

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:1448
ANSWERED ON:18.11.2010
YARN AND TEXTILE INDUSTRY
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Will the Minister of TEXTILES be pleased to state:

- (a) whether the Government has made analysis of price- competitiveness of Indian yarn and Textile Industry compared to other countries like China/Vietnam/ Bangladesh etc;
- (b) if so, the details thereof and steps being taken in this regard;
- (c) whether the Government's decision to impose restriction and cess on cotton export resulted in Gujarat Farmers loosing Rs. 1800 crores and has benefited directly yarn manufacturers/exporters;
- (d) whether this decision has proved to be disincentive to the cotton growers; and
- (e) if so, the corrective measures initiated to protect the interest of both groups i.e. farmers and manufacturers?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SMT. PANABAACA LAKSHMI)

(a) & (b): Yes Madam, for November 2010, Indian cotton prices stand at US \$ 132.75 Cents/ lb against Cotlook A (CFR) of US \$ 172.40 Cents/lb. Indian cotton stock to use ratio stands at 18% for 2010-11 cotton season as against China's stock to use ratio of 33%. In cotton season 2010-11, the price rise in China is 50% while India witnessed a price rise of 89%. In October, 2010, China's yarn export prices are US \$ 4.64/kilo as against India's yarn export price of US \$ 4.22/kilo.

(c) to (e): Cotton exports are on Open General Licence (OGL) in 2010-11 cotton season and no export duty has been imposed. Cotton production in Gujarat is expected to increased from 98 lakh bales in 2009-10 to 106.82 lakh bales in 2010-11, indicating that there is no disincentive in cotton growers. Government has put in place the following policy interventions on cotton and cotton yarn for 2009-10 and 2010-11 cotton season:-

- i) Registration of cotton export contracts would commence from 01-10-2010.
- ii) Actual exports would commence from 01-11-2010.
- iii) The exportable surplus is identified as 55 lakh bales
- iv) There would be no registration after the exportable surplus is registered.
- v) Hank yarn obligation expanded from 40s counts to 80s counts with effect from 31-03-2010
- vi) The 7.67 percent DEPB incentive on cotton yarn exports was withdrawn with effect from 21-04-2010.
- vii) Duty drawback on cotton yarn was withdrawn with effect from 29-04-2010.
- viii) Strict monitoring of hank yarn obligation started from 01-04-2010
- ix) Registration of cotton yarn export with Office of the Textile Commissioner was made mandatory with effect from 09-04-2010.
- x) Cotton Yarn Advisory Board (CYAB) has been constituted to monitor the domestic and international prices of cotton yarn.