

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:37

ANSWERED ON:26.02.2007

MSP TO COTTON

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the cotton growers suffer huge losses and are unable to recover even the cost price for their products;
- (b) if so, the reasons therefor and the reaction of the Government thereto;
- (c) whether the farmers are not included in the Committee for price fixation of cotton which is completely controlled by the middle men who are unable to appreciate the problem of the farmers; and
- (d) if so, the steps being taken by the Government for participation of farmers in said Committee?

Answer

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

(a)&(b): With a view to ensure remunerative prices to the cotton growers of the country in the event of a fall in kapas price, the Government of India every year is fixing the minimum support prices (MSPs) well before the commencement of the cotton season. The MSPs are recommended by Commission for Agricultural Costs & Prices (CACP). While arriving at the MSPs the CACP takes into account structure of the cotton economy, the cost of cultivation per hectare, cost of production per quintal in various regions of the country, changes in input prices, labour charges, input-output price parity, trends in market prices, demand and supply, inter-crop price parity, effect on industrial cost structure, effect on cost of living, effect on general price level, parity between the prices paid and prices received by the farmers, international price situation etc. including a reasonable profit to the cotton farmers.

In the event of kapas prices touching the MSP level, Cotton Corporation of India (CCI) as the nodal agency of the Government of India is used to purchase the Fair and Average Quality (FAQ) grade kapas in the APMC market yards . To help the cotton farmers and avoid distress sales, the CCI is also purchasing the kapas three stages below the FAQ grade. Also to ensure remunerative prices to a large number of cotton farmers, the Government of India has also nominated NAFED as the second agency for MSP operations.

(c): Before recommending MSPs, the CACP holds discussions with various stakeholders and entities such as Directorate of Cotton Development, Maharashtra State Cooperative Cotton Growers` Marketing Federation, Gujarat State Cooperative Cotton Federation, All India Cooperative Cotton Federation, CCI, CIRCOT, Textile Commissioner, East India Cotton Association, South India Cotton Association, Confederation of India Textile Industries, All India Cotton Seed Crushers Association as also with representative of farmers.

(d): In view of (c) above, question does not arise.