

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2199

ANSWERED ON:10.03.2015

INCREASE IN PRODUCTION COST OF AGRICULTURAL PRODUCE

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the farmers are losing interest in the farming due to the steep rise in the input cost of agriculture like seeds, fertilisers and pesticides;
- (b) if so, the details thereof along with the rate of increase in the production cost for various agricultural products during the last three years and the current year;
- (c) whether the Government has undertaken a comparative study to examine the total input cost for cultivation of major crops such as cereal and pulses vis-a-vis the minimum support price fixed for each crop;
- (d) if so, the outcome thereof; and
- (e) the various steps taken by the Government to provide adequate support price for agricultural produce along with the details of input subsidies provided by the Union Government to various States during the last three years and the current year, the item-wise and State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI MOHANBHAI KUNDARIA)

(a) to (d): As per Census 2011 conducted by the Registrar General of India, the number of cultivators have come down from 127.3 million in 2001 to 118.7 million in 2011. However, the number of agricultural labourers increased from 106.8 million in 2001 to 144.3 million in 2011. Out of 481.7 million total workers in 2011, nearly 55 per cent of the workers are still engaged in agricultural activities.

A comparative statement of all India weighted average cost of production (A2+FL) of major crops as projected by CACP with their Minimum Support Prices for the last three years is annexed.

The effect of rise in cost of cultivation of major crops is balanced through the mechanism of Minimum Support Prices (MSP). MSP is in the nature of a minimum price offered by the Government. However, producers have the option to sell their produce to Government agencies at MSP or in the open market as is advantageous to them.

(e): Government fixes Minimum Support Prices (MSPs) of various crops on the recommendations of the Commission for Agricultural Costs & Prices (CACP), views of concerned State Governments and Central Ministries/Departments and other relevant factors. While formulating its recommendations on price policy, the CACP considers, inter alia, a number of important factors including cost of production, changes in input prices, trends in market prices, demand and supply situation, effect on general price level, effect on cost of living etc. Procurement is undertaken at MSP by the designated Central, State and cooperative agencies in the states with the objective to ensure remunerative prices to the growers for their produces. Details of input subsidies provided by the Union Government to various States during the last three years and the current year, the item-wise, are being collected.