

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

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## Conflict Resolution in Cotton Trade – An Introduction to the Concept of ADR

*Shri. Kotak has been serving the cotton and textiles industry in various capacities, since the last 60 years. He has been connected with various Chambers of Commerce, NGOs and has served as Trustee in Port Trust. He was President of Cotton Association of India and was on the Private Sector Advisory Panel of ICAC as well as on the CITI (Confederation of Textile Industry). Managing Committee.*

*With his experience of many years as an Arbitrator and Mediator, as Chairman of Court of Arbitration, Indian Council of Arbitration, and on the Panel of Arbitration forums, he has been actively promoting Alternate Dispute Resolution and Price Risk Management (Futures Trading) at various forums.*

*Keenly interested in agriculture and cotton research, he is an active member of CITI CORA Cotton Research Organization. He was Chairman of COTAAP and served as Director of Liverpool Cotton Association for many years. He is a Chairman of Indian Society for Cotton Improvement and was a key organiser for WCRC-5 World Cotton Research Conference held at Mumbai in 2011. He was the President of International Chamber of*

*Commerce (India Chapter) and continues serving International Chamber of Commerce Commission on Trade & Investment. He continues to take interest in activities of Indian Merchants Chamber, FICCI, ASSOCHAM, Research Foundation of Indian Merchants Chamber, Trustee on IndoJapanese Association.*



### GUEST COLUMN

**Shri. Suresh A. Kotak**  
Chairman, Kotak Group of Companies

*He was conferred the Cotton & Finance Merit Award for his work in Cotton General Business in 2009/2010 by then Chief Minister of Gujarat, Shri. Narendra Modi. He has received Lifetime Achievement by The Textile Association (India) Ahmedabad. CAI*

*has also conferred him the Lifetime Achievement Award in 2018.*

The present conference has a relevant theme of addressing various challenges facing the cotton trade and find out ways and means to adopt and adapt to relevant changes necessary in the present system and contextual new modes to be adopted.

Conflicts are a part of business transactions as people having differing perceptions, view, ideas and interpretations, can result into conflicts which need to be resolved.

In cotton trading we have been following various methods to resolve the disputes occurring at various stages. The present methods are basically resolvment through bilateral mutual negotiations, failing which arbitrations are done as per the rules of cotton associations / institutions.

The rules which were drafted on the basis of the 1940 Act and somewhat corrected when the Arbitration and Conciliation Act of 1996 was promulgated, need to be updated in an ongoing manner by the associations as per amendments to the same Act in 2015 and have to be in conformity with the Act as well as amendments.

In this article, we shall broadly discuss what are the latest methods, systems and practices which we need to be aware of as well as appreciate and understand, so that we can bring necessary and needful changes in our functioning of dispute resolution.

Presently, the most important method which is used by cotton trade is arbitration under the Arbitration and Conciliation Act of 1996 which was duly amended in 2015.

There are further amendments also pending in the Parliament in view of Shri Krishna Commission, which also needs to be taken into account to make relevant changes in the present setup of rules and procedures.

We also need to have constant reference to various international practices and drafting of the rules done by the Association. Gydnia Association of Poland used to have excellent rules. The recent version I have not seen. They were even better than ICA rules.

Cotton Association of India's current rules of Arbitration and Mediation critically need to be reviewed to bring them into proper alignment with the current situation of law and practices.

In order to spot out the needed area of modification, correction or changes, we need to appreciate in the first place the total system of ADR which means Alternate Dispute Resolution, which includes arbitration, mediation and conciliation. The dispute to be solved can be done by resorting to these methods.

The inclusion of conciliation in the Indian Arbitration and Conciliation Act of 1996 is

unique. In contrast, the UK Act of Arbitration does not include conciliation as a statutory part of the arbitration.

We, in India, and Cotton Association in particular should try to take full advantage of this unique position. This was recommended by UNCITRAL - The United Nations Commission on International Trade Law.

ADR is also known as appropriate dispute resolution system and in order to solve conflicts we need to appropriately use the modes and tools provided by ADR.

We, in Cotton Association and other chambers of commerce need to go through the modality of this process and become contemporised in the matter of effective and efficient conflict resolution.

ADR operates with the following four modes:

- Negotiation
- Conciliation
- Mediation
- Arbitration

Broadly speaking, ADR as a concept has to be understood against court litigations. Though the commodity associations all around have installed the installed system of arbitration with rules to govern the arbitration, they have not brought in the necessary changes in the law and changes in the system and the style of operating the dispute resolution systems.

