

Textile industry to oppose revision in cotton output estimate at meet

fe Bureau

New Delhi, Apr 17: A crucial meeting of the Cotton Advisory Board, scheduled for Wednesday, is expected to draw sharp views from key stakeholders on the likely production of the fibre in the year through September, industry executives said on Tuesday.

The textile industry, which has representation on the board, will contest any view in favour of an increase in cotton output estimate for 2011-12 beyond the 34 million bales decided earlier, said a couple of senior executives, who didn't want to be named. They, in fact, expect output to be lower at 33 to 33.5 million bales in 2011-12 due to lower yield. However, the agriculture ministry, which had initially forecast a harvest of 34 million bales this year, is expected to announce an upward revision in its forecast to 35.2 million bales in the third advance estimate of crop production, to be released later this month.

India, the world's second-

largest grower as well as supplier of cotton, had produced 33 million bales of cotton in 2010-11, according to the agriculture ministry.

The CAB's cotton production estimate is important as agriculture minister Sharad Pawar feels there is scope for further exports, while the textile ministry fears stocks will be depleted if more ship-

A panel of ministers last week decided against allowing fresh registration of export contracts, contrary to the stance taken by the agriculture ministry.

Any upward revision in cotton output by the CAB, a larger body having representatives from trade, ministries of textile and agriculture, producers' organisation and

Asked if farmers are holding large volumes of stocks in anticipation of higher prices, which is dragging down arrivals in the market, the executive said: "How much can a farmer hold? If he keeps it in warehouses, he will have to bear inventory costs, and he can't keep it in bulk in his own house because cotton is an inflammable commodity."

Traders, on the other hand, are expecting a better crop, terming the last forecast as "conservative". "The impact of rough weather earlier isn't as bad as people initially thought, and the area under the crop rose around 10% this year. Also, we seriously believe that farmers are still holding some stocks as some of them did last year," a Mumbai-based trader said.

Cotton planting this year scaled a fresh peak of 12 million hectares. Global supplies have since improved due to better weather in large producers China and Pakistan, which witnessed floods last year, dragging down prices.

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ments are allowed. The country has despatched around 10 million bales so far, compared with the exportable surplus of 8.4 million bales, estimated by the CAB earlier.

The Directorate General Of Foreign Trade (DGFT) on March 12 notified the government's decision to lift a controversial ban on the cotton exports a week after imposing it, but it suspended the registration of fresh shipment contracts.

textile industry, will bolster a case for removing hurdles to cotton exports to boost returns for farmers.

"When arrivals are trailing last year's level by around 6% when bulk of the harvesting is over, what is the justification behind a higher estimate? Moreover, yield has dropped this year due to rough weather initially in Maharashtra and Andhra Pradesh," one of the textile industry executives said.