

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1599
ANSWERED ON:06.03.2006
COTTON PRODUCTION
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether due to global cotton production boom during the last one year and current year, the prices of cotton have crashed substantially, registering a decline of at least 33% over the last year's prices;
- (b) if so, the steps being taken by the Government to take care of the interests of cotton growers of the country to save them from distress sale of cotton;
- (c) whether the traders are taking undue advantage of the position prevailing in the open market of cotton; and
- (d) if so, the measures proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a): Cotton prices during 2004-05 had declined the world over and in the domestic market also price decline ranged between 7% to 35% for different varieties. World cotton production for 2005-06 season has been estimated at 25.15 million metric tonnes as against 26.30 million metric tonnes during 2004-05, a decline of about 5% from the previous year. The domestic cotton production in the current cotton season i.e. 2005-06 is estimated at 242.50 lakh bales by the Cotton Advisory Board as against 243.00 lakh bales in 2004-05. During the current cotton season i.e. 2005-06, though the cotton prices in the beginning of the season were comparatively lower as compared to previous year i.e. 2004-05, but due to continuous demand from mill sector and market behaviour, the prices have firmed up.

(b) to (d): In order to ensure that the cotton farmers get remunerative prices for their kapas produce, Government of India fixes the Minimum Support Price (MSP) every year for two basic varieties of kapas viz. F-414/H-777/J-34 and H-4 of FAQ. Thereafter, based on the Support Prices for these two basic varieties and taking into account the quality differential, normal price differential and other relevant factors, the support prices for other varieties of kapas of FAQ are fixed. In order to avoid distress sale by farmers, the Government undertakes Price Support Operations of cotton through Cotton Corporation of India (CCI) and National Agricultural Cooperative Marketing Federation of India Ltd (NAFED), if prices of cotton tend to fall below the MSP level. To help the farmers, the CCI has been purchasing kapas of FAQ and below FAQ grade upto three stages. All purchases of kapas by CCI are made in the presence of Agricultural Produce Market Committee (APMC) officials from the notified market yards only. A quantity of 27.51 lakh bales (170 kg each) were purchased by CCI under MSP during 2004-05. During 2005-06, CCI has procured 10.40 lakh bales of kapas upto 28th February, 2006. NAFED procured a quantity of 0.395 lakh bales during 2004-05 and 7497 bales in 2005-06 till 8-2-2006.