

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1184
ANSWERED ON:28.07.2015
Prices of Agricultural Produce
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Will the Minister of AGRICULTURE be pleased to state:

- (a) the details of the estimates reflected in the "Agricultural Outlook Report" issued by Food and Agricultural Organisation (FAO) of the United Nations;
- (b) whether as per the said report the prices of agricultural grains shall not increase much in the next ten years;
- (c) if so, the reasons therefor; and
- (d) the efforts made by the Government to provide fair prices of agricultural grains to the farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE

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(a) to (c): The Agricultural Outlook 2015-2024 is a collaborative report of the Organization for Economic Co-operation and Development (OECD) and the Food and Agricultural Organization (FAO) of the United Nations. The report provides an annual assessment of prospects of national, regional and global agricultural commodity markets for the coming decade. Main estimates for commodities covered in the report are annexed.

The outlook is based on plausible scenario based on specific assumptions regarding the macroeconomic conditions, agriculture and trade policy settings, weather conditions, long-term productivity, and international market conditions. As per the Report, with these assumptions, the prices for food grains, in real terms, at the global level are expected to decrease over the next ten years.

The main reasons for likely decrease in prices are:-

- a) Pressure on prices from strong harvest over the last two years;
 - b) Subdued demand due to per capita consumption of staple commodities approaching saturation in many emerging economies and by a generally sluggish recovery of the global economy;
- Contdâ€2/-

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- c) Increased consumption of animal protein relative to starches in developing countries owing to rising per capita incomes and urbanization; and,
- d) Downward pressure on prices due to lower oil prices.

(d): The price policy of agricultural commodities aims at ensuring remunerative prices to the farmers for their produce, in order to encourage higher investment and production. Towards this end, the Government announces in each season Minimum Support Prices (MSPs) for major agricultural commodities and organizes purchase operations through public and cooperative agencies. The designated central, states and cooperative nodal agencies intervene in the market for undertaking procurement operations with the objective that the market prices do not fall below the MSPs fixed by the Government.

Government announces MSP of various agricultural commodities on the basis of recommendations of Commission for Agricultural Costs & Prices (CACP), the views of the State Governments and Central Ministries as well as such other relevant factors considered important for fixation of Support Price.

