INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

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WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

ORGANIC COTTON INDUSTRY: A CASE OF PRESENT STATUS, PRODUCT AND PRICE

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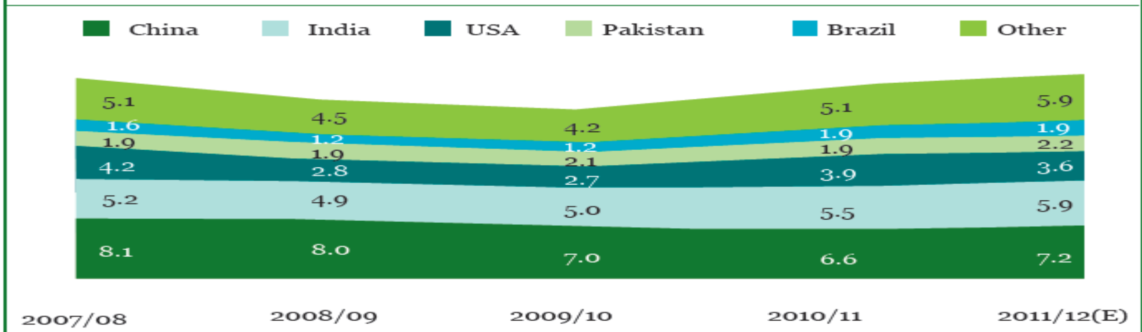
ABSTRACT
Cotton is an important agricultural commodity, heavily traded in more than 150 countries. Prior to 2008, the world cotton industry had been experiencing robust demand growth and rising yields. Over the last 60 years, cotton production once almost quadrupled, from 7 million tons in 1950/51 to 27 million tons in 2006/07, but declined thereafter to 22 million in 2009/10. Indian organic cotton continues to make its presence felt. Initial heady growth took a sharp dip for the first time in three years since India overtook Turkey the year 2006 - 07 to emerge as the global leader. Growth from 2007 to 2010 was fuelled by a combination of reasons and brought with it several challenges supply/demand, price, profile of stakeholders and regulatory issues. However, the year 2010-11 had been a defining year for organic cotton in India. As in previous years, the prices of organic cotton were based on the prices of conventional cotton. Some of the more committed producer have offered an increase of 8 to 12 % over conventional cotton prices for organic and an increase of about 5% for in-conversion fiber, especially where there were written contractual agreements. However, the global economic situation resulted in a modest demand situation from the market, with a resulting reluctance from buyers to pay any more than a marginal increase for organic over conventional. At yarn level, organic was perhaps slightly more profitable at about a 7% increase over conventional, but the majority of producer groups reportedly received only about 3 – 5% at fiber level. Finally, the fashion industry has realised that there is money in this new "Green market". The market for apparel products obtained with "Ethical" raw materials will remain a niche area, but is likely to grow. Although the organic cotton is still only a niche within the global cotton market, it has gained an extremely high profile with retailers and consumers. According to Harkirat Singh, Managing Director Woodland, "Despite being a niche market, the market for organic clothing is growing in India as people are getting aware and more conscious about what they are purchasing. Though the consumer is willing to pay more for eco- friendly products, they also like transparency in knowing that the product is actually eco- friendly". India would thus emerge as a country with one of the fastest growing markets for apparel, up from four percent of global share to seven percent. Currently the market consists of both branded and unbranded apparel but all indications are that the preference for branded apparel will grow considerably in the future. Even a casual visitor to India can see clear evidence of this. There is growing consumerism and urbanization, a larger segment of people with bigger incomes, young people with higher discretionary incomes, preference for easy and wider access to a greater variety of clothing, more organized retail through shopping malls, and both Indian and International brands.

KEYWORDS
Organic cotton industry, green market.

1. INTRODUCTION
Cotton is an important agricultural commodity, heavily traded in more than 150 countries. In many developing and underdeveloped countries, cotton exports are not only a vital source for generating foreign exchange earnings, but also account for a significant proportion of their GDP and tax income, leading to significant economic and social development.

