

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:5712
ANSWERED ON:03.05.2005
IMPORT DUTY ON COTTON
Narhire Smt. Kalpana Ramesh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government of Maharashtra and other cotton growing States have demanded imposition of high rate of import duty on imports of cotton to protect the interests of the cotton growers in the country; and

(b) if so, the government's response and reaction thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI E.V.K.S. ELANGO VAN)

(a) & (b): From time to time representations are received from various quarters to increase the customs duty on import of cotton. To enable the user textile mills to procure raw material of desired quality parameters at a competitive price, import of cotton is free subject to the payment of customs duty (presently 10%). At present there is no proposal for revision of customs duty on import of cotton. Import of cotton is likely to decrease from 7.21 lakh bales in last cotton year (October 2003 - September, 2004) to 6 lakh bales during the current cotton year (October 2004 - September, 2005).

Interests of cotton growers are protected through the Minimum Support Price (MSP) operations of the Cotton Corporation of India (CCI). Whenever the market prices of kapas (seed cotton) falls to the level of MSP announced by the Government of India, the CCI undertakes support price operations and purchases kapas without any quantitative restrictions. As on 19th April, 2005, the CCI has purchased a record 138.35 lakh quintals of kapas equivalent to lint cotton of 26.98 lakh bales (of 170 kg. each) under MSP operations during the current cotton year.