

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:2812

ANSWERED ON:17.12.2004

PROCUREMENT OF LOWER GRADE OT COTTON

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Will the Minister of TEXTILES be pleased to state:

- (a) whether alarmed at over 25% slump in cotton prices in the past one month with a bumper crop Government has directed Cotton Corporation of India to undertake unlimited procurement of commodity till prices stabilize at a level higher than the minimum support price;
- (b) if so, whether CCI has begun cotton procurement all over the country;
- (c) if so, whether Cotton Corporation of India has been able to procure cotton;
- (d) if so, the details thereof, State-wise;
- (e) whether the cotton purchased have been exported;
- (f) if so, the details thereof; and
- (g) to what extent cotton prices have stabilized?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) Kapas (seed cotton) prices during the current cotton year 2004-05(October – September) are ruling lower by 7 % - 28 % than the prices prevailed during the corresponding period last year. Since November 1, 2004, kapas (seed cotton) prices in the Northern States (Punjab, Haryana & Rajasthan), Maharashtra, Gujarat, and Madhya Pradesh have come down by 4 - 16%. However, due to intervention of the CCI, the market prices of cotton have not fallen below the MSP. Whenever the market price of kapas has fallen to the level of the Minimum Support Price (MSP) declared by the Central Government, the Cotton Corporation of India (CCI) has undertaken MSP operations and procured kapas without any quantitative limit. In the remaining part of the cotton season, the CCI is mandated to carryout the MSP operations in similar fashion.

(b) The CCI has already commenced MSP operations in the States of Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Orissa, Punjab and Rajasthan.

(c) & (d) Till 08.12.2004, the CCI has purchased 19, 03,514 quintals of kapas (equivalent to lint cotton of 3, 59,514 bales of 170 kg each). State-wise purchase is as under:-

STATE	IN QUINTALS
ANDHRA PRADESH	12,66,251
GUJARAT	2,65,690
HARYANA	64,418
KARNATAKA	32,646
MADHYA PRADESH	52,502
ORISSA	43
PUNJAB	92,643
RAJASTHAN	1,29,321
TOTAL	19,03,514

(e) & (f) The CCI has not so far exported any cotton purchased from the domestic market in the country. However, as per estimates by the Cotton Advisory Board, it is expected that around 12 lakh bales (170 kg each) of cotton may be exported from India.

(g) Domestic Kapas prices have now almost stabilised at MSP level. The CCI would continue its support price operations till cotton prices are stabilised at a level higher than the MSP.