

Cotton industry to see revival in FY24

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AFTER A LACKLUSTRE year, the cotton industry is keenly anticipating a revival with a sales volume expected to grow by 5-7% over last year. Industry observers maintain that the optimism is pegged on factors such as alignment of Indian cotton prices with international prices, a shift in demand from competing nations, and gradual recovery in demand from China.

Expectations of a good festival season for retailers in the domestic market and a rebound in global demand from downstream industries is also expected to give a leg up to the Indian cotton industry which is trying to recover from the poor performance in FY23.

Ashwin Thakkar, vice president, Textile Association of India, said, "The industry is slowly making its way out of the trouble and the coming months are going to be brighter for the cotton industry. People have spent much on travelling and personal care and this festival season is expected to witness a healthy demand for the textile sector, especially the retail business may see a very strong demand."

He said, "The global demand for Indian products may not see much change in the short term because we do not see any end for the Ukraine-Russia conflict which is impacting the demands in



European and American markets. But South Asian countries are doing well and may change the demand patterns in the second half of the year."

According to a CareEdge report, the Indian cotton yarn industry is likely to register a sales volume growth of 5-7%, while the operating margin is expected to expand by 100-150 bps in FY24 compared to FY23.

Last year, the cotton production in India declined from 35.2 million bales in Cotton Season 2020-21 to 31.1 million bales in CS 2021-22. The lower cotton production caused a steep surge in the cotton prices. The average domestic cotton price registered a peak of around ₹1 lakh per candy (₹280/kg) in FY23. The mismatch between the domestic and international prices impacted the cotton exports significantly and India witnessed its lowest cotton yarn exports in a decade.

In FY23, India's cotton yarn export stood at 664,000 tonne against the decade's highest exports of 1,389,000 tonne in FY22.