

"THE COTTON CORPORATION OF INDIA LTD. (CCI): A FRIEND TO COTTON FARMERS AND DEPENDABLE SUPPLIER TO TEXTILE INDUSTRY"

An Article by:
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As a consequence of independence on 15th August, 1947 India became dependent on import of cotton from other countries as the major cotton producing area fell under the territory of Pakistan. As a result production of the cotton in the country was drastically reduced in one early fifties to about 3 million bales out of 4 million hectares land area with a yield of about 100 kg. per hectare.

The situation remained the same with minor improvement in area under cotton and production of cotton until 1970. In the year 1969-70 area under cotton production was 77.31 lakh hectares and with the yield of 135 kg., the total production of cotton in the country was 61.41 lakh bales.

As a number of Textile Mills began to face raw material crisis due to lesser cotton production in the country, Government of India identified the problem and the Cotton Corporation of India Ltd. (CCI), was set up under the administrative control of Ministry of Textiles, Govt. of India in July 1970 as a Limited Company under the Companies Act 1956.



The role and functions of CCI continued to enlarge with the changing cotton scenario in the country. In the context of the Textile Policy-1985, the Corporation was assigned the important function of undertaking price support operations at the prices approved by the Govt. of India without any restrictions on quantities of such purchases.

This function of the Corporation was reiterated in the National Textile Policy, 2000. In addition, the Corporation also undertakes commercial operations at its own risk. Ever since its inception, the Corporation has been operating in most competitive environment with traders, other Institutional suppliers and textile mills.

Support Price operations

As per guidelines of Govt. of India, CCI undertakes MSP operations in the event prices of FAQ grade kapas fall below the MSP level and procure entire quantity of FAQ grade kapas offered by the cotton farmers in various APMC yards at MSP rates. Around 30 to 40 lakh cotton farmers' were benefitted by MSP operations of CCI during last 10 years.



Highlights of CCI's Initiatives for cotton trade:

- CCI introduced instrument based quality evaluation system in India for assessing of quality of kapas by using moisture meters and micronaire testers.
- CCI became the pioneer in the industry in the sale of cotton through e-auction during 2012-13.
- For making the cotton seed sales system more transparent and market driven, CCI has also started sale of cotton seed by way of e-Auction from cotton season 2015-16 onwards.

Significant features of CCI's Operation:

➤ Operations in Competitive Environment:



CCI has developed an elaborate infrastructure with a view to serve the cotton growers and the textile industry in all the major cotton growing States. It helps the cotton growers in marketing their kapas through a network of around 350 procurement centres under the jurisdiction of 17 procurement/sales branches spread over all the major cotton growing States. Besides this, to cater to the requirement of the textile industry situated in different parts of the country, it has Sales Offices in Coimbatore, Kolkata and a Liaison office in New Delhi.

- Scientific Assessment of Cotton Crop: The assessment of cotton crop is done by CCI on the basis of frequent visits and field survey by CCI officials during entire period from preparation of sowing till harvesting. The total production of cotton in the Country is estimated on the basis of month-wise G&P factory-wise pressing figures. To ascertain scientific and realistic data on area under Cotton, Yield & Production, CCI is also coordinating with ISRO for implementation of their satellite based cotton crop assessment system.



➤ Purchases in Regulated Markets:

As a matter of policy, the Corporation makes purchases directly from the cotton growers in the regulated markets. The Agricultural Produce Market Committees (APMC) which are bodies constituted under the APMC Act of the respective State Governments regulate marketing of cotton in the regulated markets. Cotton is sold either in open auction or through tender system or through e-NAM. The representatives of the Corporation participate in such auctions and purchase seed cotton.

- CCI – a model purchaser of kapas and a friend of cotton growers:



CCI's share in the entire cotton marketing is about 5% in Commercial Operation and upto 30% in MSP operation. It checks the wrong practices of private buyers to form a cartel and beat down the prices of kapas. CCI officials remain present in the market yards from the beginning of cotton season till end and keep close watch on prevailing market situation so

as to protect the interest of cotton farmers. In many markets, the auctions do not start unless CCI representative is present to participate in the auction. This speaks volumes about the credibility of the organisation in safeguarding the interests of the cotton growers of the country.

