

# LOK SABHA DEBATES

2

## LOK SABHA

Friday, March 26, 1976/Chaitra 6, 1998  
(Saka)

The Lok Sabha met at Eleven of the  
Clock

[MR. SPEAKER in the Chair]

### ORAL ANSWERS TO QUESTIONS

#### Production of Long Staple Cotton

\*261. SHRI B. S. BHAURA: Will the Minister of COMMERCE be pleased to state:

(a) whether there is surplus production of long staple cotton in the country this year; and

(b) whether Cotton Corporation of India does not have enough funds to buy the surplus cotton to protect the growers from losses due to the decline in the prices of cotton?

THE DEPUTY MINISTER IN THE  
MINISTRY OF COMMERCE (SHRI  
VISHWANATH PRATAP SINGH):

(a) Production estimates of long staple cotton in the country for the current year are not yet available. Therefore, the extent of surplus, if any, in the production of long staple cotton cannot be assessed realistically at this stage.

(b) The Cotton Corporation of India is to buy cotton if the prices fall below the level of support prices announced on 13-1.

by the Government. The present market prices are above the support prices.

SHRI B. S. BHAURA: It is very strange that the Minister has replied in a very general manner when everyone knows how last year the cotton growers were looted by the big traders when the CCI did nothing. Here it is stated that they do not have any estimate of the current year's production. But it is known that last year the production was 70-80 lakh bales, and it is expected that the carryover stock will be 24 lakh bales. Requirement by Industry is only 11 lakh bales from this, which means there is a surplus of 13 lakhs. What is Government going to do about this?

SHRI VISHWANATH PRATAP  
SNIGH: The Cotton Advisory Board went into the question. It required some time and the Advisory Board came to the following figures: Carry-over stock from previous year 26 lakh bales, estimated production 89 lakh bales, imports 8.75 lakh bales, total availability 95.75 lakh bales. The other figures are: consumption by the textile industry 74 lakh bales, exports 4 lakh bales, ex-factory consumption 1.50 lakh bales, total demand estimated 79.50 lakh bales. The balance carried forward is 16.25 lakh bales which is normal, not much.

SHRI B. S. BHAURA: In answer to part (b), he has stated that the CCI will enter the market to purchase when prices go below the level of support prices. He must be aware of the fact that the CCI is saying that it has no funds at all to purchase. That is why last year they did not purchase. I

have pointed out that in one or two years the prices have fallen by Rs. 100 per quintal and government did not care to do anything about it, I want to know whether they are going to take any steps to ensure a fair and remunerative price to the cotton growers and not allow the traders to loot them next year.

**SHRI VISHWANATH PRATAP SINGH:** The prices of cotton have showed an upward trend from December to February. Varalakshmi in Guntur, in September 1975 the prices were Rs. 435 per quintal; in February it was Rs. 405. But for MCU 5, Guntur, the prices have risen from Rs 838 in September to Rs. 402 in February this year. There was a little fall in prices in February after the second week.

**SHRI B. S. BHAURA:** What about Punjab?

**SHRI VISHWANATH PRATAP SINGH:** I have figures for Thirupur, Theni, Guntur Adoni, Virudhunagar, Abohar and Kotkapura. For all the places I can give details but it will take the time of the House. Generally there has been a rise in prices but there was a little fall in prices in the second week of February.

**SHRI B. S. BHAURA:** I am asking the prices in Punjab.

**SHRI VISHWANATH PRATAP SINGH:** For Abohar, in November 1975 the price was 265 and it rose to 269 in February in PA 320 F variety. If we take Digvijay the prevailing price is 324; last year it was 3183. For Shankar 4, it was 4320 and in the corresponding period it was 3688...

**MR. SPEAKER:** That is all right do not go into too many details.

**SHRI B. S. BHAURA:** What about Punjab?

**MR. SPEAKER:** He has not that information; he has given whatever he has.

**SHRI D. D. DESAI:** Will the Minister tell the House whether the world market prices of cotton, particularly in the United States which was 35 cents had gone up to 65 cents in the last four or five months on account of low world production? Will he also tell us if the internal prices and internal figures of production and supply as reported by the cotton advisory committee in the past five or ten years had always proved wrong and so will he still continue to depend upon the figures furnished by them? The physical figures of carry-over of stock were stated to be 26 lakhs; they were actually found to be 31 lakhs of bales as on 1-9-1975. Does he still stick to the discredited figure of 26 lakh bales. Actual production figures as given by him are 69 lakh bales; it is not related to reality as the actual figures are anywhere between 70 and 72 lakh bales...

