

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:5396

ANSWERED ON:06.09.2011

MSP FOR COTTON

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether there is a huge gap between the input cost incurred on cotton production in the country and the Minimum Support Price (MSP) of cotton;
- (b) if so, whether the Government is contemplating to increase its MSP and impose duty on import of cotton;
- (c) whether the Government has formulated any scheme to ensure remunerative prices of cotton to the farmers; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE, FOOD PROCESSING INDUSTRIES AND PARLIAMENTARY AFFAIRS (SHRI HARISH RAWAT)

(a) & (b): Government of India while announcing Minimum Support Price (MSP) for cotton, inter alia, considers cost of production of cotton including all the input costs. The all-India weighted average cost of production (C2) for cotton projected by the Commission for Agricultural Costs and Prices (CACP) for 2010-11 is Rs. 2128.59 per quintal. Accordingly, the MSP for 2010-11 season has been fixed at Rs. 2500 per quintal for cotton of staple length 24.5 mm - 25.5 mm and Micronaire value 4.3-5.1 and Rs. 3000 per quintal for cotton of staple length 29.5 mm-30.5 mm and Micronaire value 3.5-4.3. The all India cost of production for cotton for 2011-12 has been projected by CACP at Rs. 2528.37 per quintal. Hence, the MSP for cotton for 2011-12 season has been raised by Rs. 300 over previous season and fixed at Rs. 2800 per quintal for cotton of medium staple length of 24.5 mm - 25.5 mm and Micronaire value of 4.3-5.1 and Rs. 3300 per quintal for cotton of long staple length of 29.5 mm-30.5 mm and Micronaire value of 3.5-4.3.

Department of Agriculture & Cooperation has not proposed for imposing duty on cotton. Further, domestic cotton mills are meeting their cotton requirements from domestic markets, rather than resorting to imports. As a result, the cotton imports into the country are about 5 to 10 lakh bales mainly of Extra Long Staple (ELS) varieties, which are in short supply.

(c) & (d): The Government of India announces Minimum Support Prices (MSP) for cotton to ensure remunerative prices to the farmers on the recommendations of CACP. The CACP, while formulating its recommendations on price policy considers, inter-alia, cost of production, changes in input prices, input/output price parity, trends in market prices, demand and supply situation, inter-crop price parity, effect on industrial cost structure, effect on general price level, effect on cost of living, suggestions received from farmers/others, international market price situation and parity between prices paid and prices received by the farmers