A reflective analysis needs to be done to work out a relevant system for cotton trade which is time wise and cost wise appropriate. Further, the system has to be just and fair as well as with equity. Litigations are only unilateral justice oriented.

### ADR vs Court Litigations

Litigations are always in the court and are publicly held in the open forum of the court which is provided by the Government and is open to all. ADR in contrast is a private, confidential and voluntary system of dispute resolution.

ADR has certain remarkable features which by and large keep relationships in a better position, as there is a mutuality and confidentiality and flexibility involved in the system.

Litigations are highly complex and procedure oriented. They generally seek "Who is right" and "Who is wrong", thus leaving bitterness among the parties.

ADR on the other hand, addresses to the fact of “What is wrong and How to redress and solve it”. Thus, ADR as a system works out the solution with equity and fairness.

ADR is a proactive system. Litigation is a reactive system. Therefore, the business people are increasingly considering ADR to be sine-qua-non for survival in the fast paced businesses of today, where delays become deadly for survival in the business environment.

The modern Chambers of Commerce today, the corporate world and enlightened business institutions today have been resorting to ADR.

The institutions have become facilitators for ADR by promoting systematic, organised and structured institutions to provide institutional way of addressing business differences and conflicts through the four modes of ADR.

### About Cotton Association of India

The Cotton Association of India has a time-honoured practice of resolving disputes through arbitration (on failure of negotiation). The most important Articles are 38 & 39 which is helpful as all members become compulsorily subject to inbuilt clause of arbitration agreement. Mainly they relate to disputes of quality as well as disputes other than quality.

**COTTON ASSOCIATION OF INDIA**  
1927

**Cotton India 2018**

**Register Now**  
<http://www.caionline.in/conference>

**05<sup>th</sup> & 06<sup>th</sup> October, 2018**

**Cotton Association of India's**  
**2<sup>nd</sup> Domestic Conference for**  
**the Season 2017 - 2018**

**Co-hosted by**  
**"The Maharashtra Cotton Ginners Association"**

**Enhancing The Brand Value of Indian Cotton**

**Venue: Hotel Rama International, Aurangabad, Maharashtra**

CAI has adopted some of the ingredients of International Cotton Association (ICA) rules which are prevalent worldwide. CAI started acting under the Arbitration Act of 1940, which was the first act, which has since been substituted by the Act of Arbitration and Conciliation of 1996.

The adoption of principles of invoice back has become controversial by the consumers as evidenced in the debates of ITMF and needs to be worked out in a different way.

As I understand, UK judiciary has made some comment on the process of invoice back practised in the commodities market.

There are a number of points which need to be clarified and updated. CAI specially should not miss out a point which other commodities have well included, i.e., appropriation of goods to the contract.

The invoice back process needs to be relooked and made more clear and adoptive to become workable for the total value chain.

## The Four ADR Modes Explained

### Negotiation

Negotiation is a dialogue between two or more parties in an effort to resolve their differences by mutual discussions and arrive at an agreeable settlement. Negotiation is bilateral and is the art of finding the agreement to end the dispute.

### Conciliation

Conciliation is the process where the practice of bringing together the parties in a dispute with the help of an independent party which is known as "NEUTRAL". This Neutral person is the conciliator. This conciliator assists the parties in an independent and impartial manner to reach an amicable settlement of the disputes.

Conciliators are guided by principles of Objectivity, Fairness and Justice. Conciliation is also described as structured mediation. The Indian law has given a legal status to conciliation and it has been included in the Arbitration and Conciliation Act of 1996. India is the only country which has given *pari passu* status to arbitration and conciliation.

Conciliation is actually a "structured mediation" and to an extent resembles our old Lavad System which has been practised in India through ages.

### Mediation

Mediation is a process in which the mediator as an external person "neutral" to the dispute, works with the parties to find and arrive at a solution which is acceptable to all of them mutually.

The most important differentiating aspect of mediation is that the mediator cannot impose a decision on the parties. Mediator controls the process, but the outcome primarily is always in the hands of the parties. Mediator is a facilitator but acts somewhat passively but intelligently and fully acts to make both parties comfortable and induces them to negotiate with each other.

