

# Spurt in cotton exports to hit domestic consumption

Closing stock to be 25.1 lakh bales compared with 55.3 lakh bales

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SPURT in cotton exports may result in shortages for domestic consumption in the ongoing crop season that extends from October to September as the closing stock has been pegged at just 25 lakh bales.

This is virtually half of minimum two-month inventory required to ensure availability of the crop to domestic textile and ginning mills.

An informal group of ministers had decided in 2010-11 that roughly two months' inventory or 50 lakh bales should be the carryover stock from the preceding year. On the contrary, the revised numbers released by the Cotton Advisory Board on Wednesday shows that the closing stock would be a mere 25.1 lakh bales as compared to 55.3 lakh bales projected earlier in January 2012. One lakh bale consists of 170 kilograms of cotton.

Revised numbers reflect industry's concerns on maintaining a buffer stock to help the domestic units survive in case of shortages as exports have already surged by 37 per cent over earlier projections. Director general of foreign trade has already issued registration certificates for 115 lakh bales after a lot of flip-flop on the export of cotton as

### The story so far

The entire cotton procurement is likely to cost government Rs 5,800 crore

	Jan 24, '12	April 18, '12
<b>Crop</b>	<b>345</b>	<b>347</b>
<b>Consumption</b>	<b>260</b>	<b>252</b>
<b>Exports</b>	<b>84</b>	<b>115</b>
<b>Carryover</b>	<b>55.3</b>	<b>25.1</b>

Figures in lakh bales of 170 kg each

Source: Cotton Advisory Board

against the earlier projected exportable surplus of 84 lakh bales. Though the government has intervened through Cotton Corporation of India and decided to procure 10 lakh bales each in April and May 2012, it would still be short of the target by five lakh bales. The entire procurement is likely to cost government Rs 5,800 crore out of which Rs 2,000 crore have already been sanctioned by finance ministry for buying the first

10-lakh bales.

However, textile ministry officials say that the entire procurement process is not just expensive but also a cumbersome exercise. "There are issues involved with procuring the crop, storing it and it costs the exchequer Rs 5,800 crore as we are buying it at prevailing market prices," a textile ministry official said.

Though there has been slight improvement in estimates for the crop arriving

in coming months at 347 lakh bales vis-à-vis 345 lakh bales projected three months ago, it is far less than the revised estimates proposed by agriculture minister Sharad Pawar at the recent meeting of ministerial group headed by finance minister. Sharad Pawar, who has been lobbying for farmers, had proposed that the crop is estimated at 352 lakh bales.