

Press Release

Textile Mills to Continue Production Cut

New Delhi, Tuesday, May 31, 2011. Cotton Spinning mills all over the country have on a voluntary basis decided to continue the production cuts that they had initiated last week. In a statement here, Shri Shishir Jaipuria, Chairman, Confederation of Indian Textile Industry (CITI) said that the one day closure on 23rd May and one third production cut from 24th May onwards organised under the auspices of CITI and several associations of mills has resulted in a loss of Rs.600 crores. It has helped in drawing the attention of the nation to the serious problems of the cotton textile sector and also in reducing stocks of cotton yarn with the mills. Shri Jaipuria stated that unsold stocks of cotton yarn and high cost cotton had been leading to cash losses for most spinning mills and observed that the closure and production cuts had the spontaneous participation of almost all the cotton spinning mills in various regions of the country. He added that after a review of the situation this Monday, spinning mills decided on a voluntary production cut ranging from 33 per cent to 40 per cent, depending on the stock position in the respective mills, to be observed from the 1st of June until the situation improves.

Shri Jaipuria further stated that manmade fibre spinning mills are also facing low demand and declining price and a crisis situation is developing in this sector as well. He added that unsold stocks have now started piling up with fabrics producers and faced with cash losses, they are also resorting to production cuts. This, he said, would further deepen the crisis for the spinning sector.

Referring to the cotton situation Shri Shishir Jaipuria stated that export of 5.5 million bales at early part of the year has created an artificial cotton shortage in India. He reiterated the request that CITI has been making all along that no further export of cotton may be permitted until the arrival of new crop of 2011-12 stabilizes.

Shri Jaipuria stated that the crisis in the industry will be over only if problems of the entire value chain are addressed urgently, since all sub sectors in the industry are highly inter dependent. He observed that the urgent steps needed for reviving the spinning mills and the value added segments had been brought to the notice of all the concerned Ministries in the Central Government by CITI and hoped that some positive decisions would be announced quickly by government. He added that CITI has been pursuing this matter with various authorities in government and will continue to do so until some effective solutions emerge.

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