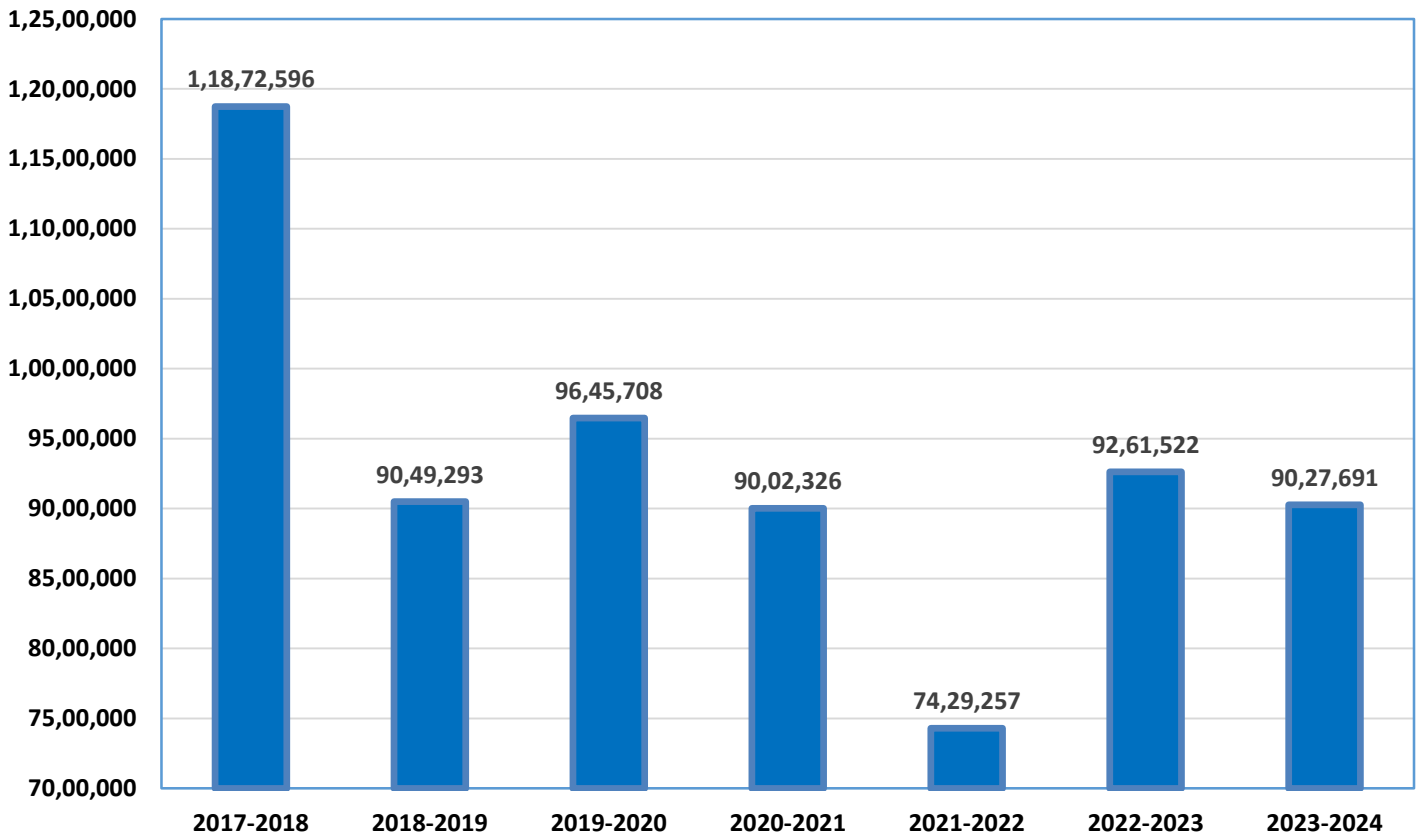
# INDIAN BASIS



Indian Basis			
Month	High	Low	Average
Oct-23	6.95	2.95	4.72
Nov-23	11.43	5.30	8.06
Dec-23	5.74	1.73	4.08
Jan-24	4.64	-0.15	2.48
Feb-24	-1.11	<b>-7.25</b>	-4.18
Mar-24	1.87	-4.90	-0.03
Apr-24	10.39	0.15	7.16
May-24	12.58	4.91	9.21
Jun-24	15.65	10.12	12.86
Jul-24	18.96	15.04	17.23
Aug-24	19.95	16.25	18.15
Sep-24	<b>23.21</b>	16.05	19.49

