

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1303
ANSWERED ON:14.07.2009
RISE IN COST OF INPUTS
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government is aware that rise in cost of inputs have rendered agriculture sector unprofitable;
- (b) if so, the correlation between input cost and price of farm produce during each of the last three years and the current year;
- (c) the corrective steps taken by the Government to revive interest in agriculture sector;
- (d) whether the Government proposes to take adequate steps for capacity building among small farmers so as to respond to market needs;
- (e) if so, the details thereof; and
- (f) the other steps taken by the Government to increase the stagnating farm growth rate and attract investment in the sector?

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): The Index Number of Wholesale Prices (Base 1993-94=100) for agricultural inputs for the last three years is as under:

Annual Average	Fertilizers	Electricity	Pesticides	Non-Electrical	Machinery	Tractors (HSDO)	Lubricant (LDO)	Diesel Oil Feed	Diesel Oil	Fodder	Cattle
(July-June)	(Agriculture use)										
2005-06	175.1	300.8	150.2	189.6	179.4	203.2	446.8	464.0	198.8	176.1	
2006-07	178.3	315.6	119.7	196.3	182.2	260.7	466.2	492.4	210.3	179.2	
2007-08	184.6	314.8	119.2	202.2	185.5	279.6	459.4	522.3	201.3	196.0	

Source: Office of the Economic Adviser, Ministry of Commerce and Industry.

The effect of rising input cost of cultivation of major crops is balanced by way of assuring Minimum Support Prices that help the farmers receive adequate return on their investment. Several Central Government agencies and state level bodies through their procurement operations in the market help the farmers sell their produce at MSP especially when market prices rule below MSP for any commodity.

(b): A statement on Input costs, which include all actual expenses in cash & kind incurred in production by owner, rent paid for leased in land and family labour, of major crops and their corresponding Minimum Support Prices for the years 2006-07 to 2008-09 is annexed.

(c): The Government of India has taken several steps to improve agricultural growth and return on investment in agriculture. These include declaration of Minimum Support Prices before sowing season, measures to improve production and productivity of various agricultural commodities through ensuring easy availability of credit, irrigation facilities, crop diversification, marketing infrastructure and extension services.

A National Policy of farmers, 2007 has been approved by the Government of India with its main aim to focus on the economic well-being of farmers by improving the economic viability of farming in addition to increasing production and productivity. Several programmes such as National Horticulture Mission, Macro Management, National Food Security Mission and Rashtriya Krishi Vikas Yojna are under implementation to incentivise farmers to engage themselves profitably in the farming activities.

(d) & (e): Under the Scheme of debt waiver and debt relief for farmers, which covers all agricultural loans disbursed by scheduled commercial banks, regional rural banks and cooperative credit institutions up to March 31, 2007, for marginal farmers (i.e., holding upto 1 hectare) and small farmers (1-2 hectare), all loans were completely waived that were overdue on December 31, 2007 and which remained unpaid until February 29, 2008.

A 'Model Act' on agricultural marketing has been formulated to address the problem of inadequacy of the marketing mechanism faced by the farmers in order to remove barriers to growth and State monopoly to development of market. To encourage creation of better storage facilities for agricultural produce and to improve the country's storage capacity with latest technology, the Capital Investment Subsidy Scheme "Gramin Bhandaran Yojana" has been launched.

(f): A new State Plan scheme of Additional Central Assistance for Agriculture & Allied Sectors namely Rashtriya Krishi Vikas Yojana (RKVY) has been launched during 2007-08 to achieve 4 % agricultural growth during 11th Five Year Plan.

Government has launched several schemes to increase investments in agricultural sector and to encourage private investment. The major schemes are as follows:

Rashtriya Krishi Vikas Yojana (RKVY), to incentivise the states to increase public investment in Agriculture sector.

National Food Security Mission (NFSM), a Centrally sponsored scheme with the objective to promote improved production technologies like hybrids, System of Rice Intensification (SRI), resource conservation technologies, integrated nutrient, pest and weed management and usage of farm implements.

"Gramin Bhandaran Yojana". With the implementation of this scheme, private sector has invested in the development of agriculture storage infrastructure in the country.

Central Sector Scheme "Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seed" with the objective to develop and strengthen the existing infrastructure for the production and distribution of certified /quality seeds to farmers.

Centrally Sponsored Scheme of "National Horticulture Mission" for holistic development of horticulture sector duly ensuring forward and backward linkages with the active participation of all the stakeholders.