

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

STARRED QUESTION NO:450

ANSWERED ON:05.09.2011

PRICES OF HANK YARN

Bhoi Shri Sanjay;Khaire Shri Chandrakant Bhaurao

Will the Minister of TEXTILES be pleased to state:

- (a) whether the Hank Yarn Obligation (HYO) scheme seeks to protect the handloom industry;
- (b) if so, the details thereof;
- (c) whether the Government is aware of the huge fluctuation in the prices of hank yarn due to lack of demand by user industries;
- (d) if so, the details thereof alongwith the steps taken by the Government to provide subsidised yarn to the weavers through Raw Material Bank and Apex societies set up for the purpose;
- (e) whether the Government has changed Hank Yarn Obligation norms in respect of Hank Yarn being supplied to various textile industries; and
- (f) if so, the details thereof and the likely impact of such changes on the textile industry?

Answer

MINISTER OF TEXTILES(SHRI ANAND SHARMA)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO.450 TO BE ANSWERED ON 05.09.2011.

(a): Yes Madam. To ensure an adequate supply of hank yarn at reasonable price to the handloom industry, the Hank Yarn Packing Obligation Scheme was introduced.

(b): To address the steep increase in prices of cotton yarn, the Government of India has initiated several policy interventions including (i) Capping of cotton exports for cotton season 2010-11 (October to September) at 55 lakh bales in September 2010 and cotton yarn exports at 720 million kgs. in December, 2010; (ii) withdrawal of duty drawback and DEPB on cotton yarn; (iii) Stringent monitoring of Hank Yarn Obligations Institution of cases under the Essential Commodities Act were initiated by the Textiles Commissioner against defaulting units; (iv) Hank Yarn Obligation expanded from 40s counts to 80s counts w.e.f. 31.03.2010 and (v) Constitution of a Cotton Yarn Advisory Board.

(c): Yes Madam. Hank Yarn Prices 40s count increased from Rs. 188/kg. in October 2010 to Rs. 279/kg. in April, 2011. This was due to price increases in cotton which went up from Rs. 37700/candy in October 2010 to Rs. 62400/ candy in April 2011. Thereafter the domestic yarn prices (40s count) moderated to Rs. 173/kg. in August 2011 as cotton prices moderated to Rs. 29500/candy, due to demand contraction.

(d): Under the Mill Gate Price Scheme implemented by the Development Commissioner (Handlooms), Government makes available all types of yarn at mill gate prices to the eligible handloom agencies. Under the scheme 750 yarn depots are operational in the country.

(e) & (f): Government has constituted a Committee to review the Hank Yarn Obligation scheme. The said Committee has recommended that "Status quo" may be maintained with regard to Hank Yarn Obligation Scheme till authentic data on demand and consumption pattern of hank yarn is developed and an industry concept paper on alternative mechanism for ensuring adequate availability of hank yarn to handloom sector is formulated.