

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:3887
ANSWERED ON:19.12.2006
PROCUREMENT OF COTTON
Khan Shri Sunil

Will the Minister of TEXTILES be pleased to state:

- (a) whether the Cotton Corporation of India Ltd., had not considered the marginal contributions/profit of each variety to enhance profitability through product-mix;
- (b) if so, the reason therefor; and
- (c) the steps Government proposes to enhance the profitability through product-mix?

Answer

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

(a) & (b): It is not correct to state the Cotton Corporation of India Ltd. (CCI) has not considered product-mix for enhancing the profitability. Change in product-mix is an integral part of the purchase strategy pursued by the CCI for the past so many years. Cotton being an agricultural commodity, quality of arrivals in any variety is not uniform throughout the season. Quality varies /declines with advancement of season. Profit contributions have no direct co-relation with the grade of variety as it depends on market conditions, market sentiments at the time of procurement and sales. Varieties / grades sold in a firm and rising market may result into higher profit contribution and vice versa. Purchase of a particular grade of a variety also depends upon quality of arrival and competition in the market. Arrivals of kapas may comprise of different grades, normally it is less in higher-grade and more in lower grade. However, with a view to ensure remunerative price to the cotton farmers, purchase of kapas of different grades are made simultaneously depending upon its demand from the mills. Changing the product-mix of different grades is a regular exercise in the course of fixing purchase ceiling on day to today basis. For increased profitability through an appropriate product-mix, efforts are always made to maximize purchase of fast moving varieties /grades.

(c) : In view of above, question does not arise.