Prior to 2008, the world cotton industry had been experiencing robust demand growth and rising yields. Over the last 60 years, cotton production once almost quadrupled, from 7 million tons in 1950/51 to 27 million tons in 2006/07, but declined thereafter to 22 million in 2009/10. The introduction and adoption of new technologies and expansion of the area under cotton has resulted in significant production gains in the world. About 70% of the global cotton production comes from 4 countries, which include China (27%), India (22%), USA (13%) and Pakistan (8%).

Fig 1: Global Cotton Production



Source: ICAC, USDA

1.1 EMERGENCE OF THE ORGANIC COTTON

With the world getting sensitive towards the environment, there has been a quick response from the textile industry, and are becoming involved in the re-thinking process. Today, clothing must not only be fashionable but also be produced in an environmentally conscious, socially acceptable and efficient way. It means that a product with a modern brand must not cause harm, firstly to the Consumers, secondly, to the persons who participate in the production process and most of all the Mother Nature.

TABLE 1: WORLD SCENARIO OF ORGANIC COTTON IN A SNAP SHOT

World Production	1,38,813mt
No. of countries growing Organic Cotton	18
Largest producer	74% from India
Total area under Organic Production	3,16,907 ha
Total number of Certified Organic Cotton Farmers	2,14,905

Source: Textile Exchange, 2013

1.2 KEY FINDINGS OF ORGANIC COTTON ACROSS THE WORLD

With rapid increase in the production from 2006 to 2010, there had been a significant drop in the year 2010-11. However, the production seemed stabilizing in the year 2011-12, with relative increase in the global production of organic cotton to 1,38,813 Mt.

India is consistently being the largest producer, since last five years. It has experienced a 1 % increase in production, expanding from 102,452 Mt last year to 103,004 Mt fibers in the year 2011-12.

In the USA, Texas organic cotton farmers suffered severe drought. Despite an increase in planting by 36 percent the actual area harvested plunged – with nearly two thirds of the planted crop abandoned to drought. As a result the USA saw a 45 percent reduction in the overall harvest (from 2,893 Mt to 1,580 Mt fibers)

Africa achieved a record growth of 103% increase in the production for the year 2011-12 from last year. Also, there was a dramatic increase from Tanzania which is of 153%. Due to favorable rains, Tanzania's production leapt from 2,723 Mt fibers to 6,891 Mt on similar land area.

TABLE 2: TOP 10 COUNTRIES PRODUCING ORGANIC COTTON IN THE WORLD

Country	Fiber Production (Mt)	Fiber Production(% of Total)
India	103,003.52	74.20
Turkey	15,802.00	11.38
China	8,105.53	5.84
Tanzania	6,890.90	4.96
USA	1,580.00	1.14
Others	2583	1.86

Source: Textile Exchange, 2013

TABLE 3: GLOBAL PROFILE OF ORGANIC COTTON SECTOR, 2011-12

Region	Number of Producer Groups	Number of Farmers	Number of Women Farmers
Africa	9	25,584	6,625
China	5	1,993	952
EMENA & CA	25	1,273	261
Latin America	13	1,186	219
South Asia (India)	100	1,84,029	No data
USA	6	40	No data

Source: Textile Exchange, 2013

1.3 COTTON SCENARIO IN INDIA

With the highest acreage of land under cotton in the world, (30.4 percent of global production, International Cotton Advisory Committee) India's connection with cotton spans across cultural, historic, commercial, spiritual and emotional realms. India has over 5,000 years of agricultural history. The growing, processing, and commercial aspects of cotton continues to dominate agriculture.

