

Free cotton exports to continue this season

YOGIMA SETH SHARMA

New Delhi

CENTRE will continue with its decision on free cotton exports at least for the remaining crop season that extends from October to September.

On April 30, an informal group of ministers headed by finance minister Pranab Mukherjee had allowed free export of cotton on the condition that the government would review the situation in three weeks' time.

However, there has been no ministerial group meeting since then and going forward, it is unlikely that the government will review its decision in the ongoing crop season. This is despite the fact that cotton arrivals in major markets have been marginally lower at 32.12 million bales in the current cotton marketing year so far vis-à-vis 32.15 million bales



WHITE FLAKES: Cotton arrivals in major markets have been marginally lower at 32.12 million bales in the current cotton marketing year so far compared with 32.15 million bales as of May 27, 2011

as of May 27, 2011, in the year-ago period. One bale consists of 170 kg.

Textile ministry officials, however, defend the move not to review the export de-

cision. "Yes, we had said that though we are allowing free export of cotton, the government will review the situation every three-weeks to track the arrivals and do-

mestic consumption. However, since there are no reports of crop scarcity and with stable domestic prices, we feel there is no need for reviewing export decision,"

a textile ministry official told *Financial Chronicle*.

Industry experts, on the contrary, felt that uninterrupted cotton exports may lead to shortage of the white gold in September 2012. "Though we are in a comfortable situation right now, demand is picking up from domestic players and if government do not restrict exports, we may see some shortage towards the end of crop season," a Confederation of Indian Textile Industry official said.

In a ministerial group meeting on April 30, government had mandated the Cotton Corporation of India to maintain a buffer stock of 10 lakh bales while the revised estimates by Cotton Advisory Board pegs the carry over stock at 25 lakh bales. In 2010, it was decided by another ministerial group that roughly two months' inventory or 50

lakh bales should be the carry over stock from the preceding year.

Commerce minister Anand Sharma had initially banned cotton exports on March 5 after it was found that shipments had already surpassed the exportable surplus limit and there was rush for fresh registrations.

However, the ban was revoked a week later and it was decided that already registered exports would be scrutinised and revalidated before being allowed for exports while no fresh registrations will take place. Consequently, exports of 120 lakh bales of cotton have already happened so far as against the earlier estimate of cotton surplus of 84 lakh bales for the current crop season.

yogimassharma
@mydigitalfc.com