

we have once again decided to impose a ban on such exports

[*English*]

Cotton Production in Maharashtra

*351. SHRI BALASAHEB VIKHE PATIL : Will the Minister of SUPPLY AND TEXTILES be pleased to state:

(a) whether the production of cotton in Maharashtra has been very good this year :

(b) if so, whether the State Government has requested the Union Government to permit the Cotton Growers' Marketing Federation to export at least three lakh bales since the Maharashtra cotton is gaining foreign market and restricted supply will stop the growth of foreign market and consequent inflow of foreign exchange;

(c) whether the above request has been acceded to and;

(d) if not, the reasons thereof ?

THE MINISTER OF STATE OF THE MINISTRY OF SUPPLY AND TEXTILES (SHRI CHANDRASHEKHAR SINGH) : (a) to (d) A statement is given below.

Statement

(a) According to assessment made by the Cotton Advisory Board, the production of cotton in Maharashtra is estimated at 17.05 lakh bales during the current cotton year (1984-85), which is higher than the production in the previous year.

(b) to (d) During the current cotton season, the State Government of Maharashtra had requested for release of a quantity of 3 to 4 lakh bales of staple cotton for export. The Government of India have so far released 2.95 lakh bales of long and extra-long staple cotton for export during the current cotton season. Out of this quantity, a 0.95 lakh bales have been allowed for export from Maharashtra.

[*Translation*]

SHRI BALASAHEB VIKHE PATIL : The hon. Ministers has not made any

mention of the foreign exchange in his reply. The production of cotton in Maharashtra is continuously increasing and the Government continue to export it, but in the absence of a long term policy, we do not always get a remunerative price in the international market and no country comes forward for an agreement. Keeping this in view, is there any proposal under the consideration of Government to evolve a long term policy for cotton export so as to earn foreign exchange ? In there any proposal to frame a policy for the next five years ? If not, the reasons therefor and the amount of foreign exchange we earned last year through cotton exports ?

SHRI CHANDRASHEKHAR SINGH: The suggestion of the hon. Member that there should be a long term export policy is good. But the difficulty in it is that to what extent the export should be done can be decided after making an assessment of the internal demand and availability. It is necessary to see how much is the production in the country.

In order to evolve a long term policy, we must strive for maintaining a balance between the production and internal requirement. These are the only principles which are followed by us to regulate its exports.

SHRI BALASAHEB VIKHE PATIL : How much foreign exchange have we earned ?

SHRI CHANDRASHEKHAR SINGH : I am unable to give details of foreign exchange.

MR. SPEAKER : He will let you know.

SHRI CHANDRASHEKHAR SINGH : But we know that we are exporting 3 lakh bales this year too and we are still considering whether this quantity can be raised further or not ?

MR. SPEAKER : Still, there are 7 lakh bales surplus with us.

SHRI BALASAHEB VIKHE PATIL : Maharashtra has sought permission to export 3 to 4 lakh bales. So far you

have allowed export of 0.95 lakh bales. Are you raising it or not ?

We are importing short staple cotton; and in spite of increase in the long staple cotton production, we have not been able to take a decision about consumption and production. Therefore, I want to know the time by which we shall be able to decide it so as to provide relief to the farmers ? As at present, the farmers get a very low price. The Central Government do give money to the Cotton Corporation, but the latter does not purchase cotton.

SHRI CHANDRASHEKHAR SINGH : Mr. Speaker, Sir, a provision to export about one lakh cotton bales from Maharashtra was made and we are considering by how much this quantity can be raised further. Secondly, the varietal imbalance still continues and efforts are being made to remove it. We hope to remove the present varietal imbalance in the coming few years by effecting coordination between production and export policies.

[English]

PROF. N.G. RANGA : May I know whether Government have come to know that large stocks of cotton, unsold cotton, are still there with the farmers in Andhra Pradesh and also in the areas bordering Maharashtra and the Cotton Corporation is not functioning effectively or as frequently as they should ? They don't get into the market although Government has allowed 2-1/2 lakh bales for export. Nobody mobilised the available cotton and then export it with the result Government's policy has not resulted in anything with all the welfare talk for farmers :

[Translation]

SHRI CHANDRASHEKHAR SINGH : In Andhra Pradesh and other States where the price of cotton has fallen, we have directed the Cotton Corporation of India, and it is making purchases. We have also directed the Cotton Corporation of India to give it publicity in the local language indicating the names of places and the rate at which the purchases are being made in the regulated markets.

