

India to See Increased Cotton Demand from Pakistan as Floods Destroy Crop

India, the world's second-largest cotton producer and exporter, may see increased demand for the commodity from neighbor Pakistan after flooding wiped out crops, according to trader Gill & Co. Pvt.

"Pakistan may take two million or three million bales from India," Chairman and Managing Director Kantilal V. Shah said in an interview in Mumbai.

The worst floods in Pakistan's history, the fourth-largest cotton producer, destroyed 30 percent of the crop, according to the Kissan Board of Pakistan, a trade group. India last week said it will ease restrictions on overseas shipments from Oct. 1 amid forecasts for a record crop in the new season.

Mumbai-based Gill & Co., which has been trading cotton for more than a century, will sell to Pakistan at 93 cents a pound on a cost-and-freight basis, Shah said. The delivery to Karachi is scheduled for October and November, he said.

The company usually supplies at least 300,000 bales every season to the South Asian nation, Shah said. "We will do the same plus slightly better," this year, he said. A bale weighs 170 kilograms in India.

Prospects for the harvest in the new year starting Oct. 1 are "looking very bright" because of good rainfall in all the growing areas, Shah said. The nation may export 8 million bales to 10 million bales from the new crop, he said.

Cotton for delivery in December rose as much as 0.5 percent to 83.70 cents a pound in after-hours trading on ICE Futures U.S. in New York at 1:51 p.m. Mumbai time. Prices have climbed 27 percent in the past year.