# Gujarat Cotton Pressing

## Gujarat Cummulative Pressing 170 Kgs Bales

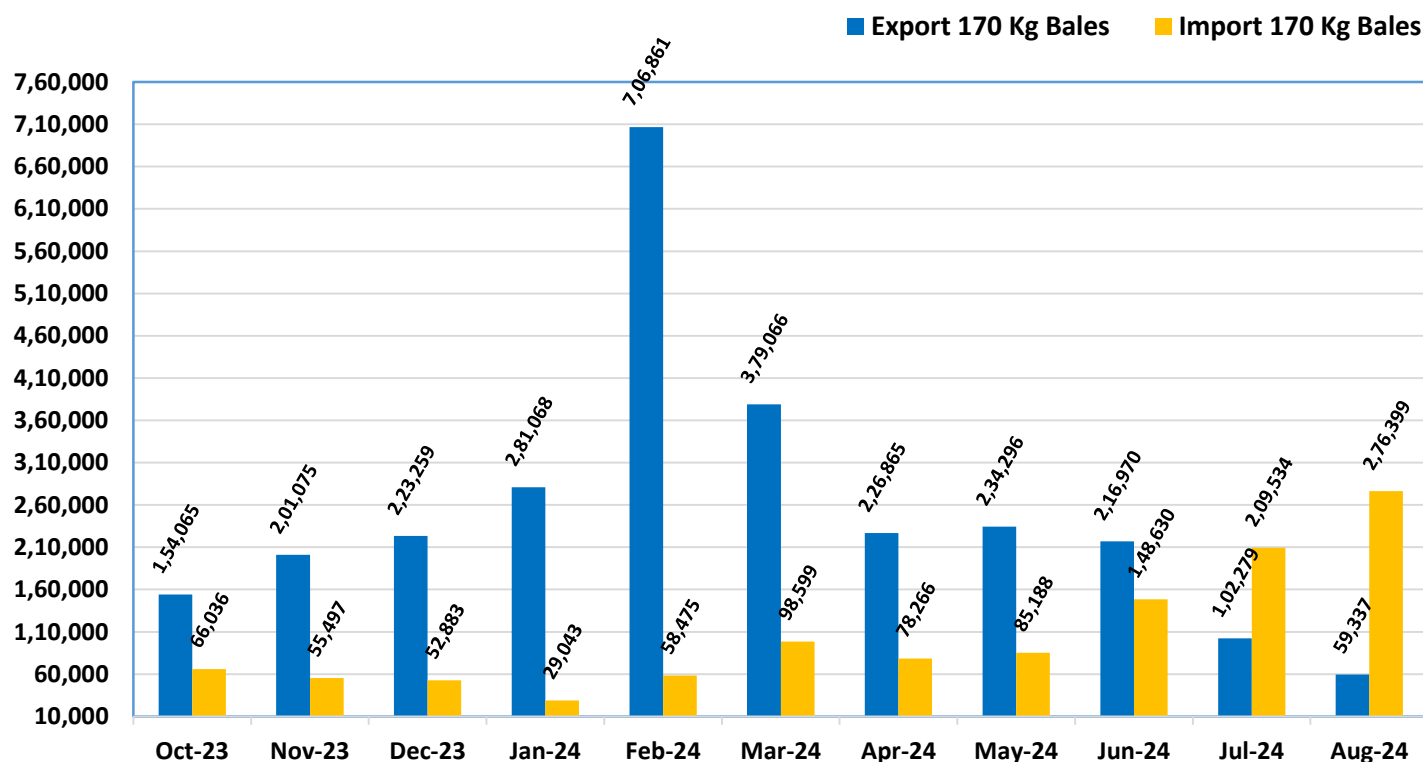


### GUJARAT CUMULATIVE PRESSING

170 Kg Bales

Season	Pressing
2017-2018	1,18,72,596
2018-2019	90,49,293
2019-2020	96,45,708
2020-2021	90,02,326
2021-2022	74,29,257
2022-2023	92,61,522
2023-2024	90,27,691

