

## Spinners cut cotton procurement by 15%

Ahmedabad: Yarn manufacturers have curtailed cotton procurement due to rising prices of their basic raw material. Cotton prices have hit a record high of Rs 90,000 a candy, up 12.5% in about 40 days. Spinning units (yarn manufacturers) have cut procurement by at least 15%, according to

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### Procurement by 15%

manufacturers are compelled to take a hit. With the constant rise in cotton prices, spinning units have no choice but to reduce production. Most units have cut production by at least 15%," said [Bharat Boghara](#), chairman, AGSA.

Gujarat has some 110 spinning units in addition to corporate houses who have in-house spinning capacities, with combined installed capacity of 45 lakh spindles, AGSA estimates say.

"At a recent meeting of representatives of spinning units from across Gujarat, members decided to cut production by around 15% and cotton procurement has thus gone down from 6.2 lakh bales to 5.3 lakh bales a month. This is mainly to ease cost pressures on yarn makers, as realizations is not in tandem with the increase in cotton prices," said [Saurin Parikh](#), president, AGSA.

Costlier cotton has led to a surge in prices across the textile value chain — spinning units, weaving units, fabric processors and garment manufacturers. Industry stakeholders anticipate that rising cotton prices will hamper export of readymade garments.

To ease cost pressures further, AGSA members are also mulling severe measures such as shutting production for one day a week and stopping procurement of cotton as an act of protest.

AGSA members have also demanded that the government should consider cotton imports be revoked.

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“We are also seeking a temporary ban on the cotton trade on Indian multi-commodity exchanges, as hedging by speculators in cotton is causing an artificial price increase. We also want the government to impose a temporary ban on cotton exports, so price pressures are eased,” said Parikh.

Yarn makers are presently clocking losses of Rs 40 per kg of yarn manufactured.

“We are unable to pass on costs to buyers as raising prices will be detrimental to demand, at a time when even consumers are facing inflationary pressures,” said a yarn manufacturer.