

‘Temporary ban on cotton exports likely’



Manufacturers said the import duty exemption would have been more beneficial if cotton were immediately available after placing an import order. (Mint) [Ravi Dutta Mishra](#)

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Centre goes soft on emission norms for agriculture sector

The Union government may impose a temporary ban on cotton exports if cotton prices continue to surge, textiles secretary Upendra Prasad Singh told Mint. The statement comes at a time when the Indian textile Industry is reeling under a spike in cotton and yarn prices, impacting production and exports.

Cotton prices have doubled in barely a year to over ₹90,000 per candy. Prices of some varieties of cotton have even touched ₹100,000 per candy. A ban could free up cotton for the domestic market and thus help soften prices.

High cotton prices affect the Indian textile industry disproportionately, as it is heavily dependent on cotton, unlike other markets where man-made fibre occupies a larger share.

Singh said cotton prices are unlikely to decline before October when the new cotton crops arrive. Cotton prices have been a “dampener” and the problem could persist for some time as there is a global shortage of cotton, Singh said.

The statement comes a week after the government waived customs duties on imported cotton until September. Earlier, cotton imports were effectively taxed at 11%. “Cotton prices haven’t softened as we expected them to. It is not rising too, it’s stagnant at a point. We are evaluating the further course of action and temporarily banning export or imposing quantitative restrictions to check prices is an option,” Singh said.

“However, policy decisions should not be uncertain or a knee-jerk reaction and these are extreme steps -- but if there is a need we will do it,” he added.

The price surge can be traced back to the US ban on the import of cotton products from China's Xinjiang region, experts said. Textile manufacturers said many of them have had to cut production because of rising input costs. While customers have borne rising prices "to a certain point", garment manufacturers apprehend resistance going forward.

Manufacturers said the import duty exemption would have been more beneficial if cotton were immediately available after placing an import order. But it takes nearly three months to get the cotton from the date of placing the order and exemption has been given only until September.