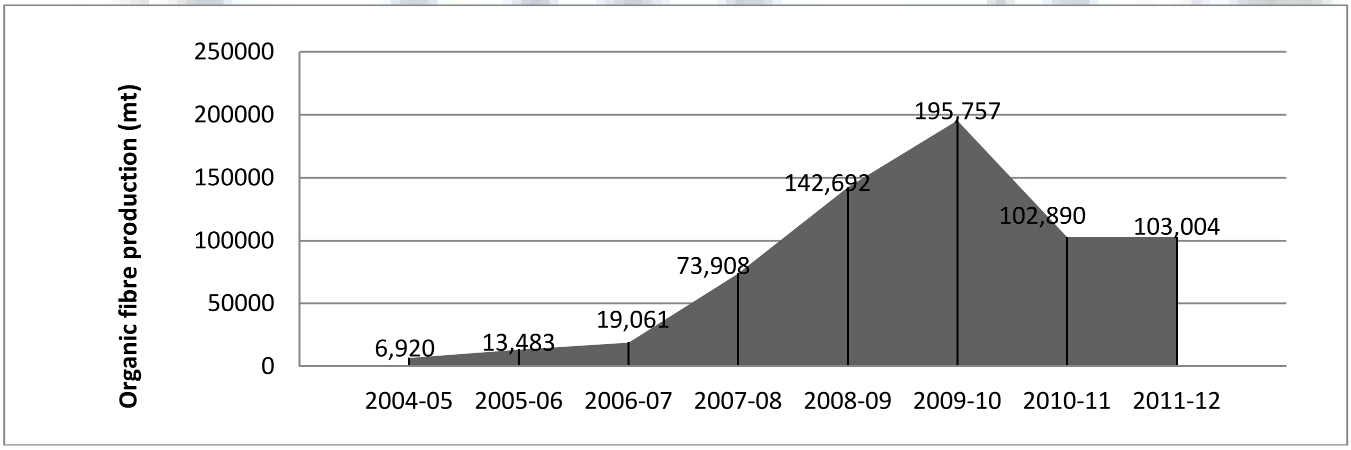
Cotton continued to play a big role in India's agronomy and economy in the year 2011- 12. India had the largest acreage under cotton in the world (34 percent of global acreage) and is the second largest fiber producer. In 2011-12 India's cotton production grew from 11.14 million ha in 2010-11 to 12.17 million ha, an increase of 10 percent which clearly demonstrated the Indian farmer's faith in cotton. Production of cotton correspondingly raised from 325 lakhs bales (32,500,000) in 2010-11 to 353 lakhs bales (35,300,000) in 2011-12 (one Indian bale equals 170 kg of lint). (Cotton Advisory Board)

1.4 ORGANIC COTTON IN INDIA

Indian organic cotton continues to make its presence felt. Initial heady growth took a sharp dip for the first time in three years since India overtook Turkey the year 2006 - 07 to emerge as the global leader. Growth from 2007 to 2010 was fuelled by a combination of reasons and brought with it several challenges supply/demand, price, profile of stakeholders and regulatory issues. However, the year 2010-11 had been a defining year for organic cotton in India. It was buffeted by the storms that battered this commercial crop, despite operating within a sub system with its own unique fluctuations and vigor.

India remained the biggest producer for five years running, by the year 2011-12. It produced 103,004 Mt of organic cotton, with an area of 253,161 ha, which was 75 percent of world's organic cotton and roughly two percent of India's cotton acreage. Production grew by 1% over last year, 2010-11.

FIG. 2: ORGANIC COTTON PRODUCTION TREND 2004-05 TO 2011-12



Source: Textile Exchange, 2013

However, there has been no dramatic difference in the acreage. Madhya Pradesh, despite a small drop, continued to have the highest acreage. Maharashtra follows, though with a fairly significant rise mostly on account of the 2010-11 addition of conversion acreage. Rajasthan has emerged the third largest producer with a significant increase, followed by Odisha. Maharashtra and Madhya Pradesh together constitute 78.7 percent of India's organic cotton.

TABLE 4: ORGANIC COTTON PRODUCTION IN INDIA, 2011-12

States	Area(ha)	Seed Cotton Production (Mt)	Fiber Cotton Production (Mt)
Andhra Pradesh	3,625	4,469	1,475
Gujarat	4,690	5,783	8,760
Madhya Pradesh	126,165	155,553	51,333
Maharashtra	73,124	90,157	29,752
Odisha	16,540	20,392	6,729
Rajasthan	27,594	34,022	11,227
Others	**423**	**522**	**172**
Total	**253,161**	**312,131**	**103,004**