[English]

PROF. MADHU DANDAVATE : Sir, I would need your intervention in this question. Mr. Speaker, Sir, is it not the fact that in the existing textile policy of the Government recently modified, there is more incentive and encouragement to the man-made fibre and also synthetic fibre relegating the cotton fibre to the background ? As a result of that, do they not accept more glut in the cotton sale and if that is going to happen, which is inevitably and absolutely to happen, will they review drastically and radically the existing yarn policy or in the alternative, as Mr. Patil, has suggested, allow extra export to the cotton growers so that for the new habits that you are inculcating among the consumers, the farmers should not suffer in the country ? Will you agree with me, Sir ?

MR. SPEAKER : I think that my earlier intervention supports your question.

PROF. MADHU DANDAVATE : In anticipation of my question, you have given your directive. Please give proper answer, Mr. Minister.

SHRI CHANDRASHEKHAR SINGH : For the first part of your question, my answer is negative. The domestic requirement of cotton during the next five years is going to increase considerably.

PROF. MADHU DANAVATE : Sir, he has not given the reply. Is it not the fact that man-made fibre and synthetic fibre are relegating the cotton fibre ? In the Western countries they are going back to the cotton garments and here they are encouraging more and more of man-made fibre.

MR. SPEAKER : I think we will not allow that.

SHRI CHANDRASHEKHAR SINGH : For the first part of the question, the reply is negative.

SHRI V. SOBHANADREESWARA RAO : Though Andhra Pradesh is one of the States which produces long staple and extra-long staple cotton in very large quantities, hitherto the export opportunity was

not given and only this year about 70,000 bales of cotton for export are permitted. In view of the good crop season this year, will the Government take a decision to give an opportunity to the Andhra Pradesh Markfed for export of one lakh more bales of cotton this year ?

SHRI CHANDRASHEKHAR SINGH : Sir, we are aware that Andhra Pradesh is producing long and extra-long staple cotton. The Andhra Pradesh Federation has not got adequate infrastructure for exports. We are, therefore, gearing up the Cotton Corporation of India to the requirements of Andhra Pradesh and Cotton Corporation of India has made purchases from Andhra Pradesh and exports also from Andhra Pradesh.

MR. SPEAKER : But it should not be a monopoly.

SHRI MADHUSUDAN VAIRALE : While appreciating the very sympathetic attitude of the hon. Minister towards the farmers, I would like to ask whether there is a long standing demand for export of cotton from India. But at the same time, there are suggestions from the Textile Ministry of importing some short staple cotton in India. In the past, it has been our experience that we had imported the cotton, but ultimately we could not utilise it and it had to be re-exported. In the light of that experience, will the Government kindly consider to allow as much export of cotton as possible.

Secondly, in view of the fact that 80 per cent of farmers in the country are dry land farmers, will the Government take initiative to have some coordinated policy towards the cotton growers particularly of dry land farming and have coordination between the Ministries of Finance, Planning, Textile, Commerce and Agriculture ?

SHRI CHANDRASHEKHAR SINGH : I have explained it earlier also on the floor of the House that there is a varietal imbalance in so far as the availability of cotton is concerned. We have, according to the latest estimate of the Cotton Advisory Board a shortage of .84 lakh bales in short staple, a shortage of 1.56 lakh bales in medium staple and a surplus of 4.72

lakh bales in the long and extra long staple varieties of cotton. It has, therefore, become imperative for us to make limited imports of varieties which are in short supply at the moment. We have assured our friends here that we shall be using imported cotton through the market only when there is a disturbing price trend of that particular variety, otherwise we will keep it as a buffer stock and try to see that the interests of the cotton growers are not affected in any way.

As far as the coordination between the various Ministries is concerned, that exists and we are trying to improve upon it as far as possible.

