

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:6036
ANSWERED ON:26.04.2001
SUPPORT PRICE OF CROPS
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the whole sale prices of the agricultural produce is less than its production cost in the country thereby adversely affecting the farmers, particularly small and marginal farmers and agricultural industry as a whole;
- (b) if so, the measures taken proposed to be taken by the Government in this regard;
- (c) whether an assessment has been made of the profits to be earned by the agriculture sector by constantly following the policy of increasing the support price; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI SHRIPAD Y. NAIK)

(a) & (b): The Wholesale prices of agricultural produce are generally higher than its cost of production. However in order to safeguard the interests of farmers, the Government has been taking necessary steps like

- (i) implementation of Minimum Support Prices Scheme,
(ii) implementation of Market Intervention Scheme covering horticultural and other minor products on the specific requests made by State Governments and
(iii) using the instruments of trade with a view to discourage imports and encourage exports.

(c) & (d): The Government is compiling Indices of Terms of Trade between Agricultural and Non- agricultural Sectors based on the methodology recommended by the Task Force on Term of Trade. These Indices measure the relative change in the prices received by the farmers for the produce sold by them in relation to the change in prices paid by them for the commodities purchased for final consumption, intermediate consumption and capital formation. The terms of trade have been favourable to Agriculture Sector as indicated below by the indices of terms of trade since 1990-91.

(Base: Triennium Ending 1990-91 = 100)

Year Indices

1990-91	101.9
1991-92	105.6
1992-93	103.9
1993-94	103.6
1994-95	106.6
1995-96	105.3
1996-97	103.1
1997-98	105.6
1998-99	105.2
1999-2000 (Prov.)	104.2