Mediation is completely voluntary. Mediator opens up communication, encourages parties to participate, identify their facts and issues, focusing them on their long term interest.

Today most of the arbitration clauses make mediation mandatory to start with. The clause is known as *Med-Arb-Med* clause. This is a Singapore Model and now even International Chamber of Commerce has also started adopting. I would recommend the cotton community to look up this provision, as this has proved to be very effective in my personal experience as an international arbitrator.

The system and rules of Mediation and Arbitration need to be common and practiced in a similar way, but CAI's rules could be updated.

### Arbitration

Institutional Arbitration is an efficient, speedy but a flexible method of resolving disputes on merit. The arbitral tribunal decides the civil legal rights of the disputants. The tribunal is duty bound to follow the rules of natural justice. However, arbitration is an adjectory process and somewhat adversarial. It is also considered as a quasi-judicial system.

### Conclusion

In order to meet the demands of time and evolving situational changes in cotton trading systems, as well as the cohesive and integrative developments of supply chain in raw cotton to textiles manufacturing, we need to work out a total system which enables and empowers the total textile eco-system to resolve any conflicts and disputes in a time bound manner and as a low-cost product to serve the businesses.

*Courtesy: Cotton India 2018 (Domestic)*

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

# Excerpts from India Meteorological Department's Weather Report of 13th September 2018

## Forecast for next two week

### Weather systems & associated Precipitation during Week 1 (13 to 19 September, 2018) and Week 2 (20 to 26 September, 2018)

A low pressure area is likely to develop over Westcentral & adjoining northwest Bay of Bengal around 18th September. Under its influence,

scattered to fairly widespread to rainfall with isolated heavy falls very likely to occur over Coastal Andhra Pradesh & Telengana during second half of the 1st week.

Scattered to fairly widespread to rainfall with isolated heavy falls (on many days) is very likely

### Annexure III

#### METEOROLOGICAL SUB-DIVISIONWISE WEEKLY RAINFALL FORECAST & Wx. WARNINGS-2018

Sr. No	MET.SUB-DIVISIONS	13 SEP	14 SEP	15 SEP	16 SEP	17 SEP	18 SEP	19 SEP
1	ANDAMAN & NICO.ISLANDS	SCT	FWS	FWS	WS*	WS**	WS**	WS
2	ARUNACHAL PRADESH	WS*	FWS	ISOL	ISOL	SCT	SCT	FWS
3	ASSAM & MEGHALAYA	WS*	FWS*	SCT	SCT	SCT	SCT*	FWS*
4	NAGA.MANI.MIZO.& TRIPURA	FWS	SCT	SCT	FWS*	FWS*	SCT*	SCT*
5	SUB-HIM.W. BENG. & SIKKIM	WS*	FWS*	FWS	SCT	SCT	SCT	FWS*
6	GANGETIC WEST BENGAL	SCT	FWS	FWS	SCT	SCT	SCT	FWS*
7	ODISHA	ISOL	ISOL	SCT	FWS*	FWS*	SCT	SCT
8	JHARKHAND	SCT	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL
9	BIHAR	SCT	SCT	SCT	ISOL	ISOL	ISOL	ISOL
10	EAST UTTAR PRADESH	SCT	ISOL	ISOL	DRY	DRY	DRY	DRY
11	WEST UTTAR PRADESH	ISOL	ISOL	ISOL	DRY	DRY	DRY	DRY
12	UTTARAKHAND	SCT	SCT	SCT	ISOL	ISOL	ISOL	ISOL
13	HARYANA CHD. & DELHI	ISOL	ISOL	ISOL	DRY	DRY	DRY	DRY
14	PUNJAB	ISOL <sup>TS</sup>	SCT <sup>TS</sup>	SCT	ISOL	DRY	DRY	DRY
15	HIMACHAL PRADESH	SCT	FWS	FWS	SCT	ISOL	ISOL	ISOL
16	JAMMU & KASHMIR	SCT <sup>TS</sup>	WS <sup>TS</sup>	WS*	SCT	ISOL	ISOL	ISOL
17	WEST RAJASTHAN	DRY	DRY	ISOL	ISOL	DRY	DRY	DRY
18	EAST RAJASTHAN	ISOL	ISOL	DRY	DRY	DRY	DRY	DRY
19	WEST MADHYA PRADESH	ISOL	ISOL	DRY	DRY	DRY	DRY	DRY
20	EAST MADHYA PRADESH	ISOL	ISOL	ISOL	ISOL	ISOL	DRY	DRY
21	GUJARAT REGION D.D. & N.H.	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL	DRY
22	SAURASTRA KUTCH & DIU	ISOL	DRY	DRY	ISOL	ISOL	DRY	DRY
23	KONKAN & GOA	ISOL	ISOL	ISOL	SCT	SCT	SCT	SCT
24	MADHYA MAHARASHTRA	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL*	ISOL
25	MARATHAWADA	ISOL	ISOL	ISOL	ISOL	ISOL	SCT	SCT
26	VIDARBHA	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL
27	CHHATTISGARH	ISOL	ISOL	ISOL	SCT	SCT	ISOL	ISOL
28	COASTAL ANDHRA PRADESH	ISOL	ISOL	ISOL	SCT	SCT*	FWS*	FWS*
29	TELANGANA	ISOL	ISOL	ISOL	SCT	SCT	SCT	SCT
30	RAYALASEEMA	ISOL	ISOL	ISOL	ISOL	ISOL	SCT	SCT
31	TAMILNADU & PUDUCHERRY	SCT <sup>TS</sup>	SCT*	SCT*	SCT*	ISOL	ISOL	ISOL
32	COASTAL KARNATAKA	DRY	ISOL	ISOL	SCT	SCT	ISOL	ISOL
33	NORTH INT.KARNATAKA	ISOL	ISOL	ISOL	SCT	SCT	SCT*	SCT
34	SOUTH INT.KARNATAKA	ISOL	ISOL	SCT	SCT	SCT	SCT	ISOL
35	KERALA	DRY	ISOL	ISOL	SCT	SCT	SCT	ISOL
36	LAKSHADWEEP	DRY	DRY	ISOL	ISOL	ISOL	SCT	FWS

