

# Govt begins building strategic cotton reserve to secure supplies

## Our Bureau

Chennai, April 4

The Government will build a strategic reserve of cotton to ensure supplies for textile mills. Spinning mills will get their key raw material at stable prices at times of shortage once the reserve is built.

The Cotton Corporation of India (CCI) has been directed to build up a reserve of 25 lakh bales (of 170 kg each) of cotton till the cotton arrivals begin for new season. The CCI is likely to procure around 10 lakh bales a month from growers for the next two months at market prices instead of minimum support prices. This will make the proposal to build the reserve attractive to farmers.

"This (the cotton reserve) comes as a boost to us at a time when we are suffering because of labour issues, burdened by debt and intense competition from exporters to secure the raw material. Cash-strapped Indian mills

lose out the most when raw material prices zoom and unbridled exports trigger irrational price hikes," said Mr P.D. Damodaran, former Chairman, the Southern India Mills' Association.

"Having a buffer like this is a good concept which will ensure a proper ending-stock. At least on the raw material front, textile mills can remain worry-free. Moreover, this seems to be a good proposition for farmers also, since they sell their produce at market price," said Mr D.K. Nair, Secretary-General, Confederation of Indian Textile Industry.

To firm up more accurate details of the commodity, the Government has framed a draft legislation to collect accurate data on cotton production and stock availability with various stakeholders of the industry. The proposed Bill seeks to ensure well-structured supply chain for cotton, textiles

and facilitate better management of statistical data collection for more effective planning and policy formulation.

## Our Delhi Bureau reports:

"This considered decision has been taken to ensure price stability in the market as also availability of cotton for domestic user industry, keeping in mind the varied interests of stakeholders across the entire cotton value chain, ranging from farmers, ginners, millers and traders," an official statement said.

On the other hand, the opening stock requirement for the new marketing year from October works out to 60 lakh bales assuming 85 per cent efficiency. On Tuesday, CCI purchased around 11,000 bales at Rs 4,400 a quintal from major mandis across Gujarat.

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