# Raw Cotton Import Export



## From 01-Oct-2023 to 31-Aug-2024

Month	Export		Import	
	in Tonnes	170 Kg Bales	in Tonnes	170 Kg Bales
Oct-23	26,190.98	1,54,065	11,226.10	66,036
Nov-23	34,182.78	2,01,075	9,434.48	55,497
Dec-23	37,954.01	2,23,259	8,990.15	52,883
Jan-24	47,781.57	2,81,068	4,937.32	29,043
Feb-24	1,20,166.38	7,06,861	9,940.75	58,475
Mar-24	64,441.26	3,79,066	16,761.85	98,599
Apr-24	38,567.13	2,26,865	13,305.24	78,266
May-24	39,830.39	2,34,296	14,481.92	85,188
Jun-24	36,884.98	2,16,970	25,267.11	1,48,630
Jul-24	17,387.51	1,02,279	35,620.82	2,09,534
Aug-24	10,087.36	59,337	46,987.88	2,76,399
Sep-24				
<b>Total</b>	<b>4,73,474.35</b>	<b>27,85,143</b>	<b>1,96,953.62</b>	<b>11,58,550</b>



# World Cotton Balance Sheet

In Lakh Bales of 170 Kg.

Oct-2024	2022/23	2023/24 Est.	2024/25 Proj.		MoM Changes	YOY Changes
			Sep	Oct		
Beginning Stock	908.93	972.42	967.81	962.56	-5.25	-9.86
Production	1,490.69	1,454.85	1,490.18	1,492.99	2.82	38.14
Imports	481.92	562.82	550.27	543.74	-6.53	-19.07
<b>Total Supply</b>	<b>2,881.54</b>	<b>2,990.08</b>	<b>3,008.26</b>	<b>2,999.30</b>	<b>-8.96</b>	<b>9.22</b>
Domestic Use	1,441.79	1,457.28	1,481.60	1,481.47	-0.13	24.19
Exports	470.78	572.80	550.27	543.62	-6.66	-29.18
Loss	-3.46	-2.69		-2.82		-0.13
<b>Total Demand</b>	<b>1,909.12</b>	<b>2,027.39</b>	<b>2,031.87</b>	<b>2,022.27</b>	<b>-6.78</b>	<b>-5.12</b>
Ending Stock	972.42	962.56	979.07	977.02	-2.05	14.46
Stock/Use Ratio	50.94%	47.48%	48.19%	48.31%	0.13%	0.84%
Source: USDA	Unit: Lakh Bales of 170 Kg.		Report Dated: 11-October-2024			

As per USDA WASDE report World Cotton production in 2023-2024 season was 1490.69 Lakh Bales of 170 Kg

## Major Cotton Producers (in Lakh Bales of 170 Kg)

China 352.00, India 335.40, Brazil 186.50, USA 154.50 and Pakistan 85.80

## Major Cotton Exporters (in Lakh Bales of 170 Kg)

Brazil 157.40 and USA 148.50

U.S. Export Sales surpassed the target of 11.7 million bales (480 LBS) at end of cotton year.

Brazil emerged as the number one exporter of cotton in the 2023/24 season, surpassing the United States. This was a significant achievement for Brazil. Further more Brazil production in 2024-2025 season is projected as 213.80 Lakh Bales of 170 Kg which is increase of 27.30 lakh Bales of 170 Kg.

## Other factors

The economy of China has weakened, leading to a significant slowdown in demand from the country.

Pakistan's crop performance was better in 2023/24 but is lagging behind in 2024/25.

Unrest in Bangladesh has disrupted the country's trade.

## Indian Physical Cotton Market

Gujarat S6 spot rate remained between 54,400 – 62,500 Rs per candy during the 2023-2024 season.

## NY Futures & Indian Basis

In October, NY December futures were declining, approaching 75 cents. However, over the next four months, an uptrend emerged, pushing prices beyond the dollar mark, reaching as high as 101 cents by February. After this rise, certified stock levels began to build, and merchants applied pressure on the market. From March to September, the market consistently dropped, with NY futures hitting new lows around 67 cents. By the end of the year, NY December futures closed with a loss of 15.73 points.

