

# Yarn exports set to rebound next month

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Cotton yarn makers expect a resumption of demand from abroad soon, after the post-August slide.

Data from the Directorate General of Foreign Trade show these had surged to a year's high at 97.7 million kg in August, as textile mills continued restocking amid expectation on festival demand. This had declined to 43.7 million kg in October. "In November, the overall shipment is estimated to remain 45-50 million kg. The early trend shows the same level to spill over into December as well. Indications are that demand will resume late December, to take full swing in January, as the purchase of textiles can only be deferred, not cancelled," said DK Nair, secretary-general, Confederation of Indian Textile Industry.

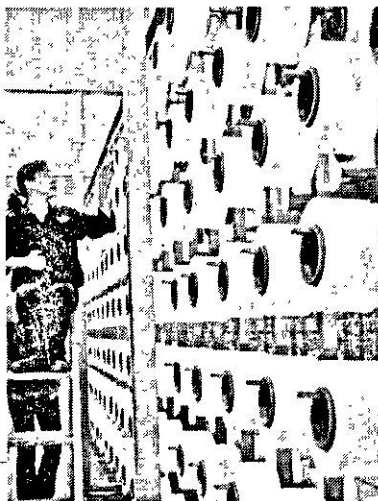
Currently the pipeline is empty, as fabric manufacturers have deferred purchases since almost July, waiting for stabilisation in prices. The price of cotton yarn remained volatile after hitting a high of ₹280 a kg early this year.

## WEAVING A TURNAROUND

### Cotton yarn exports

Month	Quantity (million kg)
April	71.36
May	63.19
June	54.08
July	57.21
August	97.73
September	77.16
October	43.70
November*	45.00
December*	50.00

\* Industry estimates, \* Projection, Source : DGFT



Combed yarn was quoted here today at ₹190-200 a kg, a rise of ₹5-10 so far this month.

Normally, the yarn price consists of 65 per cent raw cotton and 35 per cent conversion cost, or 70-72 per cent of clean cotton and 28-30 per cent of pro-

cessing charges. Since yarn prices have come almost to the level of clean cotton, fabric manufacturers are unable to recover the conversion cost. Clean cotton is free of contaminant and is ready to use. As an industry practice, contaminants between six and seven

per cent are removed from raw cotton to obtain clean cotton.

"Yarn demand from the overseas market remained lower. As a result, the price volatility continued to move between ₹5-10 a kg for the past several months. Now, the domestic demand has partially resumed, which has raised the industry's hope for revival in prices," said Bharat Malkan, proprietor of IB Yarn Agency, a Mumbai-based trader.

Manufacturing units in Bhiwandi, Maharashtra, with the largest number of power looms in the country, are facing a huge labour shortage. "We believe skilled workers would resume their jobs in a week or two, after two months of annual break since Diwali. Labour shortage in Bhiwandi has affected availability of cotton yarn badly. But the lower demand from domestic and overseas markets has so far offset the fall in production. Since the demand has started looking up, availability should follow proportionately, to prevent the price from major volatility. Going forward, the yarn price is expected to remain steady, to a marginal upward bias," said Malkan.