

Spinning mills want CCI to procure cotton next season to help meet their demand

Subramani Ra Mancombu

Chennai

Spinning mills in South India, particularly the ones in Tamil Nadu, have urged the Centre to ask the Cotton Corporation of India (CCI) to purchase cotton next season starting October and make it available only to mills rather than traders.

However, CCI is unlikely to purchase cotton for such purpose, though it is likely to buy the fibre for “commercial operations”, a top corporation official said.

According to mill industry sources, the Tamilnadu Spinning Mills Association (TASMA) has taken up this issue with the Centre since it feels the lack of cotton purchase under the minimum



REELING UNDER TROUBLE. Mills want the government to ensure they get the raw material at a reasonable price

support price (MSP) operations by the CCI had resulted in mills paying prices over ₹75,000 a candy (356 kg) this season.

PRICES EASE

The sources, who did not wish to be identified, said many private traders and

multinationals had cornered cotton stocks this season, resulting in prices topping ₹1 lakh a candy at one point in time in May and against last month.

The mills were not able to get quality fibre at a reasonable price as a result, they said.

Prices of cotton have, however, eased now and are quoted at ₹75,000-76,000. Currently, the October contracts on ICE are ruling at 93.54 cents (₹59,200 a candy) and December contracts at 93.33 cents (₹50,075).

COSTLIER OVERHEADS

A spinning mills industry official said “They will have to tell CCI in advance but usually mills prefer to buy from traders,” the official said.

This is because CCI quotes ₹500-1,000 a candy higher than private traders in view of its costlier overheads. “Purchase of cotton by CCI to cater to the needs of mills as envisaged by some mills in the South is unlikely,” said Anand Popat, a Rajkot-based trader.