

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:2415

ANSWERED ON:18.03.2005

MSP ANNOUNCED BY CCI

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Will the Minister of TEXTILES be pleased to state:

- (a) whether the Minimum Support Price (MSP) announced by the Cotton Corporation of India (CCI) for cotton is remunerative for the farmers;
- (b) if so, the details thereof and mechanism to work out the MSP;
- (c) whether the MSPs are reviewed periodically and if so, the details thereof;
- (d) whether farmers in the cotton growing areas are taken into confidence while determining the MSPs and if not, the reasons thereof;
- (e) the total quantity of cotton purchased by the Cotton Corporation of India during last three years;
- (f) whether Cotton Corporation of India is not being successful in achieving its objectives; and
- (g) if so, the steps taken by the government in this regard?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b): The main objective of price policy for agricultural produce is to ensure remunerative prices to the growers for their produce. On the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP) and taking into consideration the views of the State Governments as well as such other relevant factors, the Government of India (Ministry of Agriculture) announces Minimum Support Price (MSP) for F-414/H-777/J-34 (medium staple) and H-4 (long staple) kapas (seed cotton) of Fair Average Quality (FAQ). After taking into account the market price differential, fibre attributes etc., the MSP for other varieties of kapas of FAQ are fixed by the Textile Commissioner. While recommending the MSP, the CACP takes into consideration the cost of production, which inter alia includes actual expenses incurred in cash and kind, rent for leased-in land, rent for owned land, interest on fixed capital and imputed value of wages of family labour. Therefore, the MSP is considered to be remunerative to the farmers.

(c): The MSPs are announced every year. The MSPs for F-414/H-777/J-34 (medium staple) and H-4 (long staple) kapas during the period 1999-2000 to 2004-05 are as under:-

(In Rupees per Quintal)

1999-00 2000-01 2001-02 2002-03# 2003-04 2004-05

F-414/H-777/J-34

(medium staple) 1575 1625 1675 1675 1725 1760

H-4 (long staple) 1775 1825 1875 1875 1925 1960

In addition, Government had approved the payment of Special Drought Relief Price (SDRP) @Rs.20 per quintal in respect of kapas of kharif corps of 2002-03. The SDRP was not a part of the MSP and provided by way of special relief and not by way of any bonus.

(d): In formulating its price policy recommendations, the CACP holds consultations with the farmers and their representatives.

(e): Purchase of kapas by the Cotton Corporation of India (CCI) during the last three years (2001-02, 2002-03 & 2003-04) and in the current year 2004-05 (till 09.03.2005) is as under:

(In Lakh Bales of 170 kg each)

YEAR	PURCHASES UNDER		TOTAL PURCHASES
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	COMMERCIAL OPERATIONS	MSP OPERATIONS	
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2001-02	0.67	8.99	9.66
2002-03	5.99	00	5.99
2003-04	9.01	00	9.01
2004-05	0.43	25.17	25.60

Note:- There was no MSP operations in 2002-03 & and 2003-04 as the market prices were above the MSP level.

(f) & (g): Whenever the market price of kapas falls to the level of the MSP, the CCI undertakes MSP operations and purchases kapas without any quantitative limit. Otherwise, the CCI purchases kapas under its commercial operations at its own risk. The CCI has been successful in achieving its objectives. The purchase of 25.17 lakh bales under MSP operations during the current year is the highest-ever purchases made by the CCI.