

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2673
ANSWERED ON:12.12.2005
MINIMUM SUPPORT PRICE OF COTTON
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Will the Minister of AGRICULTURE be pleased to state:

- (a) the factors are taken into account for fixing the Minimum Support Price (MSP) of cotton;
- (b) the MSP of cotton fixed for 2003-04, 2004-05 and for the current year;
- (c) the cotton produced and procured each year and the extent of distress sale of cotton during each year;
- (d) the average land holding of cotton farmers in irrigated/unirrigated and rainfed areas alongwith the average expenditure on inputs like seeds and fertilizers per acre and the average per acre yield of cotton during these years; and
- (e) the manner in which per acre net income of cotton farmers compares with average income per acre of foodgrain and other commercial crops?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): The Government fixes the Minimum Support Prices (MSPs) for various agricultural commodities including cotton by taking into account the recommendations of the Commission for Agricultural Costs & Prices (CACP), the views of the State Governments and the concerned Central Ministries. While recommending the MSP, the CACP keeps in view

- (i) the need to provide incentive to the producer for adopting improved technology,
- (ii) the need to ensure rational utilization of land, water and other production resources;
- (iii) the likely effect of the price policy on the rest of economy, particularly on the cost of living, level of wages, industrial cost structure etc.

(b): The Government of India has fixed the Minimum Support Price (MSP) for cotton (Kapas) of F-414/H-777/J-34 and H-4 varieties for the years from 2003-04 to 2005-06 as given below:

(Rs. per quintal)
Variety 2003-04 2004-05 2005-06
 (Current Year)

F-414/H-777/J-34 1725 1760 1760
H-4 1925 1960 1980

(c): The Cotton Corporation of India (CCI), as the nodal agency has been procuring cotton at the MSP fixed by the Government. While undertaking MSP operations, the Corporation purchases entire FAQ grade cotton offered to it. In order to avoid distress sales, the Corporation purchases even three grades below Fair Average Quality (FAQ) kapas. The details of production and procurement undertaken by CCI during past few years are given as under:-

(Lakh Bales of 170 kgs. each)

Year Production Procurement under MSP by CCI

2003-04 179.00 -
2004-05 243.00 27.51
2005-06 242.50 3.39
(Estimated) (upto 5.12.2005)

Source: Production figures of Cotton Advisory Board (CAB).

Besides CCI, National Agricultural Cooperative Marketing Federation of India Limited (NAFED) has also purchased 0.395 lakh bales during 2004-05 and 0.075 lakh bales during 2005-06 as on 30-11-2005. During 2004-05, the Maharashtra State Cooperative Cotton Growers Marketing Federation Limited (MSCCGMFL) purchased 44.40 lakh bales at guaranteed prices.

(d): As per the latest available information, the total area under cotton during 2002-03 was 76.63 lakh hectares out of which 25.36 lakh hectares was under irrigation and 51.27 lakh hectare was unirrigated. As per the Agricultural Census 1995-96, the total number of land holdings were 67.80 lakhs, of which 23% was marginal (Below 0.5 – 1.0 hectare).

The per hectare cost on seed and fertilizer for cotton in important States as per latest figures available for the years 2001-02 and 2002-03 is given in Annexure-I.

The average yield per acre of cotton as estimated by Cotton Advisory Board (CAB) for the years 2003-04 and 2004-05 was 161 kgs/acre and 187 kgs/acre, respectively.

(e): The gross returns for some crops in major producing States for the latest available years i.e. 2001-02 and 2002-03 are given in Annexure-II.

Annexure-I

Per Hectare Cost on Seed and Fertilizer for Cotton in Important States

(Rs./Hectare)

State	Seed		Fertilizer	
	2001-02	2002-03	2001-02	2002-03
1	2	3	4	5

Andhra Pradesh	1476	1662	1722	2444
Gujarat	690	712	995	850
Haryana	388	509	730	453
Madhya Pradesh	671	2352	1306	1380
Karnataka	616	722	825	725
Maharashtra	921	1090	1408	1342
Punjab	742	742	881	947
Tamilnadu	495	1116	1598	2167

Annexure-II

Gross Returns for Some Crops in Major Producing States

(Rs./Hectare)

Name of Crop	Name of State	2001-02	2002-03
		3	4
1	2	3	4

Wheat	Haryana	18213	18730
	Punjab	18804	16715
	Uttar Pradesh	11202	11495
Paddy	Andhra Pradesh	11842	16919
	Haryana	16355	14797
	Punjab	21136	16294
	West Bengal	7137	5737
Jowar	Karnataka	833	778
	Maharashtra	1856	5735
Bajra	Gujarat	1502	2788
	Uttar Pradesh	-2441	4793
Maize	Andhra Pradesh	5125	5067
	Madhya Pradesh	1735	1618
Gram	Madhya Pradesh	10006	6643
	Uttar Pradesh	12226	9245
Arhar	Maharashtra	9446	8553
	Uttar Pradesh	12145	10086
Soyabean	Madhya Pradesh	5606	2729
	Maharashtra	6201	5233
Ground Nut	Gujarat	15665	7787
	Tamil Nadu	1870	5488
Jute	Assam	8813	4806
	West Bengal	9490	9895
Sugarcane	Karnataka	42745	46031
	Maharashtra	19286	19330
	Tamil Nadu	50257	33312
	Uttar Pradesh	-	27719
Cotton	Andhra Pradesh	10731	20818

Gujarat 3710 8832
Maharashtra 2089 4001

Note: Gross return is the difference between gross value of output and A2 cost of cultivation (all expenses in cash in kind including rent paid for leased-in land).