Source: Textile Exchange, 2013

TABLE 5: INDIA ORGANIC COTTON PROFILE, 2011-12

States	Number of Producer Groups	Number of farmers	Farmer distribution (%)
Andhra Pradesh	3	5,500	3
Gujarat	10	18,350	10
Haryana	2	1,820	1
Karnataka	4	1,840	1
Madhya Pradesh	44	90,500	49
Maharashtra	21	38,000	21
Odisha	9	16,500	9
Rajasthan	3	3,500	2
Tamilnadu	4	8,019	4
Total	100	184,029	

Source: Textile Exchange, 2013

2. PRODUCTS OF ORGANIC COTTON

The main use of organic cotton is for the following textile products:

- T-Shirts
- Athletic apparel
- Socks
- Baby wear
- Towels
- Underwear
- Bathrobes
- Denim
- Bed sheets
- Napkins
- Diapers

2.1 PRICING OF ORGANIC COTTON

It is a known fact that organic cotton items are anywhere from 10 to 45% more expensive than conventional cotton products. The price of organic includes investments made by farmers who are protecting the environment, maintaining soil fertility, preserving biodiversity and conserving water. This means organic cotton sometimes is more expensive because the costs aren't hidden. With organic cotton, the cost is passed not only to the retailer, but to the weavers, seamstresses, pickers and growers who made that item's production possible.

As in previous years, the prices of organic cotton were based on the prices of conventional cotton. Some of the more committed producer have offered an increase of 8 to 12 % over conventional cotton prices for organic and an increase of about 5% for in-conversion fiber, especially where there were written contractual agreements. However, the global economic situation resulted in a modest demand situation from the market; with a resulting reluctance from buyers to pay any more than a marginal increase for organic over conventional. At yarn level, organic was perhaps slightly more profitable at about a 7% increase over conventional, but the majority of producer groups reportedly received only about 3 – 5% at fiber level. This was an all time low for organic cotton prices in India.

TABLE 6: PRICE COMPARISON OF FEW OF THE PRODUCTS MADE FROM COTTON AND ORGANIC COTTON

Type of Product	**Price**			
	Non- Cotton		**Organic Cotton**	
	USD (US $) *(FOB Price)*	**INR (1USD=58.00RS.)**	**USD (US $)** *(FOB Price)*	**INR (1USD=58.00RS.)**
Raw cotton and organic cotton / kg	US $1.95-2.30	113.10- 133.40	US $1.70-2.00	Rs. 98.60- 116.00
White t shirts (adult men) / piece	US $1-3	58.00-174.00	US $ 0.75-4.00	Rs.43.50-232.00
Kids t shirts / piece	US $0.85-0.90	Rs.49.30-52.20	US $0.75-1.25	Rs. 43.50-72.50
Bath towel / piece	US $1-4	Rs.58.00-232.00	US $4.5-6.6	Rs.261.00-382.60
Kitchen towels / piece	US $0.40-4.00	Rs.23.20-232.00	US $0. 5-5	Rs.29.00-290.00
Tote bags / bag	US $2-4	Rs.116.00-232.00	US $0.50-5.00	Rs.29.00-290.00
Terry bathrobe / piece	US $1-2	Rs.58-116.00	US $3.00-5.00	Rs.174.00-290.00
Socks (adults) / pair	US $1-2	Rs. 58-116.00	US $2-4	Rs.116.00-232.00
Denim / meter	US $2.0-5.0	Rs.116.00-290.00	US $5.75-7	Rs.333.50-406.00
Bed sheet / set	US $15-22	Rs.870-1276	US $20-25	Rs. 1160-1450.00
Table napkins	US $2.00-2.25 / *Set*	Rs.116-130.50	US $0.40-6.50 / *Piece*	Rs.23.20-377.00

