

**GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA**

STARRED QUESTION NO:70
ANSWERED ON:01.03.2016
MSP for Agricultural Produce
Chaudhary Shri C.R.;Suresh Shri Doddaalahalli Kempegowda

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

- (a) whether the Government is aware that the benefits of Government Schemes and Policies including Minimum Support Price (MSP) is not reaching the intended farmers, if so, the details thereof including the number and percentage of farmers benefited thereunder;
- (b) whether a large number of farmers are bereft of such schemes/policies, if so, the details thereof and the steps taken by the Government in this regard;
- (c) whether agriculture is becoming unremunerative for small and marginal farmers on account of steep rise in the cost of agricultural inputs, environmental risk factors on the crops, if so, the details thereof along with the steps taken or proposed to be taken by the Government to moderate and bring down the production cost;
- (d) whether any comparative study has been commissioned to examine the input cost for cultivation of major crops, risk factor vis-a-vis MSP fixed for each crop and if so, the details thereof; and
- (e) whether the National Commission on Farmers had recommended that the MSP of agricultural produce should be atleast 50 per cent more than the weighted average cost of production and if so, the steps taken by the Government to implement the recommendations made by the National Commission on Farmers and provide maximum benefit to the farmers?

Answer

MINISTER OF AGRICULTURE AND FARMERS WELFARE
???? ???? ????? ?????? (SHRI RADHA MOHAN SINGH)

(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. 70 DUE FOR REPLY ON 1ST MARCH, 2016.

(a) to (e): Government fixes Minimum Support Prices (MSPs) of 23 major crops on the recommendations of the Commission for Agricultural Costs & Prices (CACP), views of State Governments and Central Ministries/Departments and other relevant factors. The objective of the Government's price policy is to ensure remunerative prices to farmers for their produce. However farmers are free to sell their produce to Government procurement agencies or in the open market as is advantageous to them. State Governments are alerted from time to time to make adequate arrangements to ensure MSP to farmers.

A study conducted by NITI Aayog on efficacy of MSP has found that MSP declared by the Government has encouraged 78 % of the farmers covered under the study for adopting improved methods of farming such as high yielding varieties of seeds, organic manure, chemical fertilizer, pesticides and improved methods of harvesting etc. due to remunerative price. The study has also revealed that majority of farm households are in favour of MSP since it ensures guaranteed income to the farmers by acting as a floor price.

Government is implementing Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops for estimating cost of cultivation for major crops. Cost data are collected with the help of State Agricultural Universities/Institutions located in various states. The cost estimates are taken into consideration by CACP while recommending MSPs.

Agriculture is a state subject. However, the Government of India implements several Schemes to supplement the efforts of State Governments with the objective of improving productivity which would provide higher returns to farmers including small and marginal farmers. Major schemes implemented by Government are Soil Health Card (SHC) scheme;
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promotion of use of Neem Coated Urea; Parampragat Krishi Vikas Yojana (PKVY); Pradhan Mantri Krishi Sinchai Yojana (PMKSY); National Food Security Mission (NFSM); Mission for Integrated Development of Horticulture (MIDH); National Mission on Oilseeds & Oilpalm (NMOOP); National Mission for Sustainable Agriculture (NMSA); National Mission on Agricultural Extension & Technology (NMAET); Pradhan Mantri Fasal Bima Yojana (PMFBY); Unified National Agriculture Markets; Kisan Credit Card (KCC) and Rashtriya Krishi Vikas Yojana (RKVY) etc. These schemes are implemented through the State Governments and the State

Governments have been advised to ensure that benefits of schemes reach to the maximum number of farmers.

The National Commission on Farmers under the Chairmanship of Prof. M.S. Swaminathan had recommended that the Minimum Support Price (MSP) should be at least 50% more than the weighted average cost of production. This recommendation, however, has not been accepted by the Government because MSP is recommended by CACP based on objective criteria and considering variety of relevant factors. Hence, prescribing an increase of at least 50% on cost may distort market. Government is implementing various schemes, as already mentioned, with a view to increase productivity which ensures higher returns to farmers.

Government has fixed MSP for the major foodgrains namely Paddy and Wheat at Rs.1410 per quintal (Paddy Common), Rs.1450 per quintal (Paddy Grade 'A') and Rs. 1525 per quintal for wheat for 2015-16 season. This provides a return of 38.24 percent in case of paddy and 94.27 percent in case of wheat over all India weighted average paid out cost of production including family labour (A2+FL).
