

Cotton price rise worries mills

Textile mills raise concern over the price of cotton sold by the Cotton Corporation of India, which has gone up to ₹62,000 a candy; mills argue that it is unviable to purchase cotton at the current price and warn they may be at risk of shutting down

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The recent rise in cotton prices in the international market and of cotton sold by the Cotton Corporation of India (CCI) in the domestic market has become a matter of concern to textile mills, especially small-scale units.

Atul Ganatra, president of the Cotton Association of India, said the current Indian cotton prices were lower than the international prices by almost ₹4,000 a candy and the association expects cotton exports this season to be almost 20 lakh bales.

About 65% of the Indian

Rising worries

Cotton price in India is lower than in the global market, but textile mills believe prices should be even lower



- Small mills say increase in CCI's cotton prices by almost ₹3,500 a candy in the last one week is a challenge
- They argue the price of cotton should be about ₹58,000 a candy for them to sustain their business
- Cotton producers say it remains to be seen if current price rise will persist going forward in the Indian market

crop (about 200 lakh bales) have arrived in the market and the domestic demand is "very good".

However, Koti Rao, president of the AP Textile Mills Association, told *The Hindu* on Saturday that the viable price of cotton for

the mills should be about ₹58,000 a candy (254 kg). However, the price of cotton sold by the Cotton Corporation of India went up to ₹62,000 a candy.

"A few people have increased the prices when they bid for cotton sold by

The textile industry is also grappling with poor domestic and foreign sales, and rising competition

the Cotton Corporation of India," he alleged.

According to Mr. Rao, there is hardly any sign of revival of the textile industry and if the current situation persists, more textile mills will close down.

N. Pradeep, who runs an MSME mill in Tamil Nadu, said the increase in cotton prices (sold by CCI) by almost ₹3,500 a candy in the last one week poses significant challenges for yarn manufacturers.

"The textile industry is grappling with poor international demand and domestic sales and import of finished garments has intensified competition. It is worth noting that the Reserve Bank of India (RBI) has rated the textile industry as 'red', further highlighting the severity of the situation. The CCI should reconsider its pricing strategy and ensure that future adjustments are reflective of the current market realities," Mr. Pradeep said.

According to J. Thulasidharan, president of the Indian Cotton Federation, it remains to be seen if the current increase in cotton prices would sustain in the Indian market.