

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:607

ANSWERED ON:13.08.2012

PRICES OF YARN

Rajaram Shri Wakchaure Bhausahab;Singh Shri Rajiv Ranjan (Lalan);Vardhan Shri Harsh

**Will the Minister of TEXTILES be pleased to state:**

- (a) whether powerloom/handloom and other textile mills have suffered huge losses and facing hardship due to fluctuation of prices of cotton and yarn during the last two years;
- (b) if so, the details thereof alongwith the steps taken by the Government to check the price variation;
- (c) whether the total consumption of cotton in the country is likely to be increased during the next few years;
- (d) if so, the estimated production and consumption of the cotton during the current year and coming year alongwith the cotton consumed during the last three years; and
- (e) the steps taken by the Government to meet the demand of the cotton?

**Answer**

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

(a) & (b): Yes Madam. Bank of Baroda Capital Market has, in its Assessment Report on Stress in the Textile Industry has estimated that the total fund based credit (including TUFS) extended to the textile industry was at Rs.155,809 crores. With the addition of the estimated non-fund credit of Rs.15,542 crores, the total exposure of Banks to textile industry amounts to Rs.171,351 crores. On the basis of revenues and cost projection of 303 companies for FY 12, Bank of Baroda Capital Market Ltd., has arrived at an EBIT of Rs.13,311 crores. On that EBIT, there is a deficit to the tune of 25.8% (or Rs.4,630 crores) on a debt+interest payable of Rs.17,942 crores per year. On the basis of their calculations, it is expected that the outstanding debt at the end of FY12 should be Rs.100,617 crores, of which 25.8% needs to be rescheduled. This works out to Rs.25,967 crores, and if another Rs.10,000 crores is to be added, which would be the loss in value of the inventory, the total loans that need to be restructured should be about Rs.36,000 crores.

(c): Yes Madam. The Working Group of 12th Five Year Plan has projected an increase in consumption by 8% as reflected in the Draft National Fibre Policy.

(d): The estimated production and consumption of the cotton during the current year and coming year are as follows:-

Year	Production	Consumption
(in lakh bales)	(in lakh bales)	(in lakh bales)

2011-12	347.00	252.00
---------	--------	--------

# Source:- Balance Sheet of Cotton Advisory Board as on 18th April, 2012.

The Cotton Advisory Board Meeting has been scheduled for 23rd August, 2012 during which, the Board would arrive at the estimated production and consumption of cotton for the Cotton Season 2012-13.

The details of consumption of cotton during the last three years are:-

2009-10	259.00 lakh bales
2010-11	267.40 lakh bales
2011-12	252.00 lakh bales

(As estimated by CAB on 18-04-2012)

(e): Government has implemented the Technology Mission of Cotton in the 11th Five Year Plan and it has proposed for continuation of the same in the 12th Five Year Plan.