2023-24 cotton season was challenging due to significant fluctuations in the New York cotton market, with NY Cotton Future prices ranging from 84 to 101 cents per pound, before dropping to 67 cents per pound - a variation of nearly 35%. In contrast, Indian cotton prices were more stable, fluctuating between ₹ 54,000 per candy and ₹ 61,000 per candy, representing a variation of approximately 12%.

This gave the Indian cotton basis a wide range, from negative 700 points (7 cent/Lbs) to positive 2,300 points (23 cent/Lbs).

In this broad gap, there was a significant opportunity for merchants who traded the spread between NY futures and Indian cotton. However, with the relatively smaller price fluctuations in Indian cotton, many domestic traders, who typically engage in flat trades, struggled to earn during this period.

## Indian Raw Cotton Import-Export

Indian cotton exports nearly doubled in the 2023/24 season compared to the previous season. In the 2022/23 season, India exported 15.89 lakh bales, while in 2023/24, exports climbed to nearly 29 lakh bales. This significant increase was driven by favorable changes in the cotton basis, making Indian cotton more competitive from March to May.

However, towards the end of the season, the basis surged, leading Indian mills to book large quantities of imports. Due to congestion in the sea routes, the full volume of imports did not arrive in India as expected, keeping total imports near 14 lakh bales.

Looking ahead to the 2024/25 season, the old import commitments are expected to arrive in October, and there will be substantial bargaining for the new season. However, Indian cotton is currently priced higher, while foreign cotton remains cheaper even after factoring in import duties. As a result, we expect a decline in exports and a significant increase in imports for the 2024/25 season.

## New Crop 2024-2025

**WORLD:** As per above USDA WASDE report world cotton production in 2023-2024 was 1454.85 Lakh Bales of 170 Kg, for 2024-2025 world cotton production is projected as 1490.18 Lakh Bales of 170 Kg. Which is increase of 38.14 Lakh Bales of 170 Kg Year on Year.

**INDIA:** As per Cotton Association of India all India cotton production in 2023-2024 was 325.29 lakh bales of 170 Kgs. Gujarat pressing was 90,27,691 Bales of 170 Kgs during 2023-2024 season.

India experienced a very good monsoon throughout the crop year 2024-2025, with rainfall exceeding the normal levels across the country, including Gujarat. As of the latest data, the total cotton sowing area across India stands at 112.947 lakh hectares, which is 8.70% lower compared to last year. In Gujarat, cotton sowing has been recorded at 23.687 lakh hectares, reflecting a 12% decline from the previous year.

### Cotlook, Ny Future, S6 and USD/INR YoY comparison

As on	31-07-2023	31-07-2024	Change Y/Y
Cotlook	94.90	79.85	-15.05
ICE December	84.72	68.99	-15.73
As on	30-09-2023	30-09-2024	Change Y/Y
S/6	60,650	58,900	-1,750
USD-INR	83.04	83.79	0.75
S/6 Price USD	93.16	89.66	-3.50

#### MSP and CCI

Minimum Support Price of Gujarat S6 was 6,970 Rs per Quintal in 2023-2024 which increased to 7,474 Rs per Quintal in 2024-2025 cotton season. Which is increase of Rs 501 per Quintal YoY.

CCI has already opened their centers in all cotton growing state to procure cotton at M.S.P. At current stage due to higher rate of cotton seed and better out turn in kapas ginners are getting parity also kapas moisture content is higher than CCI's stipulated limit so at present there is no movement in MSP procurement. But by mid-November arrival will increase and cotton seed rate will decline so at that time role of CCI MSP procurement may start.

The Cotton Corporation of India (CCI) has opened procurement centers in all cotton-growing states to purchase cotton at the MSP Currently, there is limited movement in MSP procurement due to the high price of cottonseed and the better outturn for kapas. Additionally, the kapas has a higher moisture content than what the CCI permits, further hindering procurement efforts.

The increase in cotton seed prices, coupled with improved out turn, provides a favorable situation for ginners. As a result, ginners are currently able to operate more efficiently and profitably.

However, it is expected that by mid-November, arrivals of kapas will increase, and cottonseed prices will decline. At that time, the role of the CCI in procurement may become more significant.

