

COTTON SEASON 2011-12

Cotton prices at the commencement of the cotton season 2011-12 stood at Rs.39000/ candy and as the season progressed moderated to Rs. 35000/ candy in January 2012 and further moderated to Rs.33000/ candy in March 2012.

2. The Cotton Balance Sheet for 2011-12 shows crop size of 345 lac bales, consumption of 240 lac bales, exports of 84 lac bales and a closing stock of 55 lac bales. Ministry of Agriculture in the 2nd estimates has estimated cotton production as 340 lac bales. Consumption estimates were lesser than 2010-11 cotton season of as 244 lac bales while exports were projected higher than 78 lac bales achieved in 2010-11.

3. Government on 5th March, 2012 notified a prohibition on export of cotton with following conditions:-

- (i) Export of cotton has been prohibited till further orders
- (ii) Transitional arrangements will not be applicable for the export of cotton
- (iii) Export against registration certificates already issued will also not be allowed.

The reasons for an export ban on cotton was that cotton exports had already crossed 92 lac bales, an all-time high, with export registrations at 120 lac bales. There was a possible risk that India may have to import cotton at higher prices.

4. The ban was later on revoked on 12th March, 2012. Cotton exports were placed on OGL with following conditions:-

- (i) All RCs would need to be submitted to DGFT for scrutiny and revalidation. Exports can be effected only after RCs are revalidated.
- (ii) Issue of new RCs stands suspended until further orders.

5. Further, the CCI has been directed to undertake commercial operations so as to build up buffer stocks of 10 lac bales of cotton in order to meet the lean season requirements of the Textiles Industry.

(Data Source: Under Secretary - Cotton, Updated on 31-07-2012)