

Textile ministry to ask Cabinet for funds

Wants provision of Rs 1,473 cr for Cotton Corp

PRESS TRUST OF INDIA

New Delhi, 26 August

The textile ministry will soon approach the Cabinet to provide Rs 1,473 crore to state-owned Cotton Corporation of India for meeting losses incurred on the purchase of raw cotton from farmers. The ministry had earlier approached the Cabinet in July but Cabinet Secretary K M Chandrasekhar sent back the note to this effect and directed that the matter be placed before the Committee of Secretaries (CoS).

"The issue has been discussed with CoS and we will again approach the Cabinet soon," a senior ministry official said.

CCI had asked for Rs 1,660 crore from the Textile Ministry to handle losses incurred on MSP operations, he added.

The corporation procures cotton on behalf of the government at benchmark prices and offloads it at market rates. Any losses incurred in this operation are fully compensated by the Centre.

CCI procured a record 8.94 million bales (one bale=170 kg) of cotton this season. Both CCI and Nafed—the two major pro-



The corporation procures cotton on behalf of the government at benchmark prices and offloads it at market rates

curement agencies — had to buy on behalf of the government in huge quantities this year to provide remunerative prices to farmers and avoid distress sales by them as domestic traders reduced purchases following a substantial hike in the MSP.

The Centre has increased the MSP of standard cotton (long staple) to Rs 3,000 per

quintal for 2008-09 from Rs 2,030 a quintal last year. The MSP of medium staple cotton has been raised to Rs 2,100 from Rs 1,800 per quintal last year.

Following persistent demand from industry to make cotton available at a cheaper price after the sharp rise in the MSP, the government had, in February, directed CCI to load the commodity at discount.