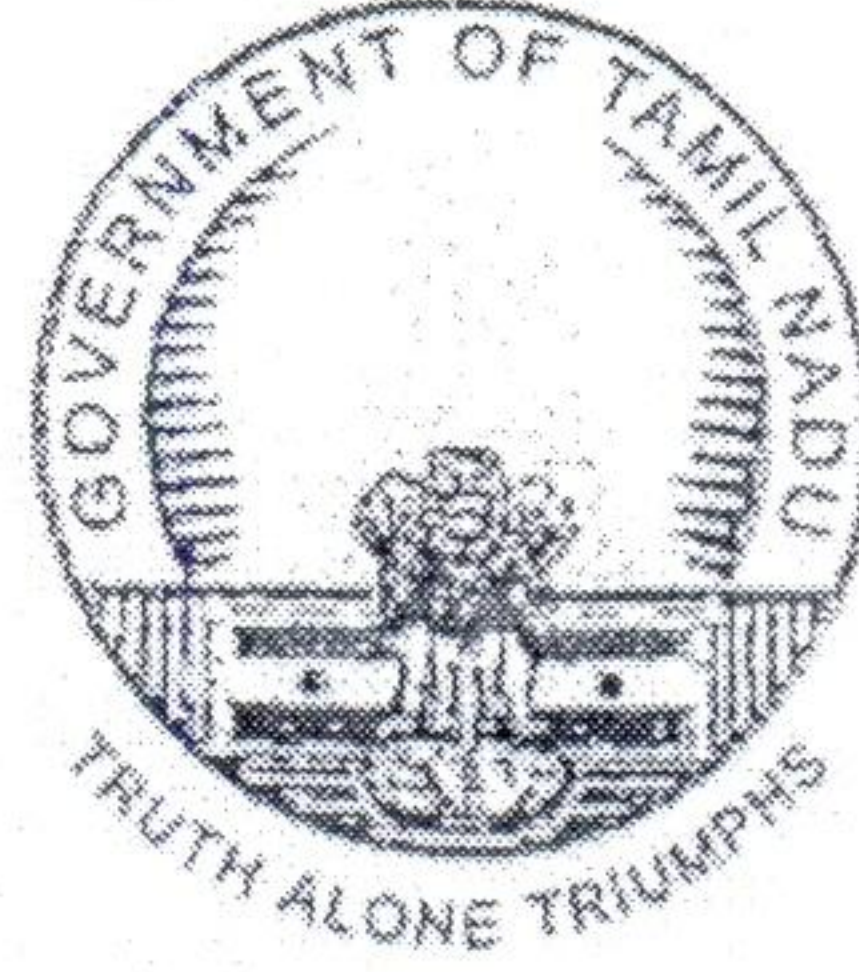


Press Note No: - 145

M. KARUNANIDHI
CHIEF MINISTER



Dt: 02.12.2010

SECRETARIAT
CHENNAI - 600 009

Date 02 - 12 - 2010.

Dear Sir,

I wish to draw your attention to the request detailed in my letter dated 23-9-2010, wherein I had underlined the importance of ensuring that cotton is available to fully meet our domestic needs before exports are permitted. However, it is seen that 55 lakh bales have been permitted for export and that too from November 1st. Undoubtedly, this decision has led to a continuous upward trend in cotton prices in the last two months.

Between the last week of September 2010 and the last week of November 2010, cotton prices have increased by almost 20%. Further, the hectic buying indulged in by the exporters of cotton has resulted in the arrivals to the market being woefully inadequate to meet domestic consumption. Normally, the period of 4-5 months after October witness a dip in cotton prices owing to fresh arrivals in the market. However, this year, the clearance given for exporting 55 lakhs bales of cotton has resulted in a hand to mouth situation by which virtually no cotton is available in the market to build up cotton stocks. Competing countries such as China who are the beneficiaries of our cotton exports maintain stock to use ratios of about 33%, whereas India's stock to use ratio is just about 17%. It is urgently necessary to build up our cotton stocks during these months of the cotton picking season lasting upto January, so that our textile sector which provides the maximum employment, next to agriculture is kept continuously fed with raw material. The handlooms and powerlooms together, employ about 5 million

persons in Tamil Nadu alone. The employment provided by them, for the country as a whole will be several times higher. I, therefore request you to order for an immediate suspension of cotton exports till the requirements of the domestic textile industry are met and sufficient arrivals in the domestic market bring about a substantial reduction in the price of cotton.

Following the trend in cotton prices, cotton yarn prices have also witnessed a sharp increase. Further, a substantial level of cotton yarn has also been registered for export resulting in reduced availability of cotton yarn to our weaving hosiery and garmenting. It is necessary that cotton yarn exports are also moderated so that value addition is possible, downstream, in the textile industry so as to enable higher production of powerloom cloth, knitwear, handloom cloth, garments, etc. The yarn used in handlooms, powerlooms and knitwear is different and needs to be available in sufficient quantity, category-wise, to meet the domestic needs. I request you to therefore cap the level of cotton yarn exports and also provide for the imposition of an export duty on cotton yarn.

I look forward to your early intervention in this regard, so that smooth flow of raw material both in terms of cotton and cotton yarn is available to fully meet our domestic needs.

Kind Regards

Yours sincerely,

M. Karunanidhi

(M. KARUNANIDHI)

To

Dr. Manmohan Singh,
Hon'ble Prime Minister of India,
New Delhi.

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வெளியீடு, இயக்குநர்
பாதிமங்கல் தொடர்புத் துறை
சென்னை-8