

AVAILABILITY OF COTTON, RISING PRICES WORRY TEXTILE INDUSTRY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

High cotton prices this season has become a subject of concern to the domestic textile industry as the units are facing not only spike in raw material prices but also shortage in availability.

T. Rajkumar, chairman of Confederation of Indian Textile Industry, said in a press release that the average price of cotton was Rs. 37,000 a candy (355 kg) in September 2020 and it rose to Rs. 60,000 in October 2021, when the new cotton season started. On December 31, the price peaked at Rs. 70,000. Further, only about 120 lakh bales arrived in the market between October 1 and December 31 as against the usual arrival of 170 lakh to 200 lakh bales.

The Southern India Mills' Association chairman Ravi Sam said though the 2021-2022 cotton season started with a comfortable opening stock of 75 lakh bales and estimated crop of 360 lakh bales, the cotton prices started increasing from the beginning. There was a pent-up demand for the cotton in the post-COVID period. The U.S. sanctions on Xinjian cotton, that accounts 10% of the world cotton production, is another factor.

“MCX and NCDEX, dominated by the large traders are also fuelling the market.” At present, Indian cotton prices are higher than the international prices, affecting the competitiveness of the industry. The government should immediately remove the import duty on cotton.

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