

# Punjab textile firms fear cotton price rise

## Country has exported 113 lakh bales in the ongoing season

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Chandigarh

THE textile industry feels that the government's decision to allow cotton exports will lead to a rise in its prices and a decline in domestic availability.

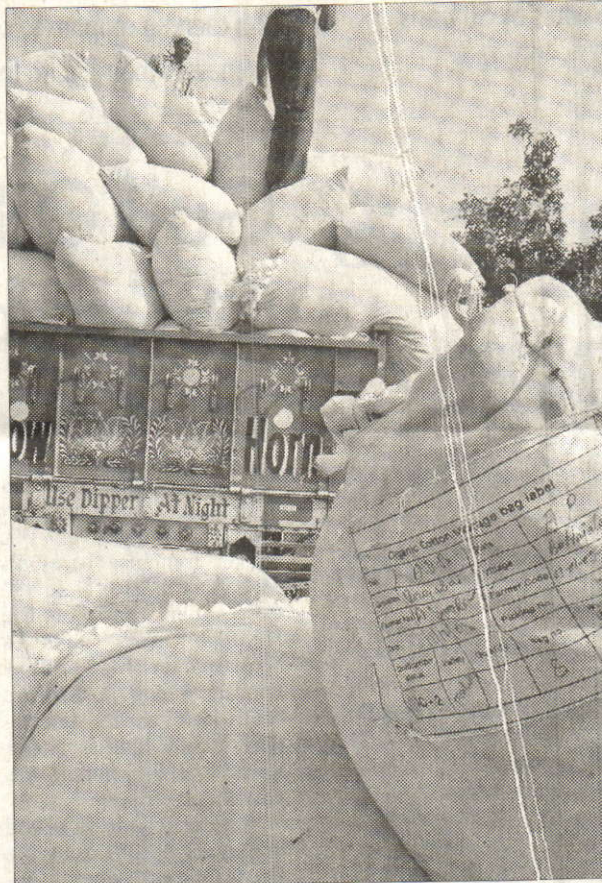
The textile sector also fears that the rising cotton prices would put further pressure on margins of companies which have still not come out of the sluggish phase.

"Because cotton export has been allowed, the prices of raw cotton will certainly go up and the stock availability of crop in the country will also be affected," Vardhman Textiles chairman S P Oswal said.

The government had on Monday decided to allow further cotton exports for 2011-12 marketing year ending September, on the back of higher production estimates. Industry sources said cotton prices would soon inch up to the level of global cotton rates with the Centre giving nod for cotton exports.

At present, global cotton price rules at 99.85 cents per pound (453.59 gm), while cotton rates in domestic market stand at 87 cents per pound.

The industry expects feel that 15 lakh bales of cotton could be shipped out of the country with the fresh export approval and



**BONE OF CONTENTION:** Expects feel that 15 lakh bales of cotton could be shipped out of the country after the fresh export approval

as a result the stock in hand will decline further.

The country has already exported 113 lakh bales in the ongoing season.

Similarly, Punjab-based Nahar Spinning Mills managing director Dinesh Oswal said the industry would face shortfall in the

availability of cotton. The government has "overlooked" the interest of the spinning sector, he added.

"How will the industry run when enough stock will not be there," he said.

He also said that the government has not maintained the level of opening

stock of 50 lakh bales which had been decided earlier.

"Either the spinning mills have to import cotton or curtail their production in the wake of less availability of crop," Oswal said.

Meanwhile, Maharashtra chief minister Prithviraj Chavan on Tuesday said that the new textile policy, which aims to get Rs 40,000 crore investment in the next five years, will boost the sector in a massive way.

Speaking after inaugurating a website of the new policy, Chavan said 80 per cent of the cotton produced here is taken to neighbouring states for processing.

"The new textile policy aims to improve the situation by providing incentives to the textile units in Vidarbha, Marathwada and North Maharashtra, so that employment opportunities are improved," he added.

The investors will be provided uninterrupted water and electricity supply and other incentives, he said adding that the policy will see employment opportunities to 11 lakh people. Textile minister Mohammed Arif Naseem Khan said the website will provide all the information to the investors about the policy, government decisions and other important matters.