

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:2426

ANSWERED ON:27.08.2012

COTTON PROCUREMENT

Balram Shri P.;Gawali Patil Smt. Bhavana Pundlikrao ;Nagorao Shri Dudhgaonkar Ganeshrao;Rao Shri Sambasiva Rayapati;Reddy Shri K. Jayasurya Prakash;Siricilla Shri Rajaiah;Sivasami Shri C.

Will the Minister of TEXTILES be pleased to state:

- (a) whether the Government has suffered a loss while making payment to cotton producers under Minimum Support Price (MSP) during the last three years;
- (b) if so, details of prices and quantum of cotton on which procurement made by the Government during the last three years, year-wise, State-wise along with steps taken by Government to compensate to various State Governments including Maharashtra on account of losses suffered due to payment under MSP;
- (c) whether the Government of Maharashtra has also requested to the Union Government to appoint Maharashtra State Co-operative Cotton Producers Marketing Confederation Limited for the purpose of MSP activities on the basis of Cotton Corporation of India (CCI) for purchase of cotton;
- (d) if so, the reaction of the Government in this regard;
- (e) whether the Government has noticed that textile industry/spinning and garments units are facing an unprecedented crisis owing to high input like cotton/yarn prices and labour costs;
- (f) if so, the steps taken by the Government to help the textile industry especially backward regions in the country including Andhra Pradesh; and
- (g) the exports of cotton bales during the last three years and the current year?

Answer

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

- (a): Government has reimbursed Cotton Corporation of India (CCI) for Minimum Support Price (MSP) losses for cotton season 2009-10, 2010-11 and 2011-12 amounting to Rs. 994.24 crore, Rs. 36.25 crore and Rs.4.53 crore respectively.
- (b): The details of prices and quantum of cotton on which procurement made by the Government during the last three years, year-wise, State-wise are enclosed in Annexure-A.
- (c) & (d): National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) is also a procurement agency for MSP operations under whose umbrella, the Maharashtra State Co-operative Cotton Producers Marketing Confederation Limited operates. Government considered the proposal for reimbursement of losses upto 100% incurred to NAFED on procurement of pulses, oil seeds and cotton and decided that the losses on account of these operations would continue to be capped at 15%.
- (e) & (f): Yes Madam. The Assessment Report on Stress in the Textile Industry conducted by Bank of Baroda Capital Markets Ltd., identified 290 companies consisting of 157 cotton and cotton yarn companies and 112 man-made fiber companies for debt-restructuring. The study also estimated that a long term debt of Rs.27,111 crores and working capital borrowings of Rs.7,500 crores was required to be re-scheduled. Government has issued directions to Banks for restructuring of textiles industry loans on a case by case basis in accordance with the Reserve Bank of India's prudential guidelines on re-structuring of advances by banks.
- (g): The export of cotton bales during the last three years and the current year is as follows:-

2008-09 35 lakh bales

2009-10 83 lakh bales

2010-11 78 lakh bales

2011-12 126.4 lakh bales
(upto 07-
08-2012)