

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE & FARMERS WELFARE
DEPARTMENT OF AGRICULTURE & FARMERS WELFARE

LOK SABHA
STARRED QUESTION NO. 81*
TO BE ANSWERED ON 13th December 2022

INCREASE IN MSP

***81. DR. AMOL RAMSING KOLHE:
SHRI SUNIL DATTATRAY TATKARE:**

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री
be pleased to state:

- (a) whether the Government has approved an increase in the Minimum Support Price (MSP) for all Rabi Crops for the marketing season 2023-24;
- (b) if so, the details thereof along with the increase in the MSP of various agricultural produce during each of the last three years and the current year indicating the criteria adopted for increasing the MSP of these products, crop-wise;
- (c) whether the Government has conducted any study for assessing the impact of MSP on farmers and if so, the percentage of farmers benefited through MSP during each of the last three years;
- (d) whether the Government has achieved the objectives of the MSP Policy, if so, the details thereof and if not, the corrective steps taken in this regard; and
- (e) the other measures being taken to increase farmers' income in proportion to cost of cultivation?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री

(SHRI NARENDRA SINGH TOMAR)

(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 81* DUE FOR ANSWER ON 13.12.2022 REGARDING INCREASE IN MSP.

(a) & (b): Yes Sir, Government has increased Minimum Support Prices (MSP) of 6 mandated Rabi crops for Rabi Marketing Season (RMS) 2023-24, on the basis of recommendation of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned. The MSP for wheat now stands at 2125 ₹ per quintal; Barley 1735 ₹ per quintal; Gram 5335 ₹ per quintal; Masur 6000 ₹ per quintal; Rapeseed & Mustard 5450 ₹ per quintal and Safflower 5650 ₹ per quintal.

While recommending MSP, CACP considers important factors like overall demand-supply conditions, cost of production, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over cost of production. The Cost of production, being an important factor in the determination of MSP, CACP projects cost for current year on the basis of actual paid out costs and imputed value of family labour. Details of increase in MSP of 6 mandated rabi crops for the last three years and current year is given at **Annexure I**.

(c): The NITI Aayog (erstwhile Planning Commission) had released a study entitled "Efficacy of Minimum Support Prices on farmers" in 2016, covering 14 States, 36 Districts, 72 Blocks, 144 Villages and 1440 Households. The study found among other things, that MSP declared by the Government has encouraged 78 % of the farmers covered under the study for adopting improved methods of farming such as high yielding varieties of seeds, organic manure, chemical fertilizer, pesticides and improved methods of harvesting etc.

The number of farmers benefited from procurement of foodgrains during 2019-20, 2020-21, 2021-22 were 1.78 crores, 1.79 crores and 1.93 crores respectively. Similarly, procurement of foodgrains for the same period were recorded at 114 million tonnes, 129 million tonnes and 134 million tonnes, respectively. The expenditure incurred (at MSP values) on procurement of foodgrains during the last three years 2019-20, 2020-21, 2021-22 were ₹ 2.19 Lakh crores ₹ 2.49 Lakh crores and ₹ 2.75 Lakh crores, respectively.

(d): The objective of MSP is to ensure remunerative prices to the growers for their produce and encourage higher investment and production. The Government in its Union Budget for 2018-19 had announced the pre-determined principle to keep MSP at a level of one and half times of the cost of production. Accordingly, MSPs for all mandated Kharif, Rabi and other commercial crops has been fixed with a return of at least 50 per cent over all India weighted average cost of production since the year 2018-19. Further, total foodgrain production in the country during 2021-22 stood at 315.72 million tonnes which is highest ever.

The continuous increase in the number of beneficiary farmers under MSP, the quantity of food grains procured and the expenditure incurred on procurement is indicating that the scheme is proving successful in achieving its objectives.

(e): Government has adopted and implemented several policies, reforms, developmental programmes and schemes for achieving higher incomes for the farmers directly or indirectly. These include:

1. Unprecedented enhancement in budget allocation

In the year 2015-16, the Budget allocation for Ministry of Agriculture & FW (including DARE, DAH&F) was only ₹ **25460.51** crore. This has increased by more than **5.44** times to ₹ **1,38,550.93** crore in 2022-23.

2. Income support to farmers through PM KISAN

Launch of PM-KISAN in 2019 -an income support scheme providing ₹ 6000 per year in 3 equal installments. More than ₹ **2.2 lakh crores** has been released so far to approximately **11.3 crore** eligible farmer families.

3. Pradhan Mantri Fasal Bima Yojana (PMFBY)

Six year - PMFBY was launched in 2016 addressing problems of high premium rates for farmers and reduction in sum insured due to capping. In past 6 Years of implementation 38 crore farmer applications have been enrolled and over 11.73 crores (Provisional) farmer applicants have received claims. During this period, nearly ₹ 25,185 crores were paid by farmers as their share of premium against which claims of over ₹ 1,24,223 crore (Provisional) have been paid to them. Thus, for every 100 rupees of premium paid by farmers, they have received about ₹ 493 as claims.

