

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2021
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AGRICULTURE PROFITABLE INDUSTRY
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Will the Minister of AGRICULTURE be pleased to state:

the steps taken to make agriculture as a profitable entity?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

The price policy for agricultural produce seeks to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and production, and also to safeguard the interests of consumers by making available supplies at reasonable prices. The price policy seeks to evolve a balanced and integrated price structure in the perspective of the overall needs of the economy. With this objective, the Government announces each season Minimum Support Prices (MSPs) for major agricultural commodities and organizes purchase operations through public and cooperative agencies such as Food Corporation of India (FCI), Jute Corporation of India (JCI), Cotton Corporation of India (CCI), and National Agricultural Cooperative Marketing Federation of India Limited (NAFED), besides other agencies designated by the State Governments. The designated nodal agencies are required to intervene in the market for undertaking procurement operations as and when the market prices fall below the MSPs fixed by the Government.

The MSPs for major agricultural crops are fixed on the basis of the recommendations made by Commission for Agricultural Costs and Prices (CACP), the views of State Governments and concerned Central Ministries/Departments as well as such other relevant factors, which in the opinion of the Government are important for fixation of MSPs. In addition to cost of production, several other relevant factors like trends in production and productivity of different crops across States, demand-supply situation, price trends both at home and abroad, terms of trade between agriculture and non-agriculture sectors, need for crop diversification, resource use efficiency and food security are considered by the CACP. As regards cost of production, which is the most important factor in the determination of MSP, the CACP takes into account the A2+FL cost (actual expenses in cash and kind, including rent paid for leased-in land, and imputed value of wages of family labour) in the relatively high cost / less endowed States and C2 costs (actual expenses in cash and kind, including rent paid for leased-in land, and imputed value of wages for family labour, rent for owned land and interest on fixed capital) in the relatively low cost States.

In order to enable farmers to secure higher returns from investment in agriculture, the following areas have been identified for focused and priority attention:-

-? Doubling rural credit in three years, easing the burden of debt and high interest rate and nursing cooperative back to health.

-? Special programme for dry land farming in the arid and semi-arid regions of the country, horticulture and water management.

-? Stepping up public investment in agriculture research and extension, rural infrastructure, and irrigation.