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Rice and cotton prices: CCP urged to take action against cartelisation, manipulation

Basmati Growers Association (BGA) President Hamid Malhi has urged the Competition Commission of Pakistan to take action against the cartelization of rice sector and manipulation in the cotton prices. Talking to *Business Recorder* here on Sunday, Malhi alleged that rice exporters have formed cartel to depress paddy prices. Basmati rice was exported at \$1,400 per ton but reported at \$994 per ton through under invoicing. There is no investigation into this jugglery of the trade which depresses domestic prices of paddy to the detriment of farmers and the economy. Rice farmers have already suffered greatly due to floods and now whatever is left to be harvested areas is forced to be marketed at rock bottom prices, he added.

Malhi said cotton prices were also at rock bottom as the TCP has failed to start purchases of cotton from ginning factories. In a belated attempt the TCP was authorised to purchase cotton by the Federal Cabinet on 04 October, but to no avail.

He said current Phutti prices of Rs 2,400 offered to the farmers were much lower than the last year's price of Rs 3,400. If TCP had aggressively bought cotton from ginning factories at Rs6,000 per 40 kg, the price to farmers would have recovered to above Rs3,000 per 40 Kg.

The indifferent attitude of the government is bound to make the cotton farmers suffer economically and would be forced to produce less cotton next year. The country will loose precious foreign exchange through imports of huge quantities of cotton. The GSP Plus factor would also be defeated and the benefit to the economy would also be negatively impacted.

He said the value addition in the textile sector could bring a sea of change in prices of cotton offered to the farmers. Today the textile sector only exports \$4 billion worth of garments and the remaining textile exports of \$10 billion consist mainly of bed linen, towels, yarn, grey cloth and raw cotton.

Over the last 60 years, the farmers did not have a fair deal from the government and textile industrialists who had thrived mainly on manipulated SROs. Today, the farming community asks for no subsidies neither do it demands any incentives but it justified in asking for a level playing field, Malhi emphasised.

The government should at least impose a balancing duty on imported cotton in comparison to the exporting country's subsidies to its cotton producing farmers. Trade should not only be free but also be fair. The country could benefit more from domestic agriculture production as compared to the increasing import bill of agriculture products for its industry. Farmers of these two major crops suffer great setbacks at the hands of policy makers, he lamented.
