

WSSR FEEDBACK

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From Raymond Ltd, India.

Phase 1 Wool Preparation

We are an industrial consumers of wool while the feedback asked in this phase pertains to wool broker and wool preparation and classing practices. We therefore, are not in a position to give exact comments.

We however, do agree that the current code of practice, point of shed preparation should be reviewed to bring the total cost of preparation down. Our internal assessment shows that the difference in actual cost to industrial consumer like us for wool per /kg and benefit available to farmer is 60%. Hence, to promote wool efforts should be made to bring down these charges significantly.

Phase 2 Delivery and Testing

1. Yes, there will be commercial benefit to the wool grower if he knows approximately his final test results prior to delivering their wool at broker store because that will eliminate

- a) Unnecessary transportation cost
- b) Delivering over specified wool

2. AWTO should also incorporate tests on medulated fibers and black color fibers. This will help the fabric manufacturer to buy different varieties of wool for different applications.

Phase 3 Wool Appraisal

Apparently, we believe that if any one agency does the task of wool appraisal rather than 3 agencies putting their resources for their purpose there should be savings in the cost of operation. However, this process modification has to be done with high degree of caution as this should not affect the quality of wool received by the industrial consumer.

Combination certificate provides the industrial user with limited tests results. For efficient use of wool it is essential that the industrial user gets full detailed AWTA certificate as present. If only the online certificate is available and the detailed paper copy is not attached with the documents it may lead to commercial complications while negotiating documents through bank.

Phase 4 Price realization

The current practice as detailed in wool appraisal phase means that the test results of each box is based on the physical inspection. These results are not available online to the farmers or to the industrial users. We also note that the bids made by different wool broker in different auction are not available online to the interested. Thus, there is a possibility that the wool brokers may build a consortium to influence the wool prices. If so, this is detrimental to the interest of the farmers and the industrial users. We therefore, recommend that complete bidding process should be available online so that industrial user if required can direct the wool broker based on the needs.

A certain standard specification of wool should be developed by AWTA and for these standards an alternative REVERSE AUCTION type of on line platform can be created for greater transparency and ease of operation.

Phase 5 Invoicing and Payment

The post-sale charges incurred by the exporter are not transparently available to the industrial user / overseas buyer. If the breakup of these charges are available online it would help in improving efficiencies, reducing costs and reducing cost of transaction.

Yes, the system of ranking the broker based on the transparency in invoicing will help industrial user as well the farmers as it would bring about more transparency into the system.

Phase 6 Export Process

Yes, there is a scope if there is combined effort in negotiating freight charges with shipping lines and freight forwarders.

Yes, the cost of funding can be significantly influenced if there is an institutional combined effort in negotiating with the banks

The job which AWEX and AWTA are performing are specialized work hence, there will be no advantage in combining activities of the two.

No, in order to maintain a certain basic standards of quality the current practice of wool testing should continue.

AWEX market information provide only the current buying they give no clue on forward buying.

Normally it is seen that centralization creates a bureaucracy and make the system opaque. Hence, this move should not be initiated.

Wool storage centers can enhance the storage facility and also perhaps can reduce the cost to the farmers.

Though the current practice of physical handling of wool box sample for appraisal of wool should be continued, however, if the details of description are available online it will help industrial users / overseas buyers.

Yes, online platform can help in better price realization.

There is need for propagating the forward wool selling auction .The grower should be made aware of the benefits. Once their learning is better the adaption rate will increase.

This low forward selling of wool is point of concern, there should a robust mechanism built for the purpose. The current 'Riemann' method is not transparent to encourage participation. A study of forward selling mechanism of cotton and agricultural commodity can be conducted and system introduced accordingly.

Other feedback-

- There is a need of reducing the numbers of intermediaries in the wool supply chain to make it more transparent and cost competitive. It will not only benefit the wool growers but also buyers.
- There is a need to make robust certification system to reduce micron variation, as sometimes we have got the coarser micron than the certified micron.
- There is also a need to have a control system to reduce the medulated fiber and color fiber.
- We have found recently some consignments with 'Yellowish Wool'.
- Recently we have observed some consignments with high CvH% (Coefficient variation hauteur) in wool top.