

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:331

ANSWERED ON:18.04.2005

PRODUCTION COST OF COTTON

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether there has been an alarming rise in production cost of cotton during the recent years;
- (b) whether the farmers are unable to get reasonable selling price of cotton compatible to the rise in the cost of production;
- (c) if so, the steps being taken by the Government to have a balance between production cost and selling price of cotton;
- (d) whether this irrationality is also one of the factors behind increase in the cases of suicides among cotton growers; and
- (e) if so, the details thereof?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 331 DUE FOR REPLY ON 18TH APRIL, 2005.

(a): The weighted average of C2 cost of production (comprising actual expenses paid in cash and kind, rent for leased-in land, and imputed value of rent for owned land, wages of family labour and interest on fixed capital) per quintal of cotton based on the cost of production in major cotton growing States of 2002-03, 2003-04 and 2004-05 amounted to Rs.1775.04, Rs.1937.86 and Rs.2020.76 respectively. The increase in cost of production of cotton in 2003-04 over 2002-03 was 9.2.% while the increase in 2004-05 over 2003-04 was lower at 4.3%.

(b): The prices of cotton, like other commodities, depend not only on its cost of production but also on demand and supply scenario both at national and international levels. As the supply fell short of demand, the prices of cotton registered significant increase in 2003-04 whereas the increase in supply unaccompanied by corresponding increase in demand led to downward pressure on cotton prices in 2004-05.

(c) to (e): To ensure remunerative prices to the cotton growers, Government of India announces Minimum Support Price (MSP of kapas (seed cotton) of Fair Average Quality (FAQ). Whenever the market prices of kapas decline to MSP levels, the Cotton Corporation of India (CCI) undertakes price support operations and purchases kapas at MSP. With a view to strengthening the infrastructure for the procurement of cotton, the government declared National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) in February 2005 as an additional agency for undertaking cotton procurement, in addition to CCI. As on 11th April, 2005 the procurement of kapas by CCI stood at 137.8 lakh quintals, equivalent to 26.89 lakh lint bales. The procurement of cotton by NAFED amounted to 1.83 lakh quintals of kapas, equivalent to 0.36 lakh lint bales. As regards suicides by farmers, majority of deaths have been found to be on account of indebtedness, overdues due to leased in land, monocropping and failure of bore-well. Most State Governments have taken both short term and long term measures to meet the crisis. These include social and economic measures aimed at providing social security cushion to the families through provision of self-employment to at least one member of each family, waiver of interest on short-term cooperative loans, writing off of outstanding loans and interest on failed wells, lowering of interest rates on loans to be given including supply of subsidized inputs.