- CCI makes 100% payment promptly:

As a matter of practice, the CCI ensures 100% payment to the cotton farmers within 2 to 3 days directly in their account through online. In order to avoid any instances of malpractices, CCI has also requested State Governments to introduce Bar-coded Identity Card System for identifying the genuineness of cotton farmers so that the benefit of MSP can be transferred directly in the account of real cotton farmers.



- 100% weighment in the regulated markets :

CCI makes arrangements for 100% weighment of kapas in the presence of concerned cotton growers as well as officials appointed by the market committees. By adopting this fair practice, the Corporation has been able to earn a good name with the cotton growers.

- CCI's purchases in tribal areas:

Considering the need to increase domestic cotton production by bringing in non-traditional areas under cotton cultivation, the Corporation had made special efforts to lend marketing support to the tribal cotton growers in Orissa. CCI operated 7 purchase centres in Orissa during the cotton season 1998-99. The same has continued till date. The Corporation also held series of meetings with the officials of the Government of Orissa to encourage the farmers of Orissa to bring in more and more areas under cotton cultivation. Like-wise, CCI continues to make purchases in tribal areas of Adilabad, Warangal, Karimnagar in Telangana as also tribal belts of Andhra Pradesh, Madhya Pradesh, Gujarat and West Bengal.



➤ Processing of Contaminant-controlled Cotton :



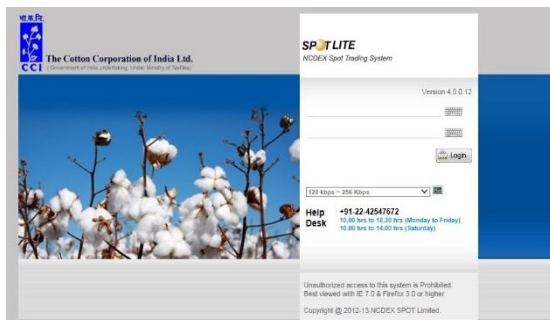
With a view to meeting the demand for contaminant controlled cotton from 100% Export Oriented Units and other quality conscious textile mills, CCI is making all out efforts for processing of cotton with least contamination. While purchasing cotton from farmers in Agriculture Produce Market

Yards, CCI encourages the farmers to bring their kapas in open form instead of Jute bags to avoid contamination. CCI also motivates the farmers under its CSR activities to adopt best farm practices and usage of hand-handled kapas plucker machines to maximize the yield and quality at farm level. Besides this, efforts are made to maintain the quality of cotton under process in Ginning & Pressing factories by constant monitoring through surprise checks and frequent visits by CCI officials at the time of processing of cotton.



➤ Benefits for India textile Industry:

CCI facilitates the Indian Textile Industry, including Micro Small & Medium



Enterprises, in sourcing their raw material requirement i.e. good quality, contamination free cotton at market driven rates for production of quality yarn to meet international competition. CCI offer its cotton stock throughout the season through e-auction without any hoarding and speculation so that

textile mills including MSME Units do not face any problem for supply of cotton. Thus, CCI try to maintain the price intact for safeguard of the domestic textile Industry and to make them available the good quality raw material at market driven reasonable price.

For making the sales system more transparent and market driven, CCI commenced the sale of FP cotton bales through e-Auction by way of Yankee auction where the Textile Mills have the choice to bid for the required quantity out of the total quantity offered. Besides this, CCI is offering the 30 days free period from the date of contract irrespective of the quantity purchased.

In the last about more than 40 years of journey of CCI, it has come up as the most dependable supplier of cotton to the textile industry not only in the years when Minimum Support Price Operations were undertaken but in other years also when it had purchased cotton under Commercial Operations under its own risk.

CCI has fulfilled the expectations of the farmers by successfully undertaking MSP operations on the one hand and by supplying good quality cotton to the textile industry on the other hand. As on date CCI cotton has become a brand and the prices on which sales is concluded in CCI e-auction has become a benchmark for the cotton trade fraternity.
