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POLICY

Voluntary Public

Date: 10/19/2012

GAIN Report Number: IN2136

India

Post: New Delhi

Cotton Export Registration Policy Extended

Report Categories:

Cotton and Products

Agriculture in the Economy

Agriculture in the News

Agricultural Situation

Trade Policy Monitoring

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Report Highlights:

On October 1, 2012, the India's Ministry of Commerce and Industry issued a notification on procedures and conditions related to cotton export registration for the 2012/13 marketing year. The export policy is largely a continuation of the previous policy that was put in place in May of 2012 following the lifting of the cotton export ban. Cotton exports will be subject to relatively strict export registration requirements, but are not currently subject to a quantitative limit or quota.

General Information:

On October 1, 2012, the Directorate of Foreign Trade (DGFT), Ministry of Commerce and Industry issued a notification ([Notification No. 17 \(RE-2012\)/2009-14](#)) on procedures relating to cotton exports effective October 1, 2012 of the Indian cotton marketing year (Oct/Sep). The policy is an extension of the existing export policy with only minor revisions. Cotton exports will be allowed to continue under Open General License without any quantitative limits on exports.

The policy limits exporters to registering 10,000 170 kg bales (7,800 480 lb bales) at a time, a requirement designed to ration export registration by preventing exporters from registering large volumes of cotton for export over a short period of time. Exporters must export 50 percent (5,000 bales) of a registration before they can register an additional 10,000 170 kg bales. Exporters will now also be required to notify DGFT by e-mail of their intent to register additional quantities followed by a hard copy of their application within two working days.

The Government of India has experimented with a variety of cotton export procedures and controls over the past three years in an effort to monitor or control the volume of exports. The process has, at times, resulted in unintended consequences as exporters registered or exported larger than expected volumes of cotton, prompting the government to enact harsher export controls.

The current policy seems to have provided improved control and transparency over the diminished pace of exports over the past few months. Large exporters consider the export policy cumbersome for large export volumes (See [IN2082](#) & [IN2114](#) for more details). Smaller exporters, working independently, or on behalf of larger exporters have reportedly increased their exports since the policy was implemented in May 2012. The government is expected to continue to monitor the pace of exports as part of the ongoing effort to ensure that sufficient cotton supplies are available for the domestic yarn and textile industries.

Disclaimer: This summary is based on a cursory review of the subject announcement and therefore should not be viewed under any circumstance, as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests.

Details of Notification:

- **Type of Regulation:** Notification
- **Public Notice Date:** October 1, 2012
- **Proposed Date of Adoption:** Effective October 1, 2012

Notification Text as published: The full text of this notification can be accessed on the Directorate of Foreign Trade, Ministry of Commerce and Industry ([Notification No. 17 \(RE-2012\)/2009-14](#)) website

Products Affected: Cotton and cotton based products

Agency in Charge: Department of Commerce, Ministry of Commerce & Industry and Ministry of Textiles, Government of India

A list of documents referenced in this latest announcement follows:

[Notification No. 63 \(RE-2010\)/2009-14](#)

August 4, 2011

[Notification No. 74 \(RE-2010\)/2009-14](#)

September 12, 2011

[Notification No. 113 \(RE-2010\)/2009-14](#)

May 4, 2012

[DGFT trade notice no. 2/2012](#)

May 10, 2012