

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:3905  
ANSWERED ON:19.12.2006  
SALE OF COTTON BALES  
Khan Shri Sunil

**Will the Minister of TEXTILES be pleased to state:**

- (a) whether in the event of the failure of party to lift the cotton bales within the period agreed in the contract of sale, the Cotton Corporation of India Ltd. (CCI) pursued a policy of reselling the contracted bales to a third party at the risk and cost of the failed party;
- (b) if so, the losses suffered by CCI in this regard during each of the last three years; and
- (c) the losses so recoverable from the parties?

**Answer**

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

(a) : No Sir, the sale contracts made by the CCI are on firm delivery basis and buyers are given free period to lift the bales by making full payment towards the value of cotton. In the event of non-lifting of bales within the free period, the buyer is allowed to lift the bales within a specific period beyond free period by making full payment of value of cotton plus carrying charges. Normally the contracted quantity of cotton is carried forward for a period of 90 days and depending upon the market conditions and performance of the buyers, it is carried forward even for a longer period. However, cotton is carried forward only upto a reasonable period and if any buyer is found delaying the lifting of cotton bales, notices are issued for immediate lifting and if still it is not lifted within the notice period, then such cotton is re-sold in the open market at the risk and cost of the buyers.

(b) : The losses suffered by CCI during the last three years i.e. from 2003-04 to 2005-06 are as under:

Financial Losses suffered  
Year by CCI  
(Rs. in lakhs)

2003-04	19.43
2004-05	2878.36
2005-06	68.39

Legal/arbitration proceedings are in progress for recovery of these losses.

(c) : The accumulated losses pertaining to NTC Subsidiaries, institutional buyers (State textile mills), private mills, export sales and also cotton seed parties, who failed to lift the cotton seed after contracting are since inception of the CCI and taking into account the total turnover so far, may be only a fraction. Nevertheless, the CCI is following up all these cases at appropriate levels for recovery of the loss amount and it is in the various stages of recovery proceedings.