GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

RAJYA SABHA

UNSTARRED QUESTION NO-181

ANSWERED ON-22.07.2015

Impact of less import of cotton by China

181 . Shri C.M. Ramesh

a) how less import of cotton by China is impacting cotton exports and also cotton farmers;
b) the reasons for less imports by China;
c) in view of record crop of 39 million bales and reduction in exports, how the Ministry is planning to protect the cotton farmers; and
d) whether Ministry is searching for alternative markets for export of cotton and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE) (SMT. NIRMALA SITHARAMAN)

(a) Export of cotton from India to China declined by -56.72% from 61 lakh bales in the year 2013-14 to 26 lakh bales in the year 2014-15. As a result there had been sluggishness in the domestic prices as compared to last year.

(b) Cotton Policy adopted by the Chinese Government is the major reason for less imports by China. Two important factors of China"s cotton policy that have led to declining trend in export of cotton in the current year are:

(i) Building up of cotton stock over the past three years and thereby holding a stock levels of more than 8000 million kg (approximately one year"s cotton consumption of Chinese spinning sector). To build up the stock levels, Chinese government agencies kept on procuring domestic as well as imported cotton over the past three years. Once required stock levels have reached, they are importing lower quantities.

(ii) Reduction in import quota granted to actual users of cotton thereby discouraging direct import by spinners and encouraging them to buy more of domestic cotton and also from government agencies holding stock cotton.

(c)&(d) The Government protects farmers by providing Minimum Support Price (MSP) to the product. The MSP operation is undertaken by the Cotton Corporation of India (CCI). For the Cotton Season 2014-15, CCI is undertaking MSP operations in more than 340 procurement centers in 92 districts across 11 cotton growing States in the country. Apart from CCI, in Maharashtra, the Maharashtra State Co-operative Cotton Growers Marketing Federation Limited (MSCCGMFL) has also been assigned the role of MSP procurement of Cotton.

Cotton exports from the country are under Open General License (OGL). Indian is also looking for export of Cotton to the various cotton deficit countries. Export of Cotton to other countries such as Vietnam, Taiwan, South Korea, Malaysia, Italy and Ethiopia are showing positive growth.

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