

Cotton shipments to Pakistan augur well for SME exporters

by [Keerti](#) on September 1st 2010 and filled under [Exports](#)

Subsequent to the devastating floods in Pakistan, which destroyed around 2.5-3 million bales of cotton crops in the country, textile units from the country will be importing 1 million bales of cotton from India. This development comes close on the heels of the Cotton Association of India's (CAI) recent statement that Indian exporters will seek to help Pakistan by exporting cotton for their textile industry in the wake of the crisis. While this development is likely to cheer small cotton exporters in India, textile-based domestic SMEs are expected to be worried with the turn of events because a sudden rise in exports could increase raw material prices in the domestic market, which may consequently affect their businesses. Incidentally, the Indian government had banned cotton exports on April 19 this year in a move to reserve the commodity for consumption by textile units in the domestic market. However, the ban was withdrawn on May 21 and during the same month India issued licences for export of 263,000 tonnes worth of raw cotton to Pakistan. Besides shooting up exports for cotton-export based SMEs in India, with the recent developments more SMEs from this sector may look to contribute towards Pakistan's demands and thereby increase their revenues.