

Textile Industry faces crisis due to non-availability of cotton at competitive rate

FICCI seeks adequate release of cotton by CCI for Textiles Industry

NEW DELHI, 10 June 2015: FICCI in its representation to Ministry of Textiles, has sought urgent intervention of the Ministry of Textiles in adequate release of procured cotton by Cotton Corporation of India (CCI). FICCI insists that this is required to ensure that cotton is available to the mills and industry at a competitive rate and at the earliest.

“The role of CCI is primarily to ensure MSP (Minimum Support Price) operation for the farmers so that they get a remunerative price for their products. However, at the same time if the procured cotton is not released in time for the industry and is retained as a stock by CCI, it distorts the market and leads to artificial increase in prices thereby making the user segment uncompetitive”, noted **Dr. A Didar Singh, Secretary General, FICCI** in the letter to Textiles Minister Santosh Gangwar in this regard.

The mills are largely dependent on CCI for their cotton supply. According to **FICCI** the arrival of cotton in the Indian market has dropped considerably in the last few days to 20000 bales. The total requirement of mills is close to 85000 – 90000 bales per day whereas CCI has been offering only 40000 bales per day, which also has largely remained unsold because of excessively high prices. Till date CCI has sold 10.8 lac bales of cotton and hence carrying stocks of 75 lac bales, as CCI has bought 85.8 lac bales of cotton in the current season.

Indian cotton was cheaper than international cotton from the beginning of the current cotton year. But the situation has changed significantly now and the prices are substantially above the international prices mainly because of low cotton arrival in the market, noted FICCI.

In some of the states like Andhra Pradesh, Telangana and Maharashtra CCI has bought large quantities through MSP operations, creating a shortage of cotton in these States. The local mills are forced to buy cotton from distant places, incurring additional transportation and other costs. CCI's huge stocks are pushing up cotton prices all over the country. Taking advantage of this situation, private traders are hoarding cotton because of the perception that non- disposal of cotton by CCI would push up cotton prices further. If CCI disposes off procured cotton in large quantities at reasonable prices, hoarding by private traders would also stop and they would be forced to sell the cotton at market prices.

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