Source: Alibaba.com

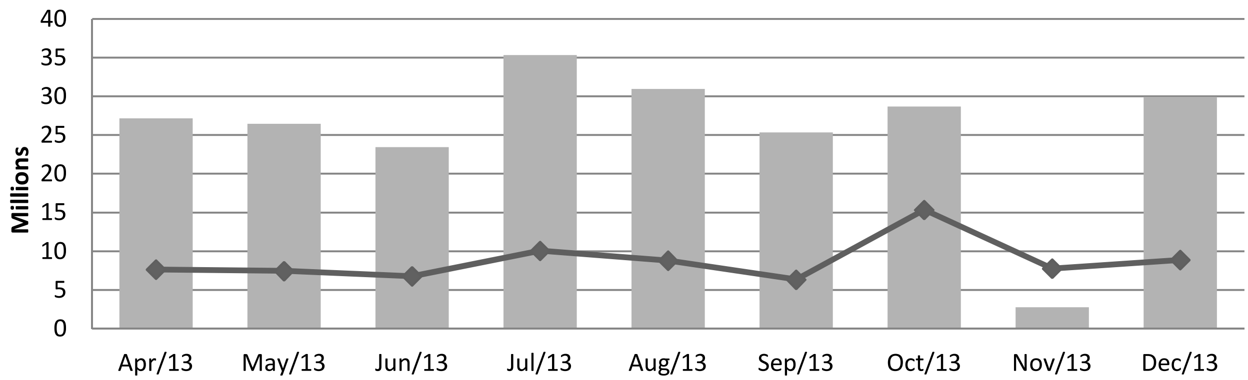
2.2 SCENARIO OF EXPORT - ORGANIC COTTON AND COTTON

2.2.1 ANALYSIS OF EXPORTS OF ORGANIC COTTON

India exported organic cotton worth USD 254,892,298 with total quantity of 79,048,872. Chittagong is the largest buyer of organic cotton accounting for exports worth USD 59,654,082 followed by Rotterdam and Hamburg which imported organic cotton worth USD 30,986,796 and USD 12,794,366 respectively.

NhavaSheva Sea accounted for 27.8% of exports followed by Chennai Sea and Tuticorin Sea which account for 15.5% and 10.7% of exports respectively.
Average price of organic cotton per unit is USD 3.22 and average value per shipment is 8,428.

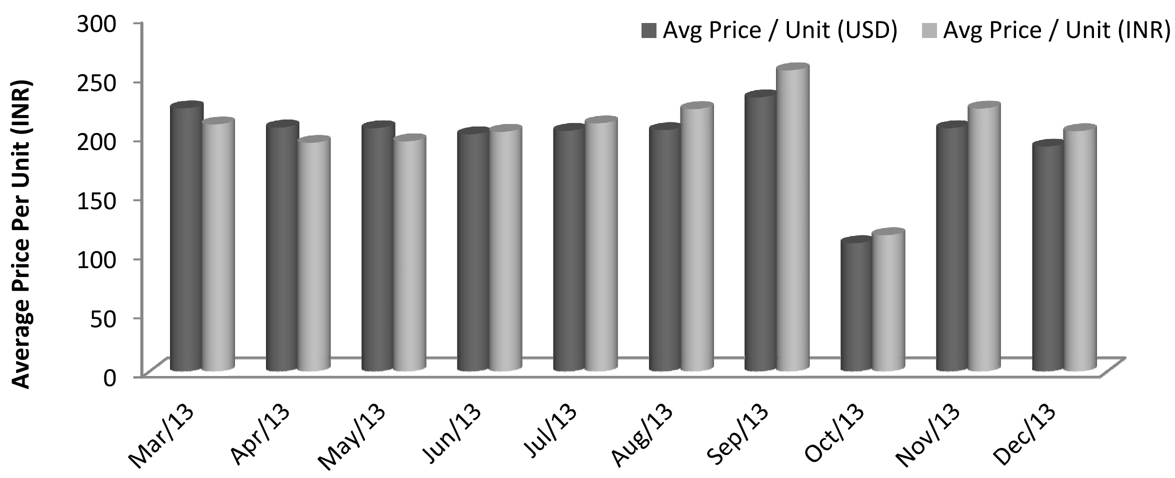
FIG 3: TOTAL VOLUME AND VALUE OF EXPORTS



	Apr/13	May/13	Jun/13	Jul/13	Aug/13	Sep/13	Oct/13	Nov/13	Dec/13
total value USD	27176631	26452851	23432003	35337870	30949448	25356426	28692418	2758166	29913486
total quantity	7635634	7452713	6772215	10059360	8790543	6337736	15349285	7761820	8889566

total value USD   total quantity

FIG. 4: AVERAGE PRICE PER UNIT OF ORGANIC COTTON



	Mar/13	Apr/13	May/13	Jun/13	Jul/13	Aug/13	Sep/13	Oct/13	Nov/13	Dec/13
Avg Price / Unit (USD)	222.72	206.48	205.9	200.68	203.58	204.16	232	108.46	205.9	190.24
Avg Price / Unit (INR)	209.11	193.43	194.75	202.86	209.97	222.05	254.94	115.21	222.54	203.3

