

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

STARRED QUESTION NO:474

ANSWERED ON:29.04.2013

MIDDLEMEN IN COTTON PURCHASES

Chavan Shri Harischandra Deoram;Lagadapati Shri Rajagopal

Will the Minister of TEXTILES be pleased to state:

- (a) the norms and the criteria adopted by the Government for cotton procurement in the country;
- (b) whether the price of cotton procured from the farmers by the Cotton Corporation of India (CCI) is below the market price and the farmers are losing money as a result thereof;
- (c) if so, the details thereof along with the steps taken by the Government to compensate the farmers in the country, State-wise;
- (d) whether the Government has noticed the incidents of cotton being purchased by the middlemen from farmers at very low price and sold to CCI at higher price; and
- (e) if so, the details thereof along with the follow-up action taken in this regard and the details of cotton bales sold by CCI to the exporters/domestic mills during the last three years and the current year?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI ANAND SHARMA)

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

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 474 'MIDDLEMEN IN COTTON PURCHASES' BY SHRI L. RAJA GOPAL, MP AND SHRI HARISHCHANDRA CHAVAN, MP TO BE ANSWERED ON 29.04.2013 BY SHRIANAND SHARMA, TEXTILES MINISTER.

(a) Cotton Corporation of India (CCI) is a nodal agency which has been mandated by the Government to procure the entire quantity of FAQ grade kapas offered by the cotton farmers in the nominated market yards of various states without any quantitative limit, in the event of prevailing seed cotton (kapas) touching the Minimum Support Price (MSP) level.

(b) Cotton Corporation of India has procured 22.60 lac bales under MSP operations in cotton season 2012-13 when market prices fell below MSP prices.

(c) Does not arise in view of (b) above.

(d) Ministry of Textiles received one Special Mention from Rajya Sabha Secretariat which cited middlemen posing as farmers selling cotton to Cotton Corporation of India.

(e) To restrict involvement of middlemen CCI is only procuring from farmers through Agricultural Produce Marketing Committees (APMCs) in notified market yards. Further, the supervisory measures for farmer identification were strengthened with procurement taken up under the strict supervision of a nominated official from State Government and an official of the Cotton Corporation of India to ensure that procurement is directly from farmers only.

Ministry of Textiles in December 2012, following comprehensive reviews of cotton procurement under MSP operations, issued guidelines to streamline procurement operations by formulation of a mandi operation plan, physical verification of stocks by Vigilance teams, procurement to be coterminous with storage area available, out-turn verification, moisture content verification and ensuring adequate documentation by Agricultural Produce Marketing Committees (APMCs) as also adequate fire prevention measures. Norms for inspection and supervision by senior management of Cotton Corporation of India were issued, vigilance supervision and Board level supervision strengthened.

Cotton Corporation of India was directed to enhance coordination with State Government and District Collectors with APMCs being responsible for farmer identification.

The details of cotton bales sold by CCI to the exporters/domestic mills during the last three years and the current year are as follows:-

Year CCI Sales (Quantity in bales)

	Domestic Sales	Export Sales	Total
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2009-10	747081	12295	759376
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2010-11	1343005	23132	1366137
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2011-12	348281	348281	
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2012-13	208032	208032	
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Position as on 22-04-2013P