#### LEGENDS:

WS	WIDE SPREAD / MOST PLACES (76-100%)	FWS	FAIRLY WIDE SPREAD / MANY PLACES (51% to 75%)
SCT	SCATTERED / FEW PLACES (26% to 50%)	ISOL	ISOLATED (up to 25%)
		D/DRY	NIL RAINFALL
* Heavy Rainfall (64.5-115.5 mm)	** Heavy to Very Heavy Rainfall (115.6-204.4 mm)	**	Extremely Heavy Rainfall (204.5 mm or more)
• FOG	* SNOWFALL	# HAILSTORM	↑ HEAT WAVE (+4.5 °C to +6.4 °C)
§ THUNDERSTORM WITH SQUALL/GUSTY WIND	DS/TS DUST/THUNDERSTORM	↓ COLD WAVE (-4.5 °C to -6.4 °C)	↑ SEVERE HEAT WAVE (> +6.4)
			↓ SEVERE COLD WAVE (< -6.4)

over northeastern states, West Bengal & Sikkim and Odisha during 1st week.

Under the influence of a Western Disturbance, Scattered to fairly widespread to rainfall with isolated heavy falls very likely to occur over Jammu & Kashmir and Himachal Pradesh; and isolated to scattered rainfall over Punjab during first half of the 1st week.

Light/moderate isolated to scattered rainfall activity is very likely to occur over remaining parts of the country outside Rajasthan, West Madhya

Pradesh and Saurashtra, Kutch & Diu, where dry weather is very likely to prevail during most days of the 1st week (Annexure III).