**MR. SPEAKER:** How many questions are you asking? How can he answer all those questions and then hon. Members say: my question has not been answered. You have asked about production, about prices and now you are asking about consumption. This is not fair.

**SHRI D. D. DESAI:** Let him answer any one of those questions.

**MR. SPEAKER:** Only one question will be answered.

**SHRI D. D. DESAI:** Yes, Sir, whatever he can answer.

**SHRI VISHWANATH PRATAP SINGH:** In September, the prevalent rate in rupees per candy equivalent for Digvijay 29/32" was 3057 and in November it was Rs. 3465. So, it is correct that the American prices have gone up. About the figures of Advisory Committee, our dilemma is that we get the statistics from the Agriculture Ministry on the basis of information from the States on crop cuttings and this takes time. So we have to adopt some method by which we can make a rough assessment in which agriculture Ministry is involved, the Com-

Finance Ministry is involved, Industry is involved, traders and growers are involved in this Advisory Committee. So, we have to have some figure to work upon. About the estimate of 69 lakh bales of production, initially it was estimated that the production will be 75 lakh bales on the basis of good rains. But later on there was an extensive damage to the crops because of excessive rains. Therefore, the production figure had to be revised as 69 lakh bales.

**SHRI H. M. PATEL:** I would like the Minister to explain to the House how exactly the Cotton Corporation maintains the support prices. At what point of time does the Corporation go into the market in order to see that the prices do not go below your fixed support prices? Do they go into the market before they go down below the support prices? Do they go down when the prices reach the support prices or when they are a little above it? The whole point is what is the machinery they have in order to ensure that the prices at no point of time go below the support prices.

**SHRI VISHWANATH PRATAP SINGH:** Sir, the support prices are announced by the Government and for 1975-76, for the various varieties, they have been announced and still the prevailing prices are above the support prices. It is not obligatory on the Cotton Corporation to go into purchases of cotton. However, when it purchases, it is for the Cotton Corporation to see whether the prices are near or below the support prices.

#### Enhancement of the Prices of Standard Cloth

\*262. **SHRI SOMNATH CHATTERJEE:** Will the Minister of COMMERCE be pleased to refer to the reply given to Starred Questions No. 66 on the 9th January, 1976 regarding decision to enhance the price of standard cloth and state:

(a) on how many occasions during 1974 and 1975, prices of standard cloth

in the country have been allowed to be enhanced;

(b) extent of enhancement in percentage terms allowed on each occasion; and

(c) the reasons for enhancement in each case?

**THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI VISHWANATH PRATAP SINGH):** (a) to (c). The only increase in the prices of controlled cloth allowed after May, 1968 was made effective from 1st April, 1976, when an increase of 30 per cent was permitted over the May, 1968 price levels. The increase was permitted to partly cover the escalations in the input costs since May, 1968.

**SHRI SOMNATH CHATTERJEE:** In 1974 when there was an increase of 30 per cent it was permitted, to partly cover the escalations in the input-costs. But the break-up has not been given. What are the items for which this increase was allowed? So far as the controlled cloth is concerned, in 1971 the industry agreed to produce a hundred million square meters of this type of cloth, when the government agreed to give them a subsidy of 50P per sq m. It was altered to an incentive subsidy of 90P per sq. m. on the industry agreeing to make available 10 per cent of its production of standard cloth to consumer cooperatives. But that was not done. In spite of that, in 1974 this increase was allowed. After this increase, did the quantum of production of controlled cloth go up and did you achieve the result of equitable distribution through consumer cooperatives?

**SHRI VISHWANATH PRATAP SINGH:** The increase in prices was allowed on the assessment of four factors—cost of cotton, cost of conversion upto grey and fabric stage, cost of processing and finishing and return to industry. While the industry claimed that on the basis of these factors the rise has been 100 per cent, the Textile Commissioner's assessment was that the