4. Institutional credit for agriculture sector

- i. Increased from ₹ 8.5 lakh crore in 2015-16 with a target to reach ₹ 18.5 lakh crore in 2022-23.
- ii. Benefit of concessional institutional credit through KCC at 4% interest per annum has also now been extended to Animal Husbandry and Fisheries farmers for meeting their short-term working capital needs.
- iii. A special drive has been undertaken since February 2020 to provide concessional institutional credit with focus on covering all PM-KISAN beneficiaries through Kisan Credit Cards (KCC). As on 11.11.2022, 376.97 lakh new KCC applications have been sanctioned with a sanctioned credit limit of ₹ 4,33,426 crore as part of the drive.

5. Fixing of Minimum Support Price (MSP) at one-and-a half times the cost of production –

- i. Government has increased the MSP for all mandated Kharif, Rabi and other commercial crops with a return of at least 50 per cent over all India weighted average cost of production from 2018-19.
- ii. MSP for Paddy (common) has increased to ₹ 2040 per quintal in 2022-23 from ₹ 1310 per quintal in 2013-14.
- iii. MSP for Wheat increased from ₹ 1400 per quintal in 2013-14 to ₹ 2125 per quintal in 2022-23.

6. Promotion of organic farming in the country

- i. Paramparagat Krishi Vikas Yojana (PKVY) was initiated in 2015-16 to promote organic farming in the country. 32384 clusters have been formed and an area of 6.53 lakh hectare has been covered, benefitting 16.19 lakh farmers. In addition, Under Namami Gange Programme, 123620 hectare area covered and under natural farming 4.09 lakh hectare area covered. Farmers in Uttar Pradesh, Uttarakhand, Bihar and Jharkhand have taken-up organic farming on either side of the river Ganga to control river water pollution as well as to fetch additional income to farmers.
- ii. Government also proposes to promote sustainable natural farming systems through the scheme Bhartiya Prakratik Krishi Padhati (BPKP). The proposed scheme aims at cutting down cost of cultivation, enhancing farmer's income and ensuring resource conservation and, safe and healthy soils, environment and food.

- iii. Mission Organic Value Chain Development in North East Region (MOVCDNER) has been launched. 379 Farmer Producer Companies have been formed comprising of 189039 farmers and covering 172966 hectares area.

7. Per Drop More Crop

Per Drop More Crop (PDMC) scheme was launched in the year 2015-16 which aims to increase water use efficiency, reducing cost of inputs and increasing productivity at the farm level through Micro Irrigation technologies i.e. drip and sprinkler irrigation systems. So far, an area of 69.55 lakh hectare has been covered under Micro irrigation through the PDMC scheme from the year 2015-16.

8. Micro Irrigation Fund

A Micro Irrigation Fund of initial corpus ₹ 5000 crore has been created with NABARD. In the Budget Announcement for 2021-22, the corpus of the fund is to be increased to ₹10000 crores. Projects worth ₹ 4710.96 crores covering 17.09 lakh hectares have been approved.

9. Promotion of Farmer Producer Organizations (FPOs)

- i. To bring scales of economy to agricultural operations a new Central Sector Scheme for Formation & Promotion of new 10,000 FPOs was launched by Hon'ble Prime Minister on **29th February, 2020** with budget outlay of ₹ 6865 crore till 2027-28.
- ii. As on 31.10.2022, 3855 number of FPOs have been registered under new FPO scheme.

10. A National Beekeeping and Honey Mission (NBHM) has been launched in 2020 as part of the Atma Nirbhar Bharat Abhiyan to increase productivity of crops through pollination and increase in honey production as an additional source of income. ₹ 500 crore for the period 2020-2021 to 2022-2023 has been allocated for beekeeping sector. **114 projects** for assistance of about **₹ 139.23 crores**, approved/ sanctioned for funding under NBHM during 2020-21 & 2021-22 till date.

11. Agricultural Mechanization

Agricultural mechanization is an extremely vital to modernize agriculture and reduce drudgery of farming operations. During the period from 2014-15 to March, 2022 an amount of ₹5490.82 crores has been allocated for agricultural mechanization. 13,88,314 numbers of machines and equipments have been

provided to farmers on subsidy basis. 18,824 custom hiring centers, 403 high-tech hubs and 16,791 farm machinery banks have been established to make available agricultural machines and equipments to the farmers on rental basis. During the current year i.e. 2022-23, so far, an amount of ₹ 504.43 crores has been released for distribution of around 65302 machines on subsidy, establishment of 2804 CHCs, 12 Hi-tech hubs and 1260 Village Level Farm Machinery Banks.

