

Cotton closing stock this year pegged at record low 20 lakh bales

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India will be left with a record low closing stocks of cotton at 20 lakh bales (170 kg each) this year, the Cotton Association of India (CAI) said on Saturday in its latest pressing estimate and balance-sheet.

According to the CAI estimate for the crop as of April 30, the closing stocks this season, ending September, is against 28.90 lakh bales last season. Data available since 1990 show that the lowest closing stocks so far, at 21 lakh bales, was in the 2003-04 season, just before Bt cotton sowing began in the country.

The Committee on Cotton Production and Consumption (CCPC) had in its March review estimated the closing stocks at 52.27 lakh bales. But the CCPC had pegged last season's closing stocks higher as also the production.



PLUMMETING WARES. The Cotton Association of India has cited higher exports and consumption as reasons for the plunging inventories

CAI President Atul Ganatra told *businessline* that stocks are at record low due to higher consumption, which has increased with many new mills coming up. "Annually 10-12 lakh spinners are added in India. Due to this consumption is increasing 12-15 lakh bales annually," he said.

HIGHER EXPORTS

Exports this season are higher by 125 per cent till April-end compared with the same period a year ago,

Ganatra said. Lower production has also resulted in the record low closing stocks.

A CAI press release said that based on inputs received from members of the 11 cotton-growing State associations and other trade sources, pressing this season will be 309.70 lakh bales, unchanged from March 2024.

Cotton arrivals till April-end have been estimated at 315.86 lakh bales, including the opening stock. The CAI

has estimated cotton consumption up to April-end at 192.50 lakh bales, and export shipments at 21.50 lakh bales. For the season, CAI has estimated the total domestic demand at 317 lakh bales against 311 lakh bales last season.

The consumption is the same, as estimated by the CCPC for the current season. It has estimated exports at 22 lakh bales this season against 15.5 lakh bales last season.

Opening stocks this season were as estimated lower by CAI but the various stakeholders did not take due notice of it.

DIFFERING ESTIMATES

The difference in production between CCPC, which has pegged it at 323.11 lakh bales, and CAI is that the latter is estimating based on arrivals in the market since the season began in October.

This is because last season there were contradicting estimates on cotton

production. While the government estimated it at 336.60 lakh bales, associations such as CAI pegged it lower at 318.9 lakh bales.

HELD BACK STOCKS

One of the reasons for the confusion over production last season was farmers holding back their produce after getting good returns in the 2021-22 season. This led to confusion on the crop status with some in the trade putting it at lower than 300 lakh bales.

Exports this season have been pegged higher as at one point in time, Indian cotton was most competitive.

But with prices on Inter-Continental Exchange, New York, rising, it is losing its edge. The CCPC, however, has pegged exports for this season at 27 lakh bales.

In September 2023, some of the mills did not have ample cotton stocks and the scenario could repeat this year too.