

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:1365  
ANSWERED ON:14.07.2009  
DECLINE IN PROFIT MARGIN OF FOODGRAINS  
Nahata Smt. P. Jaya Prada;Pal Shri Jagdambika

**Will the Minister of AGRICULTURE be pleased to state:**

- (a) whether the profit margins of foodgrains production is on the decline in many parts of the country and as a result of which the farmers are falling to debt trap;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the Government has conducted any study in this regard in various parts of the country including Uttar Pradesh, Andhra Pradesh, Madhya Pradesh and Bihar;
- (d) if so, the details thereof;
- (e) whether small and marginal farmers are losing interest in pursuing farming; and
- (f) if so, the steps proposed to be taken by the Government to increase the agricultural productivity etc. so as to enhance the profitability of agriculture and help the farming community?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a)&(b): Minimum Support Prices (MSPs) fixed by the Government provides remunerative prices to farmers. The Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and production, and to safeguard the interest of consumers by making available supplies at reasonable prices.

The Commission for Agricultural Costs & Prices (CACP), while formulating its recommendations on price policy considers a number of important factors which include cost of production. The cost of production taken into account includes all paid out costs, besides cash and kind expenses on use of material inputs, irrigation charges including cost of diesel/electricity for operation of pump sets, etc. Besides, cost of production includes imputed value of wages of family labour and rent for owned land. The cost also covers depreciation of farm machinery and buildings. As such, the cost of production covers not only actual expenses in cash and kind but also imputed value of owned assets including land and family labour.

During 2008-09, MSP's of Kharif crops were raised substantially over their 2007- 08 level. The increase ranged between 29 percent in case of Arhar (Tur) and 52.5 per cent in case of Ragi. To be remunerative, the MSPs fixed for 2008-09 season cover the all-India cost of production as projected by CACP for the respective crops. MSP is in the nature of a minimum guaranteed price for the farmers offered by the Government for their produce in case the market prices fall below that level. If the market offers higher price than MSP, the farmers are free to sell at that price.

In order to improve availability of credit to farmers, the Government in June, 2004 announced measures for doubling of flow of credit to agriculture sector within a period of three years. During 2007-08, the Banks disbursed Rs.2,54,657 crore against the target of Rs.2,25,000 crore.

(c)&(d): No specific study has been conducted by the Government.

(e)&(f): As per the Situation Assessment Survey; some aspects of farming, 2003 conducted by National Sample Survey Organisation (NSSO), at the all-India level, 60% of farmer households reported that they liked farming as a profession. The remaining 40% were of the opinion that, given a choice, they would take up some other career.

With a view to further motivate the farmers, the Government of India is implementing the National Policy for Farmers, 2007, with the objective to increase the income of farmers by enhancing the economic viability of farming. The policy provisions, inter alia, include provision of support services and inputs; supply of good quality seeds and disease free planting material; timely, adequate and easy reach of institutional credit at reasonable interest rates; development of agricultural market infrastructure. Besides, a number of Plan Schemes/Programmes are being implemented which include National Food Security Mission, Rashtriya Krishi Vikas Yojana, National Horticulture Mission, Micro Irrigation Schemes etc.

Through the extension activities farmers are educated to adopt modern agricultural practices including growing organic crops and pesticides free farming methods.