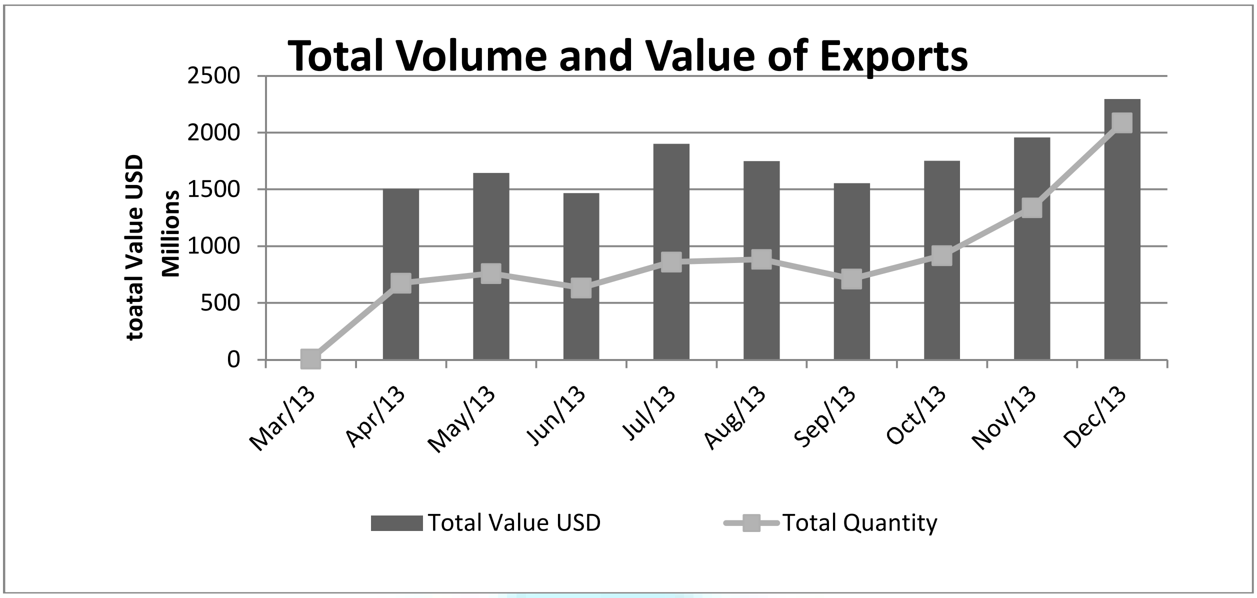
Source: Zauba.com

Note: 1USD = 58 INR

2.2.2 ANALYSIS OF EXPORTS OF COTTON

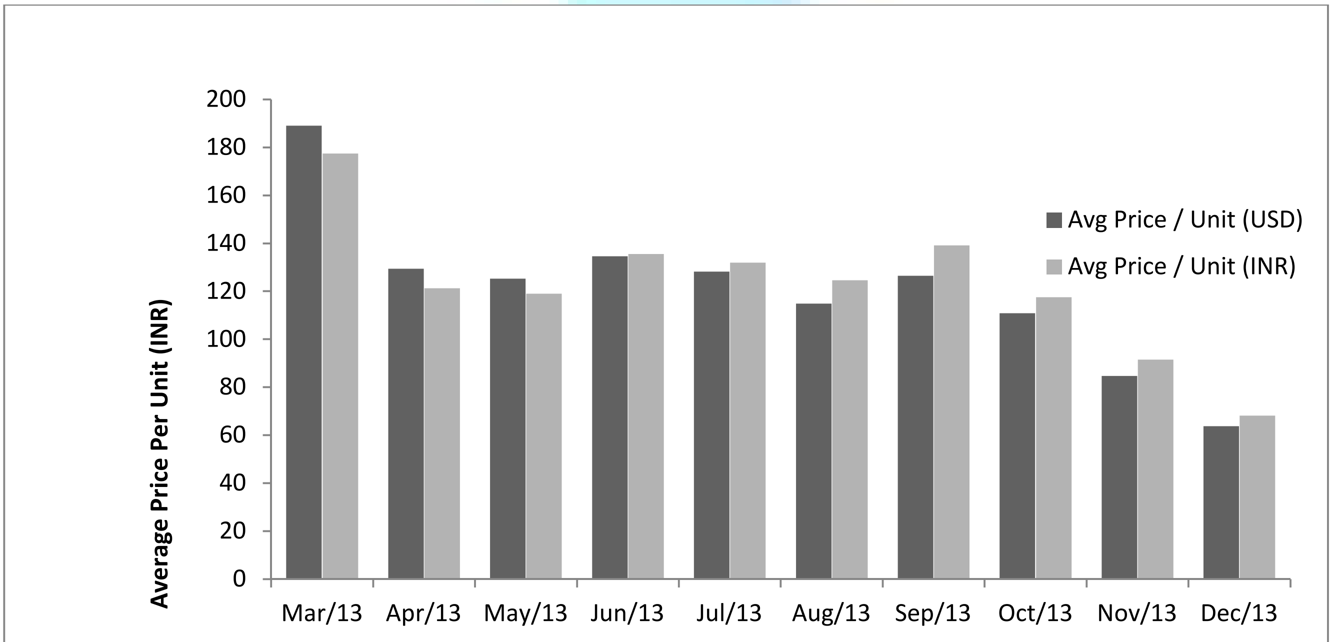
India exported cotton worth USD 15,857,687,564 with total quantity of 8,882,140,810. New York is the largest buyer of cotton accounting for exports worth USD 888,451,872 followed by Shanghai and Qingdao which imported cotton worth USD 811,578,778 and USD 783,477,157 respectively.
NhavaSheva Sea accounted for 27.3% of exports followed by Chennai Sea and Tuticorin Sea which account for 11.3% and 11.3% of exports respectively.
Average price of cotton per unit is USD 1.79 and average value per shipment is 8,063.

FIG. 5.1



Source: Zauba.com

FIG. 5.2: AVERAGE PRICE PER UNIT OF COTTON



	Mar/13	Apr/13	May/13	Jun/13	Jul/13	Aug/13	Sep/13	Oct/13	Nov/13	Dec/13
Avg Price / Unit (USD)	189.08	129.34	125.28	134.56	128.18	114.84	126.44	110.78	84.68	63.8
Avg Price / Unit (INR)	177.47	121.28	118.95	135.51	131.88	124.6	139.09	117.56	91.52	68.14

Source: Zauba.com

Note: 1USD = 58 INR

3. ROAD AHEAD FOR ORGANIC COTTON IN INDIA (OPPORTUNITIES)

A new fabric fashion is reinforced by the impression for high quality and elegance. A new social awareness is setting in, which encounters the natural fibre and eco - trend. Many collections are changing towards the modern naturalness. Wool and cotton are mixed with linen, silk, cashmere, bamboo and more recently with the hollow fibre kapok, to make the fabrics lighter and furnish them with a sophisticated sheen.

Finally, the fashion industry has realised that there is money in this new “Green market”. The market for apparel products obtained with “Ethical” raw materials will remain a niche area, but is likely to grow. Although the organic cotton is still only a niche within the global cotton market, it has gained an extremely high profile with retailers and consumers. According to Harkirat Singh, Managing Director Woodland, “Despite being a niche market, the market for organic clothing is growing in India as people are getting aware and more conscious about what they are purchasing. Though the consumer is willing to pay more for eco- friendly products, they also like transparency in knowing that the product is actually eco- friendly”.

The market for organic goods in India is at a nascent stage and has great potential especially for the apparel segment. Currently accounting for less than 1% of the Rs. 32,000-crore organized branded apparel market, the organic clothing segment has a potential to grow to about 5% of the total market in the next five years, according to experts.