12. Providing Soil Health Cards to farmers

Soil Health Card Scheme was introduced in the year 2014-15 to optimize usage of nutrients. The following numbers of cards have been issued to farmers;

- i. Cycle-I (2015 to 2017) – 10.74 crore
- ii. Cycle-II (2017 to 2019)- 11.97 crore
- iii. Model Village Programme (2019-20)- 19.64 lakh

13. Setting up of National Agriculture Market (e-NAM) extension Platform

- i. 1260 mandis of 22 States and 03 UTs have been integrated to e-NAM platform.
- ii. As on 31.10.2022, more than 1.74 crore Farmers & 2.36 Lakh traders have been registered on e-NAM portal.
- iii. Total volume of 6.5 crore MT & 19.24 crore numbers (bamboo, betel leaves, coconut, lemon & sweet corn) collectively worth approximately ₹ 2.22 lakh crore of trade has been recorded on e-NAM platform as on 31.10.2022.

14. Launch of the National Mission for Edible Oils – Oil Palm - NMEO has been approved with a total outlay of ₹ 11,040 crore. This will bring an additional area of 6.5 lakh hectare under Oil Palm plantation with 3.28 lakh hectare in the north-eastern states and 3.22 lakh hectare in the rest of India in the next 5 years. The major focus of the Mission is to provide Viability Prices of fresh fruit bunches (FFBs) to the farmers linked with assured procurement by industry with a simpler price fixing formula. The Central Government will compensate farmers through a viability gap payment if price paid by industry is below the viability price up to October, 2037.

15. Agri Infrastructure Fund (AIF)

Since inception of AIF in the year 2020, the scheme has sanctioned an amount of ₹13681 crore worth agriculture infrastructure in the country for more than 18133 projects. With the support of the scheme, various agriculture infrastructures were created and some of the infrastructure are at the final stage of completion. These infrastructures include 8076 warehouses, 2788 primary processing units, 1860 custom hiring centres, 937 sorting & grading units, 696 cold store projects, 163 assaying units and around 3613 other kinds of post-harvest management projects and community farming assets.

16. Improvement in farm produce logistics, Introduction of Kisan Rail.

Kisan Rail has been launched by Ministry of Railways to exclusively cater to movement of perishable agrihorti commodities. First Kisan Rail was started in July 2020. Till 31st October, 2022, 2359 services on 167 routes have been operated.

17. MIDH - Cluster Development Programme:

The Cluster Development Programme (CDP) is designed to leverage geographical specialisation of horticulture clusters and promote integrated and market-led development of pre-production, production, post-harvest, logistics, branding, and marketing activities. DA&FW has identified 55 horticulture clusters, of which 12 have been selected for the pilot phase of the CDP.

18. Creation of a Start-up Eco system in agriculture and allied sector

So far, 1055 Startups during FY 2019-20 to 2022-23 have been finally selected by different knowledge partners and agribusiness incubators of DA&FW. A total of ₹ 6317.91 lakhs grants-in-aid has been released for funding to these Startups to the respective Knowledge Partners (KPs) & RKVY RAFTAAR Agri Business Incubator (R-ABIs) as grants-in-aid support by DA&FW.

19. Achievement in Export of Agri and Allied Agri- Commodities

The country has witnessed emphatic growth in export of agri and allied commodities. As compared to the year 2015-16, the Agri and allied export has increased from **32.81** billion USD in 2015-16 to **50.24** billion USD in 2021-22 i.e. an increase of **53.1%**.

The efforts of Government at positive implementation of these schemes have yielded remarkable results towards augmenting the income of the farmers. As part of the 'Azadi ka Amrit Mahotsav', Indian Council of Agricultural Research (ICAR) has released a book, which contains compilation of success stories of 75,000 farmers out of innumerable successful farmers who have increased their income more than two times.

Annexure

Annexure referred to in reply to part (a) & (b) of Lok Sabha Starred Question No. 81 due for reply on 13.12.2022

Minimum Support Price (MSP) of mandated Agricultural Crops

(MSP in ₹ per quintal)

Sl. No.	Commodity	Minimum Support Prices (₹ per quintal)				Absolute Increase over previous year		
		2019-20	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
1	WHEAT	1925	1975	2015	2125	50	40	110
2	BARLEY	1525	1600	1635	1735	75	35	100
3	GRAM	4875	5100	5230	5335	225	130	105
4	MASUR (LENTIL)	4800	5100	5500	6000	300	400	500
5	RAPESEED & MUSTARD	4425	4650	5050	5450	225	400	400
6	SAFFLOWER	5215	5327	5441	5650	112	114	209
