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India's Unseasonably Heavy Rains Impact Cotton Prices

By [Dr. Seshadri Ramkumar](#)
November 30, 2010

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The recent unseasonably heavy rains in the cotton growing regions of India, in the states of Gujarat, Maharashtra, Madhya Pradesh and Andhra Pradesh have created some uncertainty on the arrivals and crop situation in India. For the past few days, the weather has been under control and growers hoped to return back to normalcy soon.

With the weather improving, farmers in cotton growing villages will be able to bring the crop to market yards and stabilize the situation according to Mr. Subash Grover, Chairman and Managing Director of The Cotton Corporation of India (CCI). In a telephone conversation from Mumbai, India, Mr. Grover commented that the November arrivals will be higher than what they were a year ago.

Furthermore, he commented that this season's December arrivals will be 10 percent higher than the 2009 December arrivals. He said on a conservative estimate the arrivals during this November-December period will be 5-7 percent higher than what they were during this time last season. Mr. Dhiren Sheth, President of the Cotton Association of India confirmed that the cotton arrivals will be higher during this period, possibly by as much as 10 percent over last year.

In a separate conversation, a cotton purchasing executive of a multinational company headquartered in India stated that some farmers are facing logistic problems in bringing the cotton to market since the rains during Diwali, the festival of lights holiday. The rains have slowed the ginning but the situation is hoped to return to normalcy soon.

According to this textile mill executive, this temporary halt has shot up the Indian cotton price contrary to the international price which has come down significantly from the November 9th price of \$1.51 per pound. Commenting on the price, this gentleman hinted that the price of Sankar-6, the benchmark cotton has come down from Rs 47,000 per candy (356 kilograms) to Rs 42,000.

But due to the temporary halt in the arrivals, the price has slightly gone up to Rs 44,000 per candy as of November 24th. Mr. Subash Grover of CCI hinted that with the better control on cotton arrivals now, the price of Sankar-6 may come down to Rs 40,000 per candy within 10 days. He also commented that with crop arrivals stabilizing, India should be able to export the allowable limit of 5.5 million bales (170 kg each). According to Mr. Grover, India's cotton crop is estimated at 32.5 million bales (170 kg each) as estimated by the Cotton Advisory Board. The Cotton Association of India has estimated the crop to be 35.7 million bales (170 kg each).

Comments:

Submitted by: [Ann, Yao](#)

November 30, 2010

[Dr. Seshadri Ramkumar](#):

May I take the liberty of asking you some questions about the india cotton export policy? I've sent you an email.(s*****umar@ttu.edu, is it a right address?) My email address is vian14@qq.com

[Ann,Yao](#)

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