

LOK SABHA  
UNSTARRED QUESTION NO. 1571  
TO BE ANSWERED ON 26.07.2018

RATES OF RAW MATERIAL

1571. SHRI VINAYAK BHAURAO RAUT:  
DR. PRITAM GOPINATH MUNDE:  
SHRI DHARMENDRA YADAV:  
SHRI ANANDRAO ADSUL:  
DR. SHRIKANT EKNATH SHINDE:  
SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:  
SHRI SHRIRANG APPA BARNE:  
SHRI ADHALRAO PATIL SHIVAJIRAO:

Will the Minister of Textiles वस्त्र मंत्री  
be pleased to state:

- (a) whether the textile industry has requested the Union Government to put in place a delivery mechanism for the industry, reeling under pressure due to various reasons, for getting the raw material at reasonable rates and if so, the response of the Union Government thereto;
- (b) whether 28% hike in Minimum Support Price (MSP) of cotton to ensure farmers get at least 50% profit of their actual cost of production would impact each segment along with the supply chain raising the final price of the product and if so, the response of the Union Government thereto;
- (c) whether higher MSP would further compel huge cotton procurement by Cotton Corporation of India (CCI);
- (d) if so, whether there is a need to spell out clear CCI policy so that in case it needs to make a massive procurement, the industry gets regular offering from them throughout the season at international parity price; and
- (e) if so, the concrete steps taken by the Union Government to formulate policy in this regard?

उत्तर

ANSWER

वस्त्र राज्य मंत्री (श्री अजय टम्टा)  
MINISTER OF STATE FOR TEXTILES  
(SHRI AJAY TAMTA)

(a): Yes, Madam. There have been representations from the Industry in this regard. At present, the domestic prices are ruling below the International prices of raw cotton making raw material available at competitive rates. The details are at Annexure. Further, Government of India is implementing the Yarn Bank Scheme under PowerTex India to provide interest free corpus to groups/Special Purpose Vehicles (SPVs) to enable supply of yarn at reasonable prices to the small powerloom units. The Government is also implementing the Yarn Supply Scheme in the Handloom sector, in order to enable handloom sector/weavers to compete with Mill Sector. 10% price subsidy is provided under Yarn Supply Scheme on cotton, domestic silk, woolen and linen hand yarn with quantity restrictions.

**(b) to (e):** In order to ensure better productivity and production and to protect the interest of farmers, Government of India has increased the Minimum Support Price (MSP) for 2018-19 by 28% and 26% for Medium Staple Cotton and Long Staple Cotton respectively. As the prices of Indian Cotton are ruling below International prices, there is no likelihood of an adverse impact on the textile supply chain. Support price comes into operation only when market price falls below the Minimum Support Price (MSP) declared by the Government. As the Nodal Agency of Government of India for procurement of seed cotton (kapas), the Cotton Corporation of India (CCI) has laid down standard procedure for handling its cotton procurement operations. CCI undertakes Minimum Support Price (MSP) operations on behalf of Government of India when the prices of Fair Average Quality (FAQ) grade seed cotton (kapas) fall below the MSP level. Every year, CCI opens adequate procurement centres in all the cotton growing States to cover maximum cotton arrivals. For the current cotton season, CCI has opened 348 procurement centres and is active in the market from day one of the cotton season to ensure remunerative prices to the cotton farmers. CCI also regularly sells its stock through e-auction to the domestic textile Industry including Micro, Small & Medium Enterprises (MSME) units. This not only provides quality cotton to the Indian Textile Industry at most competitive rates but also stabilizes the market.

### Annexure

Month	Domestic Prices (S-6 Variety) in Rs./Candy	International Prices (Cotlook A)		Variation between domestic and International prices
		in USC/lb	Conv. in Rs/candy	
October, 2017	38468	78.68	40126	-4.13%
November, 2017	37462	80.39	40921	-8.45%
December, 2017	39296	85.58	43113	-8.85%
January, 2018	41084	90.91	45350	-9.41%
February, 2018	40061	88.27	44568	-10.11%
March, 2018	40846	92.07	46947	-13.00%
April, 2018	41172	92.13	47414	-13.16%
May, 2018	42246	94.45	50009	-15.52%
June, 2018	46265	97.71	51943	-10.93%
July, 2018 (Upto 14.07.2018)	47192	94.40	50845	-7.18%

Source: Domestic Prices: Cotton Association of India (CAI); International Prices: Cotlook

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