

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:419
ANSWERED ON:02.08.2011
PRICES OF AGRICULTURAL OUTPUT
Mahato Shri Narahari

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the prices of agricultural produce during the year 2010-11 is showing a declining trend as compared to the last three years;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) whether the rise in agricultural input cost coupled with the decline in the produce have adversely affected the farmers in the country;
- (d) if so, the details thereof; and
- (e) the remedial steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE, FOOD PROCESSING INDUSTRIES AND PARLIAMENTARY AFFAIRS (SHRI HARISH RAWAT)

(a): Index of wholesale prices of major agricultural commodity groups is showing a mixed trend during the year 2010-11 and the preceding years of 2009-10, 2008-09 and 2007-08.

Index of yearly Wholesale Prices (WPI) for the period 2007-08 to 2010-11 is at Annexure- I

(b): In 2010-11 while the yearly wholesale price index (WPI) of cereals, pulses and sugar has shown a decline, the index of fruits and vegetable group and oilseeds have shown an increase over 2009-10. Yearly WPI for all the agricultural commodity groups during 2009-10 in comparison to 2008-09 have shown an increase. However the prices (WPI) in 2008-09 in comparison to 2007-08 have again shown a mixed trend with cereals, pulses and sugar showing increase while the prices of fruits, vegetables and oilseeds have shown a decline.

Reasons for mixed trend are fluctuations in demand and supply of these commodities.

(c & d): Agricultural input costs have increased substantially during 2007-11 mainly on account of increase in wages and prices of petrol, diesel, electricity and fertiliser. Index numbers of wholesale prices of farm inputs showing the increase is at Annexure II. Data shows the cost of fertiliser increased by 8.2 % in 2010-11. Similarly the cost of electricity increased by 7.6% and that of diesel oil (LDO) by 21.0%, lubricants by 12.6% during 2010-11. Similarly the prices of pesticides and farm machinery have also increased though the increase is lower than the prices of other inputs. Agricultural wages have increased substantially during the recent years. During the period 2007-2010 the average wage rate increased by 59% at all India level. In all major agricultural producing states also similar increase is recorded.

(e): Government is implementing Minimum Support Prices (MSP) scheme covering 25 major crops to support the farmers in getting remunerative prices for their produce. Commission for Agricultural Costs and Prices (CACP) which recommends the MSP for various crops takes into consideration the increase in the cost of cultivation along with reasonable return for farmers.

The Department of Agriculture & Cooperation is also implementing Market Intervention Scheme (MIS) on the request of a State/UT Government for procurement of agricultural and horticultural commodities generally perishable in nature and not covered under Price Support Scheme. The MIS is implemented in order to protect the growers of these commodities from making distress sale in the event of bumper crop when there is glut in the market and the prices tend to fall below economic levels/cost of production. Procurement under MIS is made by NAFED as Central agency and by the State designated agencies.