#### Conclusion

The 2023/24 season in the cotton market has been characterized by significant fluctuations in New York futures, while Indian cotton has experienced a relatively narrow trading range, resulting in a wide basis spread. Merchants equipped with the ability to engage in spread trading have been able to capitalize on these market dynamics, realizing substantial profits. However, the Indian futures market lacks the necessary liquidity for effective hedging, making it challenging for local players to manage their risks. In contrast, the New York futures market benefits from substantial liquidity provided by both speculators and commercial participants, allowing basis players to seize opportunities more readily.

The consistent increase in the Minimum Support Price (MSP) for Indian cotton each year is proving to be an ineffective policy, as it renders Indian cotton prices uncompetitive in the global market. Competing origins are offering cotton at lower prices, making it increasingly difficult for Indian spinners to remain viable. Additionally, the 11% duty imposed on cotton imports acts as a barrier for Indian consumers, preventing them from achieving a level playing field with their rivals. As a result, the outlook for Indian ginners and spinners suggests another challenging year ahead, characterized by intensified competition and pressure on profitability. Without addressing these structural issues, the Indian cotton industry may continue to struggle to compete in the international market.

# Importance of Association for all stake holders

Establishing a united trade with an association benefits all stakeholders involved, creating a more efficient, collaborative, and profitable environment. Here's how each group of stakeholders can benefit:

1. **Farmers:** By uniting with a trade association, farmers gain better access to resources such as new technology, improved seed varieties, and modern farming practices. This collective strength also gives farmers a stronger voice in policy advocacy, ensuring their interests are represented in government policies and market regulations. Additionally, farmers benefit from better market access and pricing transparency through collective bargaining and shared marketing channels, allowing them to secure fair prices for their produce.
2. **Ginners:** Ginners who are part of a united trade association can benefit from shared research and development efforts focused on improving ginning technology, reducing wastage, and increasing cotton quality. By working together, ginners can set industry standards that improve operational efficiency and product quality, thereby boosting their competitiveness in both domestic and international markets.
3. **Traders:** Traders benefit from a united trade through better supply chain management, reduced risk, and consistent product quality. A more organized and predictable supply chain allows for smoother transactions and fewer disruptions. Moreover, the association can negotiate bulk contracts, leading to cost savings and better business opportunities for traders.
4. **Textile Industry:** The textile industry relies on a consistent supply of high-quality raw materials. A united trade ensures that cotton and other related products meet industry standards, leading to more predictable production cycles and higher-quality outputs. This stability allows textile manufacturers to plan better and innovate with confidence, ensuring competitiveness in global markets.
5. **Government and Policymakers:** A united trade with association provides a streamlined point of contact for government bodies. This enhances the coordination of efforts aimed at improving agricultural policies, subsidies, and trade regulations. Policymakers can work more effectively with organized associations to ensure the sustainability and growth of the cotton industry.
6. **Consumers:** At the end of the value chain, consumers benefit from higher-quality textiles at more stable prices. The efficiencies gained through a united trade reduce costs that would otherwise be passed on to consumers. Additionally, improved industry practices often lead to more environmentally sustainable production, meeting the growing demand for ethical and eco-friendly products.
7. **Researchers and Innovators:** Being part of a larger trade association gives researchers and technology providers easier access to real-world challenges faced by different parts of the cotton value chain. This accelerates the pace of innovation, leading to more relevant solutions that benefit the entire industry.

In conclusion, a united trade association fosters collaboration, enhances market efficiency, strengthens advocacy, and leads to shared success across the entire cotton value chain. Each stakeholder gains from a stronger, more cohesive industry where risks are mitigated and opportunities are maximized.

# Navigating Cotton Trade with Informed Decision-Making

To improve ginners' awareness in trade, it is crucial to educate them on the factors that drive cotton trade and how to make informed decisions when taking business positions. Here's a more structured overview:

## Key Considerations for Ginners in Trade:

### 1. Understanding the Basis with Foreign-Origin Cotton:

- Ginners should closely monitor how Indian cotton is priced compare to foreign-origin cotton. A favorable basis (price difference) can indicate opportunities for domestic or export trade, while an unfavorable basis may suggest caution.

### 2. C.I.F. Price Comparisons:

- It is essential to regularly compare the C.I.F. (Cost, Insurance, and Freight) price of other cotton origins for India and competitor countries. This provides insight into international market dynamics and helps ginners understand potential price movements or demand shifts.

