

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:264
ANSWERED ON:22.03.2005
MINIMUM SUPPORT PRICE FOR TOBACCO
Reddy Shri Magunta Sreenivasulu

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether minimum support price for tobacco is fixed on the recommendations of the Commission for Agricultural Costs Price after consulting Tobacco Board and tobacco growers;
- (b) if so, details of the criteria followed in this regard;
- (c) whether Commission has recommended enhancement of Rs. 300 per quintal for 2004-05 but the Government has enhanced only RS. 100 per quintal; and
- (d) if so, the reasons therefor?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a) &(b): Minimum Support Prices (MSP) for F2 grade and L2 grade of Flue Cured Virginia (FCV) tobacco are fixed on the basis of the recommendations of the Commission on Agricultural Costs & Prices (CACP), estimated authorized production, and market conditions.

(c) : Yes, Sir.

(d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (d) OF THE LOK SABHA STARRED QUESTION NO.264 FOR ANSWER ON 22.03.05 REGARDING MINIMUM SUPPORT PRICE FOR TOBACCO

(d): The MSP for FCV tobacco was increased by 10 - 10.7% in 2003-04. A further increase of 9.1% - 9.7% in 2004-05 as recommended by CACP was not considered appropriate in the absence of adequate justification and especially so when the increase recommended for nearly all other crops by CACP in 2004-05 was less than 3%.

The per unit realization to the farmers is well above the Minimum Support Price (MSP) despite the fact that the actual crop grown by the farmers is far in excess of the authorized crop size fixed by Tobacco Board. The price realization to the farmers would have been still better if they had adhered to the discipline of the authorized crop size fixed by the Tobacco Board.