

Low cotton stocks likely this season

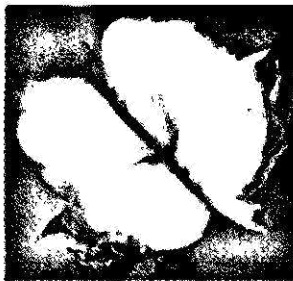
M. Soundariya Preetha

COIMBATORE: The current cotton season (October 2011 to September 2012) is expected to end with just about 25 lakh bales of stock as against 39 lakh bales last year.

"This is a risky carry-over stock. In the normal course, cotton prices should go up by the end of the season as availability will come down. But, we are unable to say so this year because of the low demand in the domestic and global markets," says K. N. Viswanathan, Vice-President of the Indian Cotton Federation.

During the last two months, the market had remained steady at about Rs.34,000 a candy (Shankar - 6 variety of cotton), he said.

A closing stock that will



meet two-and-a-half months' consumption needs of the industry (about 50 lakh bales) will ensure that there is no shortage of cotton at the beginning of the new season. Mills have not bought large quantities of cotton so far this season because many of them did not have the purchasing capacity.

However, cotton consumption by the mills is expected to go up soon when the power

situation improves in States such as Tamil Nadu. The industry expects shortage of quality cotton availability by the end of the season and mills may have to go in for imports, according to the Southern India Mills' Association and the Confederation of Indian Textile Industry.

The Cotton Advisory Board estimated, at a meeting in Mumbai on Wednesday, that total cotton exports this season would be 115 lakh bales, as against the earlier estimate of 84 lakh bales and last year's exports of 78 lakh bales. Total consumption by textile mills would be 232 lakh bales, nearly eight lakh bales less than the estimate made by the board in January this year.

Total cotton production is expected to be 347 lakh bales.