

Cotton Corporation could incur steep losses at current prices

This would be the biggest loss since at least 2008/09; of 35,000 bales auctioned till February 5, 17,000 bales sold

REUTERS

Mumbai, 10 February

State-run Cotton Corporation of India (CCI) is set to suffer its steepest loss in at least six years from sales in the current season, highlighting the plight of an industry that is battling bulging stockpiles and waning demand from top buyer China.

The CCI started selling from its stockpiles last month to make room in its warehouses for the ongoing bumper harvest but managed to find buyers for less than half of what it auctioned.

It has procured about 6.5 million bales this season from farmers at prices five-six per cent above current market rates, making the fibre uncompetitive amid world prices that are languishing near five-year lows.

"Based on the current price we may see a loss of ₹20-25 billion (\$322-\$403 million) under the support price in operation this year as the response to the sale is very sluggish in the absence of Chinese demand," CCI Chairman and Managing Director B K Mishra said.

That would be the biggest loss since at least 2008/09, a government official said. However, this loss will not show up on CCI's books as it will be reimbursed by the government.

"I am hoping for some stability in prices by March on less supply," Mishra added, referring to the month when new season arrivals dwindle.

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BS PHOTO

last Thursday, CCI has found buyers for only 17,000 bales. But despite the dismal response, the agency cannot afford to lower prices as it has already spent about \$2 billion in buying cotton from distressed farmers, Mishra added.

A second government source said, including this week, CCI has auctioned 60,000 bales and sold around 29,000 bales.

India is expected to be the world's top cotton producer in the season to September 2015, with a likely output of 40 million bales.

China used to buy almost 60 per cent of India's cotton until last year but it has now cut imports to support

its farmers.

This will bring down India's exports to six-eight million bales this crop year, from 11.8 million bales a year ago, Mishra said.

India's domestic cotton demand is expected to rise about three per cent to 31.1 million bales this crop year. However, Indian firms are delaying purchases on hopes prices will drop further.

"Mills do not have that much financial flows to buy on a long-term basis, on an average they are just keeping the stock for just one-two months," said D K Nair, secretary general, Confederation of Indian Textile Industry.

(\$1 = ₹62.05)

CCI to incur steepest loss in 6 years from cotton reserve sales

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The CCI started selling from its stockpiles last month to make room in its warehouses for the ongoing bumper harvest, but managed to find buyers for less than half of what it auctioned.

It has procured more than 6.5 million bales this season from farmers at prices around 5-6 percent above cur-

rent market rates, making the fibre uncompetitive amid world prices that are languishing near more than five-year lows.

"Based on the current price we may see a loss of about Rs 20-25 billion (\$322-\$403 million) under the support price in operation this year as the response to the sale is very sluggish in the absence of Chinese demand," CCI chairman and managing director BK Mishra said.

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COTTON DEBACLE



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Reuters

लघु व मध्यम कताई मिलों में बेकारी की आशंका बढ़ी

कोयंबटूर, 10 फरवरी (भाषा)। कताई मिल मालिक छोटी इकाइयों को संकट से बचाने और उन्हें राहत पैकेज दिए जाने की मांग को लेकर जल्द ही सरकार से संपर्क की योजना बना रहे हैं। हजारों लघु व मध्यम कताई मिलें संकट के दौर से गुजर रही हैं। क्षेत्र के एक संगठन ने यह बात कही।

सदर्न इंडिया मिल्स एसोसिएशन (सीमा) के अध्यक्ष टी राजकुमार ने कहा कि यह क्षेत्र अप्रैल 2014 से यार्न के निर्यात में गिरावट से प्रभावित हुआ है। चीन से मांग में कमी और यूरोपीय संघ के देशों के साथ पाकिस्तान द्वारा किए गए जीएसपी प्लस समझौते से छोटी कताई मिलों के सामने कारोबार का संकट खड़ा हुआ है। उन्होंने कहा हालांकि, कपास की कीमत काफी कम है। लेकिन मिलें नकदी की कमी से यार्न की खरीदारी करने की स्थिति में नहीं हैं। यार्न का स्टॉक बढ़ने, कमजोर उठाव और लंबे समय से लटके पड़े प्रौद्योगिकी उन्नयन कोष (टीयूएफ) अनुदान से यह स्थिति बनी है।

राजकुमार ने दावा किया कि अप्रैल 2007 से लंबित सभी अनुदानों का भुगतान करने तथा करीब 65,000 करोड़ रुपए के निवेश को बेकार होने से बचाने के लिए आगामी बजट में 3,000 करोड़ रुपए का कोष आबंटित करने की जरूरत है। उन्होंने कहा कि इस उद्योग ने पहले ही निवेश कर लिया है तथा पिछले कई सालों से मूल कर्ज और ब्याज दोनों का भुगतान कर रहा है।