

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:286
ANSWERED ON:23.08.2011
PRODUCTION COST OF FOOD CROPS
Roy Shri Arjun;Vardhan Shri Harsh

Will the Minister of AGRICULTURE be pleased to state:

- (a) the prices of agricultural implements and inputs such as seeds, pesticides and fertilisers between 2005-06 and 2011-12;
- (b) whether the prices of agricultural implements and inputs have risen sharply since 2005-06;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether the Government is aware that the production cost of food crops are not commensurate with the prices which farmers receive, resulting in farm sector becoming un-remunerative; and
- (e) if so, the reaction of the Government thereto and the corrective steps taken in this regard?

Answer

MINISTER OF AGRICULTURE(SHRI SHARAD PAWAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 286 DUE FOR REPLY ON 23RD AUGUST, 2011.

(a) to (e): The price of any commodity including agricultural implements and inputs depends on demand and supply. The prices of major agricultural inputs and implements during 2005-06 to 2011-12 (till July, 2011) have increased by 22.2% for fertilizers, 10.7% for pesticides, 32.0% for diesel, 29.8% for tractors and 32.3% for pumps & assembly in terms of Wholesale Price Index (WPI). As per the available data, the prices of seeds of various crops have increased from about 13.5% to 55.5% during 2005-06 to 2010-11.

The Government compensates the farmers for increase in input prices through Minimum Support Price (MSP). The MSP is fixed by the Government every year for major agricultural commodities, inter alia, based on the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of concerned State Governments and Central Ministries/Departments. While recommending MSP, the CACP takes into account, inter alia, various factors which include cost of production, changes in input prices, demand and supply situation, effect on general price level, effect on cost of living etc. 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.

Between 2005-06 and 2011-12 the MSPs of kharif crops have been increased substantially. The MSP of paddy (common) has been increased by 89.5%, arhar (tur) by 128.6%, moong by 130.3%, groundnut by 77.6%. Similarly, between 2005-06 and 2010-11 the MSPs of rabi crops have been increased namely wheat by 72.3%, barley by 41.8%, masur by 46.6%.

In addition to MSP, the Government has, inter alia, taken several measures to encourage the farmers for increasing production and productivity which includes interest subvention on credit to farmers, credit through Kisan Credit Card (KCC) and through bringing in reform in agricultural marketing system by requesting States/UTs to amend their Agricultural Produce Marketing Committee (APMC) Act by the Model Agricultural Produce Marketing (Development & Regulation) Act, 2003. The Government is also implementing a number of schemes for the benefit of the farmers which includes, inter alia, Rashtriya Krishi Vikas Yojana (RKVY), National Food Security Mission (NFSM), National Horticulture Mission (NHM), Integrated Scheme of Oilseed, Pulses, Maize and Oilpalm (ISOPOM), Integrated Cereals Development Programme for Rice/Wheat/Coarse cereals etc.