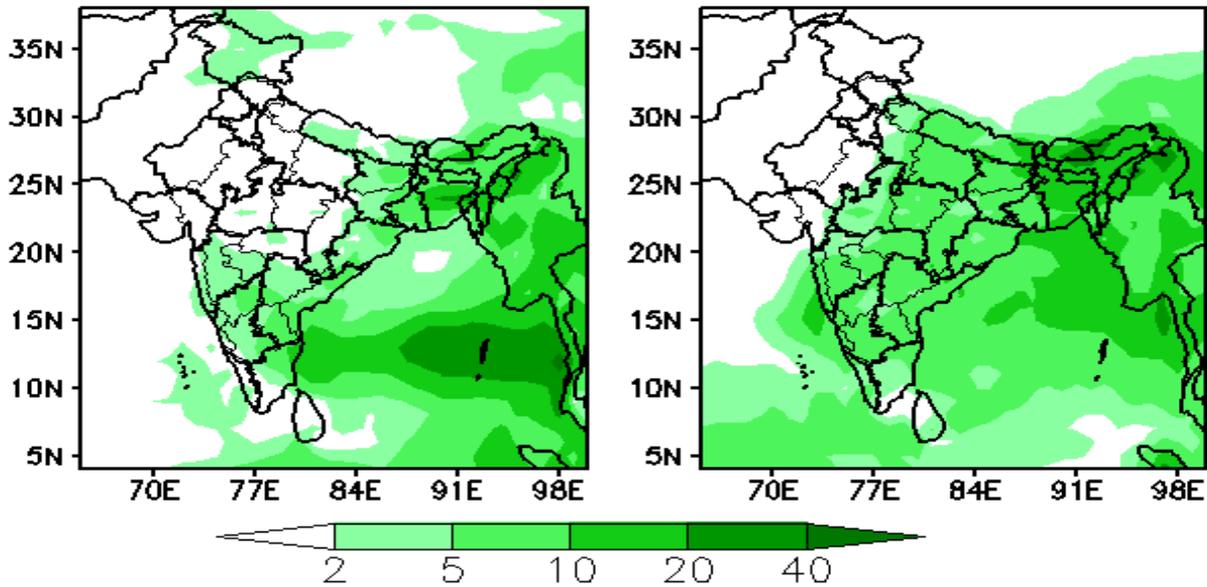
Overall rainfall activity is likely to be below normal over most parts of the country outside parts of south Peninsular India and northeastern states, where it is very likely to be normal to above normal. During 2nd week, rainfall activity likely to be near normal over most parts of the country outside East & adjoining south Peninsular India, where it is very likely to be below normal (Annexure IV).

**Annexure IV**

**Forecast rainfall (mm per day)**

(Week 1: 14Sep–20Sep)

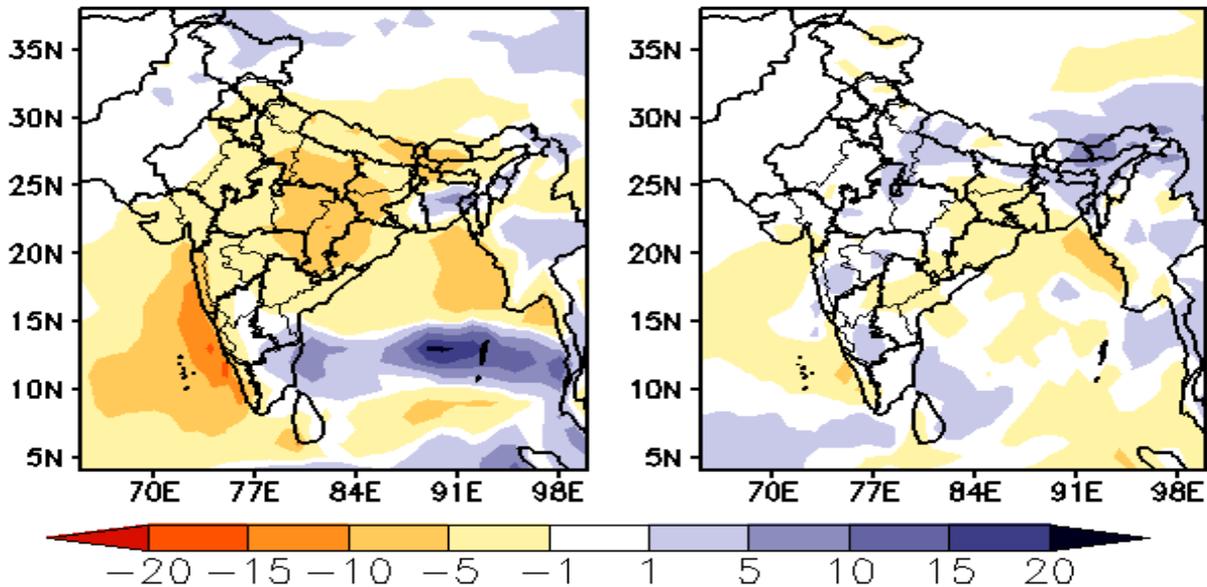
(Week 2: 21Sep–27Sep)



**Forecast rainfall anomaly (mm per day)**

(Week 1: 14Sep–20Sep)

(Week 2: 21Sep–27Sep)



## Production of Man-Made Filament Yarn

(In Mn. kg.)