### 3. Market Sentiment and Farmer Behavior:

- Local market movements are influenced by the sentiment of farmers, particularly in terms of crop arrivals and selling patterns. Ginners should pay attention to farmer behavior during different phases of the crop cycle to predict supply trends and market pressure.

### 4. Yarn Parity for Mills:

- The ginners' decisions must take into account the yarn parity for mills. When mills are purchasing cotton at rates that allow them to maintain competitive yarn prices, ginners can expect steady demand. Monitoring yarn market trends will guide their raw material pricing strategies.

### 5. Expense Calculations (Interest, Insurance, Fixed Costs):

- Before purchasing seed cotton, it is vital to calculate all associated expenses like interest on capital, insurance, and other fixed costs. If expenses create a huge disparity between purchase cost and potential selling price, ginners should slow down operations until market conditions improve.

## Timing and Rate for Position Business:

- If all factors (such as basis, C.I.F. prices, market sentiment, yarn parity, and expenses) align favorably, ginners can consider taking a business position. However, they should note:
  - If the Indian basis is too high compared to global markets, even during shortages, market returns may be limited.
  - Conversely, if Indian cotton is priced competitively, the market can sustain itself and provide opportunities for growth, even during times of high arrivals.

## Conclusion:

- Ginners should stay informed and use market data to take calculated risks. The goal is to learn from market trends, optimize operational efficiency, and ensure business decisions are made at the right time and rate for profitability.

# "Building a Trusted Brand in Cotton Ginning: Key Guidelines for Ginners to Attract Buyers"

To build a strong reputation and brand in the cotton ginning industry, especially in the eyes of buyers, it's essential to focus on quality, transparency, and consistency. Here's a refined version of the guidelines you can follow to establish yourself as a trusted ginner and quality cotton supplier:

## Key Guidelines for Building a Trusted Ginner Brand:

- 1. Consistency in Quality:** Ensure that the entire lot of cotton you supply matches the quality of the sample shown to buyers. Consistency builds trust over time.
- 2. Proper Labeling:** All bales must be properly labeled, with no bale left unmarked. Labels should be securely attached and clearly visible, ensuring there's no confusion or misidentification.
- 3. No Compromises in Processing:** Assure your buyers that no lower-quality cotton will be mixed into higher-grade lots. Maintaining purity and honesty in processing is crucial for long-term relationships.
- 4. Quality Testing and Certification:** Before dispatching a lot, test the quality in a lab (if possible) and share the results with buyers. This practice will reinforce the credibility of your gin and show that your cotton meets industry standards without tolerance for quality deviations.
- 5. Moisture Content Monitoring:** Regularly check the moisture content of the bales, at least for a sample set (e.g., 20 bales), and share this data with the buyer along with the lot. Providing this information will help buyers understand the cotton's condition and avoid disputes.
- 6. Minimizing Disputes:** Focus on reducing disputes with buyers. The fewer disputes you have regarding supply quality, the stronger your reputation will become. Buyers value suppliers who are reliable and consistent.
- 7. Branding through Contamination Control:** Consider installing contamination-control machines on your production line before pressing. Some ginners who have taken this step have earned premium prices from corporate buyers.
- 8. BCI (Better Cotton Initiative) Certification:** Applying for BCI certification has become easier, and it's a good step to differentiate your gin. BCI-certified cotton is increasingly preferred by buyers for its sustainability standards.
- 9. Blockchain Transparency:** Explore using blockchain technology to create transparency and traceability in your supply chain. Platforms like Texprocil offers blockchain-based system that can enhance your credibility and allow buyers to trust the authenticity and quality of your cotton.
- 10. Focus on Brand-Building:** In a competitive and often low-margin business, ginners who make special efforts—such as ensuring quality, providing lab test results, and implementing contamination control—will not only survive but also thrive.

By focusing on these steps, you'll be able to build a trusted and reliable brand in the cotton ginning market. Building a reputation takes time, but consistency, transparency, and attention to quality will set you apart and attract more buyers.

# "Buyer Evaluation and Sales Strategy for Ginners"

This approach to evaluating buyers for selling goods is quite practical and systematic. Here's a refined version of your plan:

## **Guidelines for Selling Goods:**

### **1. Evaluate Past Experience:**

- Always consider your previous trade experiences with a buyer. If you have no direct experience, consult with other ginners who have done business with them for feedback.