Indian organic cotton continues to depend heavily on the overseas markets. The existing value chains typically extend from farmers engaged through a contracting system, through to gins, mills and finally to brands and retailers. Traders are also involved. However, given the current international market demand constraints, Indian producers and mills engaged with organic cotton would benefit hugely from expanding their markets within India. This would help them reduce their dependence on international markets, minimize their vulnerability, create more self-reliance and also help enhance their image within national boundaries. The domestic market holds great promise and remains relatively untapped. According to recent estimates, the Indian market for apparel is currently valued at USD 40 billion and is estimated to go up to USD 124 billion in 2020.

India would thus emerge as a country with one of the fastest growing markets for apparel, up from four percent of global share to seven percent. Currently the market consists of both branded and unbranded apparel but all indications are that the preference for branded apparel will grow considerably in the future. Even a casual visitor to India can see clear evidence of this. There is growing consumerism and urbanization, a larger segment of people with bigger incomes, young people with higher discretionary incomes, preference for easy and wider access to a greater variety of clothing, more organized retail through shopping malls, and both Indian and International brands.

3.1 INTEREST IN ORGANIC COTTON CLOTHING IS PRIMARILY DRIVEN BY THE FOLLOWING REASONS

1) A small group of people's demand is based on necessity. This segment includes individuals with chemical skin sensitivities and allergies strong enough to warrant special products with few or no chemical residues. Toxic chemical residue remains in industrially treated fibres; in clothing in contact with the skin can aggravate a variety of allergies and allergic symptoms such as asthma and multiple chemical sensitivities.
2) Another group of people can be characterised as those whose demand is based on choice rather than necessity. This is a much more substantial segment of the market as these are consumers who are changing their buying pattern to emphasise and encourage products that are perceived to be less damaging to the environment and health and safety of their families. The environmentally aware customer has gained promise in the marketplace so that the range of business-determining parameters has been extended by a new one: Ecology. Now there are more and more consumers with enough income to purchase products that are in alignment with their values.

CONCLUSION

Cotton is an important agricultural commodity, heavily traded in more than 150 countries. Prior to 2008, the world cotton industry had been experiencing robust demand growth and rising yields. Over the last 60 years, cotton production once almost quadrupled, from 7 million tons in 1950/51 to 27 million tons in 2006/07, but declined thereafter to 22 million in 2009/10. Indian organic cotton continues to make its presence felt. Initial heady growth took a sharp dip for the first time in three years since India overtook Turkey the year 2006 - 07 to emerge as the global leader. Growth from 2007 to 2010 was fuelled by a combination of reasons and brought with it several challenges supply/demand, price, profile of stakeholders and regulatory issues. However, the year 2010-11 had been a defining year for organic cotton in India.

As in previous years, the prices of organic cotton were based on the prices of conventional cotton. Some of the more committed producer have offered an increase of 8 to 12 % over conventional cotton prices for organic and an increase of about 5% for in-conversion fiber, especially where there were written contractual agreements. However, the global economic situation resulted in a modest demand situation from the market, with a resulting reluctance from buyers to pay any more than a marginal increase for organic over conventional.

At yarn level, organic was perhaps slightly more profitable at about a 7% increase over conventional, but the majority of producer groups reportedly received only about 3 – 5% at fiber level. Finally, the fashion industry has realised that there is money in this new "Green market". The market for apparel products obtained with "Ethical" raw materials will remain a niche area, but is likely to grow. Although the organic cotton is still only a niche within the global cotton market, it has gained an extremely high profile with retailers and consumers. According to Harkirat Singh, Managing Director Woodland, "Despite being a niche market, the market for organic clothing is growing in India as people are getting aware and more conscious about what they are purchasing. Though the consumer is willing to pay more for eco- friendly products, they also like transparency in knowing that the product is actually eco- friendly". India would thus emerge as a country with one of the fastest growing markets for apparel, up from four percent of global share to seven percent. Currently the market consists of both branded and unbranded apparel but all indications are that the preference for branded apparel will grow considerably in the future. Even a casual visitor to India can see clear evidence of this. There is growing consumerism and urbanization, a larger segment of people with bigger incomes, young people with higher discretionary incomes, preference for easy and wider access to a greater variety of clothing, more organized retail through shopping malls, and both Indian and International brands.

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