Year/Month	Viscose Filament yarn	Polyester Filament yarn	Nylon Filament yarn	Poly propylene Filament yarn	Total
2016-17 (P)	46.07	1060.41	41.00	11.45	1158.93
2017-18 (P)	47.02	1090.12	39.38	10.90	1187.42
2018-19 (P) (Apr-June)	11.41	256.69	10.21	2.71	281.02
2016-17 (P)					
April	3.78	84.08	3.30	0.96	92.12
May	3.88	85.31	3.38	0.96	93.53
June	3.90	84.93	3.27	0.95	93.05
July	3.98	89.83	3.46	0.99	98.26
August	3.97	90.88	3.38	0.97	99.20
September	3.75	89.11	3.67	0.96	97.49
October	3.89	93.00	3.69	1.05	101.63
November	3.78	86.49	3.06	0.77	94.10
December	3.84	84.59	2.76	0.80	91.99
January	3.87	93.21	3.77	1.10	101.95
February	3.56	85.78	3.49	0.89	93.72
March	3.87	93.20	3.77	1.05	101.89
2017-18 (P)					
April	3.81	89.41	3.24	0.85	97.31
May	3.82	92.68	3.49	0.79	100.78
June	3.69	90.84	3.27	0.90	98.70
July	4.03	96.53	2.96	0.95	104.47
August	3.98	97.09	3.07	0.91	105.05
September	3.90	91.96	3.09	0.92	99.87
October	4.00	88.04	3.30	0.93	96.27
November	4.06	84.34	3.31	0.82	92.53
December	4.46	90.02	3.29	0.87	98.64
January	3.85	94.38	3.45	1.03	102.71
February	3.54	83.63	2.96	1.00	91.13
March	3.88	91.20	3.95	0.93	99.96
2018-19 (P)					
April	3.77	89.97	3.58	0.92	98.24
May	3.79	83.66	3.39	0.90	91.74
June	3.85	83.06	3.24	0.89	91.04

P - Provisional

Source : Office of the Textile Commissioner

UPCOUNTRY SPOT RATES							(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]							Spot Rate (Upcountry) 2017-18 Crop SEPTEMBER 2018					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	10th	11th	12th	13th	14th	15th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	12288 (43700)	12288 (43700)	12288 (43700)		12288 (43700)	12288 (43700)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	12429 (44200)	12429 (44200)	12429 (44200)	H	12429 (44200)	12429 (44200)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	9336 (33200)	9392 (33400)	9392 (33400)		9392 (33400)	9392 (33400)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	10236 (36400)	10292 (36600)	10292 (36600)	O	10292 (36600)	10292 (36600)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	10995 (39100)	11051 (39300)	11051 (39300)		11051 (39300)	11051 (39300)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	12710 (45200)	12766 (45400)	12766 (45400)		12654 (45000)	12654 (45000)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	10995 (39100)	11051 (39300)	10995 (39100)	L	10939 (38900)	10911 (38800)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	11417 (40600)	11473 (40800)	11417 (40600)		11360 (40400)	11332 (40300)
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	12766 (45400)	12823 (45600)	12823 (45600)	I	12710 (45200)	12710 (45200)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	11529 (41000)	11585 (41200)	11529 (41000)		11473 (40800)	11445 (40700)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	12035 (42800)	12092 (43000)	12035 (42800)		11979 (42600)	11951 (42500)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	12823 (45600)	12879 (45800)	12879 (45800)	D	12766 (45400)	12766 (45400)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	12795 (45500)	12851 (45700)	12823 (45600)		12766 (45400)	12738 (45300)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	13020 (46300)	13076 (46500)	13076 (46500)	A	13020 (46300)	12991 (46200)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	13104 (46600)	13160 (46800)	13104 (46600)		13020 (46300)	12991 (46200)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	13357 (47500)	13413 (47700)	13413 (47700)		13357 (47500)	13329 (47400)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	13273 (47200)	13329 (47400)	13273 (47200)	Y	13188 (46900)	13160 (46800)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	13582 (48300)	13638 (48500)	13582 (48300)		13498 (48000)	13469 (47900)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	14172 (50400)	14229 (50600)	14201 (50500)		14116 (50200)	14088 (50100)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	16647 (59200)	16703 (59400)	16675 (59300)		16591 (59000)	16563 (58900)

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