### **2. Rate Your Buyers:**

- Create a rating system based on your own knowledge and experience, considering the following criteria:
  1. Fulfillment of Commitments:
    - Assess whether the buyer adheres to their promises regarding dispatch and payment terms.
  2. Dispute Resolution:
    - Evaluate how they handle disagreements and the fairness of their approach during disputes.
  3. GST Compliance:
    - Check if the buyer is regularly compliant with GST regulations, and how efficiently they handle GST-related payments to you.

### **3. Business Strategy:**

- Prioritize doing business with buyers who have a higher rating, even if it means offering them a slight discount.
- Avoid chasing higher prices with low-rated buyers, as this may lead to complications or delays.

# Insurance and Dispatch Safety Protocols for Compound Operations

Here we outlined key points related to insurance and dispatch awareness for your facility. Here's a refined version of your instructions:

## Insurance and Safety Measures for the Compound

1. **Full Insurance Coverage:** Ensure the factory and the godown are fully insured.
2. **Goods Register:** Maintain a daily register for tracking the inward and outward movement of goods.
3. **Water Source Availability:** Ensure that an adequate water source is available on the factory premises for emergencies.
4. **Truck Safety:** When trucks approach the cotton heap, make sure their vehicle silencer is covered with cloth to reduce fire risks.

## Dispatch Awareness Protocol

1. **Documentation Verification:** Before loading, check the truck's R.C. Book, driver's license, delivery order, and built (transport receipt).
2. **Truck Cleanliness:** Inspect the truck; if it's not clean, refuse to load goods.
3. **M Parivahan App:** Use the M Parivahan app on your phone to verify truck and owner details, ensuring no fraud is involved.
4. **Photograph Record:** Take a photo of the driver with the truck before loading.
5. **Gate Pass:** Prepare a detailed gate pass listing all relevant information, including inward and outward timings of the truck.



# Dispute Resolution Protocol

## Objective:

To establish a fair and transparent process for resolving disputes related to cotton trading, ensuring trust and accountability between ginner and buyers.

- 1. Pre-Dispatch Documentation:** Before the dispatch of cotton, the ginner must prepare the following documentation:
  - **Dispatch Sample:** A representative sample of the cotton being dispatched must be collected. This sample serves as a reference point for both parties.
  - **Moisture List:** A detailed list indicating the moisture content of the cotton bales should be prepared. This is crucial as moisture levels can significantly affect the quality and value of the cotton.

## Importance:

This initial documentation ensures both parties have a clear understanding of the product's quality before it changes hands, minimizing the potential for misunderstandings.

- 2. Verification Process:** Upon receipt of the cotton, the buyer must undertake the following steps:
  - **Sample Analysis:** The buyer compares the dispatch sample provided by the ginner with their own analysis of the cotton received. This involves assessing quality indicators such as fiber length, strength, and moisture content.
  - **Discrepancy Protocol:** If discrepancies are identified between the dispatch sample and the buyer's analysis, the buyer must promptly notify the ginner. A representative from the buyer's side should be sent to the site to draw a new sample from the received batch for independent verification.

## Importance:

This step ensures that any discrepancies are addressed swiftly and fairly, promoting cooperation and accountability between both parties.

- 3. Neutral Laboratory Testing:** To resolve any disputes that arise from the verification process, both parties agree to the following:
  - **Neutral Lab Selection:** A mutually agreed-upon neutral laboratory will conduct an independent analysis of the newly drawn sample. This lab should have a reputation for impartiality and expertise in cotton testing.
  - **Final Binding Results:** The results obtained from the neutral laboratory shall be accepted as final and binding by both the ginner and the buyer. This eliminates ambiguity and fosters confidence in the resolution process.

## Importance:

Having a neutral third-party conduct the testing mitigates biases and ensures that both parties respect the outcome, reinforcing trust in the trading process.

## Conclusion:

This Dispute Resolution Protocol for cotton ginning aims to create a transparent, fair, and efficient process for resolving quality-related disputes. By establishing clear steps and relying on neutral third-party verification, the protocol seeks to maintain strong business relationships and uphold the integrity of the cotton ginning industry.