[Translation]

SHRI BANWARI LAL PUROHIT : Mr. Speaker, Sir, the Monopoly Procurement Scheme is operating in Maharashtra alone and it has been quite successful and beneficial. This year, the production of cotton has been of the order of one crore bales and the cotton corporation is not finding market of its cotton. You have imported one lakh bales from Pakistan to build buffer stock. Therefore, my question is whether the corporation would consider building buffer stock, and saving farmers by purchasing cotton at the export price ? If it purchases 5 lakh bales, our farmers would be saved from the loss they are otherwise going to suffer. You are not going to lose anything by doing so. It will also not affect the import-export policy. Therefore, in the year of bumper or good crop, building of buffer stock is a must. You cannot estimate as yet whether we shall be having a crop of more than one crore bales next year. Therefore, Government must build a buffer stock. We have cotton with the cotton corporation and the Central Government should come forward at such a juncture. If it purchases 5 lakh bales from them, the farmers would be greatly benefited. The farmers are in a distress right now and the corporation is unable to give them benefits. The Central Government should come forward to share this burden. Therefore, will you consider purchasing cotton through the cotton corporation to build a buffer stock ?

SHRI CHANDRASHEKHAR SINGH : Mr. Speaker, Sir, the total availability is

not going to be improved by purchasing the available cotton and building a buffer stock. Since the domestic availability is limited, imports are made to fill up the gap. Building buffer stock by making purchases from the domestic federation itself is not going to yield any benefit. By taking into account the domestic availability of cotton, the quantum of imports is assessed and, as such, this policy is not going to be beneficial. The Cotton Corporation of India enters the market for minimum support price operations and the Government is vigilant to see that there is no fall in the prices and the farmers are not forced to resort to distress sale.

MR. SPEAKER : If this monopoly scheme is successful in Maharashtra, it can be extended to other States as well.

SHRI CHANDRASHEKHAR SINGH : It is for the States to consider to what extent they can do it keeping in view the interests of cotton growers.

[English]

**Exports made by STC rejected by
foreign countries**

*352 **SHRI MOOL CHAND DAGA :** Will the Minister of COMMERCE be pleased to state :

(a) the details of the cases where the exports made by the State Trading Corporation have been rejected by the foreign countries during the last three years giving yearly statistics of number of cases with items exported and amount of loss suffered in each such transaction with reasons for rejection;

(b) whether any one has been held responsible for the lapse which caused loss and earned disrespect to the country; and

(c) whether any guidelines have been issued to streamline the working to avoid such lapses in future ?

**THE MINISTER OF STATE IN
THE MINISTRY OF COMMERCE
(SHRI P. A. SANGMA) :** (a) to (c) A statement is given below.

Statement

(a) During the last 3 years quality claims/rejections of exports handled by STC have been received in the case of twenty two consignments. Items exported in these cases are Leather, Leather products, Mango pulp, Cardamom, Basmati Rice, Chilled & Frozed mutton cubes and ready-made Garments. In twenty of these cases the amounts are the responsibility of the concerned associate supplies and STC has not suffered any loss. In 2 cases relating to Leather Garment and Readymade Garment the liability has been on STC account to the extent of Rs. 2.99 lakhs and Rs. 1.63 lakhs respectively.

(b) Inquiries into defective supplies on STC account have been initiated in one case and action will be possible after the inquiry is completed. In the other cases in which STC suffered loss, though it was felt that STC had a good case to contest the claim, it was decided to write-off this amount of Rs. 1.63 lakhs as much more would have been spent in litigation.

(c) Guidelines exist for exercising quality control by the corporation for all its exports.

[Translation]

SHRI MOOL CHAND DAGA : Mr. Speaker, Sir, I do not know whether it is my fortune or misfortune that whenever my question comes, only a "written statement" is given in reply thereto.

MR. SPEAKER : They consider you educated.

SHRI MOOL CHAND DAGA : You have stated in the reply that there were 22 cases in all, but you have not stated the year to which they relate. On the 6th March, 1985, the chairman of your STC, Shri Premchand Luthra, entered into an agreement with the Municipality of Abu Dhabi for the supply of 10 thousand tonnes of rice. Specification of the rice to be supplied was also given in the agreement. But he failed to honour his agreement. The traders complained that they were not told about the specifications agreed to.