# Level Playing Field through Bhavantar Yojna

**Introduction** The Bhavantar Yojna is an innovative scheme designed to create a more equitable marketplace for agricultural commodities, particularly cotton. It aims to address the limitations of the Minimum Support Price (MSP) system by allowing the market to operate based on demand and supply dynamics while ensuring that farmers receive adequate compensation for their produce.

**Minimum Support Price (MSP) Overview** Under the MSP framework, the government purchases crops at a predetermined fixed price. While this guarantees a certain level of income for farmers, it can inadvertently disrupt market dynamics. The fixed purchase price may not reflect actual market conditions, leading to:

1. **Price Distortion:** Stakeholders other than the government may struggle to compete as the fixed prices do not reflect true supply and demand.
2. **Lack of Competition:** With the government as a primary buyer, other market players may be deterred from entering or investing in the agricultural sector.
3. **Resource Allocation Issues:** Fixed prices can lead to overproduction or underproduction of certain crops, resulting in inefficient resource use.

**Bhavantar Yojna Explained** The Bhavantar Yojna seeks to address these issues by allowing the market to operate independently. Here's how it works:

1. **Market-Driven Pricing:** The prices of agricultural commodities are determined by market forces—demand and supply. This promotes competition among buyers, benefiting farmers.
2. **Compensation Mechanism:** If the market price falls below the MSP, the government compensates farmers for the difference. This means that farmers receive the market price plus an additional payment to ensure they are not disadvantaged.
3. **Fair Prices for Industry:** By allowing the market to determine prices, industries can procure raw materials at rates that are competitive and reflective of real market conditions. This not only helps industries maintain profit margins but also encourages investment in the agricultural sector.
4. **Fair Pricing for Yarn:** With farmers receiving fair compensation, the cost of raw materials like cotton becomes more predictable. This stability aids yarn producers in maintaining consistent pricing strategies, ensuring fair parity in the market.

## Benefits of the Bhavantar Yojna

- **Empowerment of Farmers:** Farmers are no longer solely reliant on government purchases and can benefit from favorable market conditions.
- **Increased Competition:** A competitive market environment encourages efficiency and innovation among stakeholders, leading to better quality products.
- **Sustainable Agriculture:** With a more responsive pricing mechanism, farmers can adjust their production based on market signals, promoting sustainable farming practices.
- **Industry Growth:** Industries can source materials at fair prices, leading to improved production processes and competitiveness in the market.

## Conclusion

The Bhavantar Yojna represents a significant step toward creating a level playing field in the agricultural market. By shifting from a fixed price model to a more dynamic approach, it empowers farmers while also supporting industry needs. This scheme not only addresses the shortcomings of the MSP system but also fosters a more resilient and competitive agricultural ecosystem.

## Data Collection and Its Importance

First of all, I'd like to extend my gratitude to our entire Gujarat ginner fraternity for providing data to the association every month. Accurate data is a vital tool for predicting market trends and positioning our businesses effectively.

Unfortunately, as unorganized stakeholders, we face two significant challenges in providing real-time data:

- 1. From Farmers:** The sowing area reported by the government is often based on inaccurate reporting mechanism. Inaccurate area reports misguide crop estimation and as season progress it is difficult to judge unsold kapas quantity with farmers hence it becomes difficult to estimation season's total cotton pressing. This season farmers brought forward huge quantity of kapas from previous season
- 2. From the Mill Side:** The organized sector, particularly mill owners, have access to monthly data of consumption, yarn realization, and waste generation. However, they often hesitate to share this data with the industry. This reluctance is counterproductive for them, as they are unable to take right business decision in absence of real consumption data and suffer huge losses.
- 3.** We need a collaborative effort from the spinners' association to encourage data collection and transparency. If this doesn't happen, the government may have to step in to make it mandatory to submit spinners consumption data. As leaders of the association, we carry the responsibility to facilitate this process. All eyes are on us to provide real-time information that benefits every stakeholder involved.

**Let's work together to enhance data transparency and improve our industry as a whole.**



## Special Thanks from Team Gujcot!

We, the team at Gujcot, extend our heartfelt gratitude to our generous sponsors for the seasons 2023-24 and 2024-25. Your support is instrumental to our success, enabling us to strive towards our goals and make a meaningful impact. We are truly grateful for your partnership and commitment to our journey. Thank you for being a vital part of our team!



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