

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION & FARMERS WELFARE

LOK SABHA
STARRED QUESTION NO. 82
TO BE ANSWERED ON THE 24TH JULY, 2018

MINIMUM SUPPORT PRICE

*82. SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:
SHRI ANANDRAO ADSUL:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण
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be pleased to state:

- (a) whether the Government is considering to fix the Minimum Support Price (MSP) at 1.5 times of the input costs for crops to compensate farmers and tackle distress in rural areas and if so, the details thereof including the crops covered under the proposal;
- (b) the details of the source of fund to meet MSP cost along with the total number of farmers who are likely to be benefited under the proposal;
- (c) whether the Government has worked out the exact mechanism under which the Government plans to spend up to Rs. 15,000 crore for agriculture and if so, the details thereof;
- (d) whether there were negative margins on jowar (-18%), sunflower (-13%), groundnut (-4%), ragi (-20%), moong (-7%) and urad (-4%) during 2016-17 and if so, the facts thereof; and
- (e) the steps taken or proposed to be taken by the Government to ensure that farmers will get 150 per cent of the input costs for all crops?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण ½â"âè

(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. 82 DUE FOR REPLY ON 24TH JULY, 2018.

(a): Government announces minimum support prices (MSPs) for 22 mandated crops and fair and remunerative price (FRP) for sugarcane on the basis of recommendations of the Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned and other relevant factors. The mandated crops are 14 crops of the kharif season viz. paddy, jowar, bajra, maize, ragi, arhar, moong, urad, groundnut-in-shell, soyabean, sunflower, sesamum, nigerseed and cotton; 6 rabi crops viz. wheat, barley, gram, masur(lentil), rapeseed/mustard and safflower and two other commercial crops viz. jute and copra. In addition, the MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed/mustard and copra, respectively.

Government has announced its historic decision to fix MSP at a level of at least 150 per cent of the cost of production for kharif crops 2018-19 which redeems the promise made in the Union Budget for 2018-19. The MSPs fixed by Government, cost and returns over all-India weighted average cost of production of crops for 2017-18 and 2018-19 is at **Annexure**.

(b) & (c): As per the existing arrangements, procurement is made of the crops for which MSPs are announced through Central and State agencies. In so far as cereals/nutri cereals are concerned, they are procured through FCI and decentralized procurement system mainly for distribution under the public distribution system (PDS), for welfare schemes and buffer stocking for food security. The difference between the economic cost of the cereals procured and their central issue prices under PDS is the subsidy outgo which is borne on the Budget. The financial implication on account of higher MSP for paddy for 2018-19 is given in the following table 1.

Table 1: Financial implication of procurement of paddy/rice

	Procurement (Lakh MT)	Total cost (Rs. crore)	Additional cost over previous year (Rs.crore)
2016-17	381.06	106363	-
2017-18	385*	103945	-2418
2018-19	385*	116113	12167

* Estimated

Besides, Government procures pulses, oilseeds and cotton under Price Support Scheme. The extent of procurement and the costs of procurement are given in the table below.

Table 2: Procurement of pulses and oilseeds

(Qty. in MT/Value in Rs. Lakh)

Commodity	2016-17		2017-18		2018-19 *	
	Qty.	Procurement cost	Qty.	Procurement cost	Qty.	Procurement cost
Pulses	8,268	4,320	16,81,498.49	8,94,172.54	31,82,826.03	14,28,190.77
Oilseeds	2,15,842.66	90,854	11,81,461.80	5,12,172.42	8,66,656.44	3,46,582.61

Source: NAFED

*As on 19.7.2018

Apart from this Jute Corporation of India and NAFED procure jute and copra, respectively based on assessed requirements. Government provides guarantee based on which the procurement agencies conduct their operations and the losses incurred by them in the process is borne on the Budget.

No assessment has been made of the number of farmers likely to be benefited in the forthcoming marketing season on account of the Kharif Price Policy for 2018-19 season. However, details of farmers benefitted from procurement of paddy, wheat, pulses and oilseeds by Government agencies at MSP for the last three years is given in the following table.

Table3: Number of farmers benefited from procurement by Government Agencies at MSP

	2016-17	2017-18	2018-19
Paddy	7423783	6785739	-
Wheat	2046766	3187229	3977029
Pulses	7540	1223646	1568938
Oilseeds	112030	620125	364737

Source: Department of Food & Public Distribution

(d) & (e): Government has increased the MSPs of Kharif & Rabi crops for 2016-17 Seasons on the basis of recommendations of CACP. The MSPs fixed by the Government for kharif crops provide reasonable return over weighted average cost of production for most crops. CACP while recommending MSPs considers a host of factors including weighted average cost of production of crops at an all India basis. The costs considered are comprehensive and include all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc, miscellaneous expenses and imputed value of family labour. However, as nutri-cereals and certain other Kharif crops are grown mainly in rainfed areas, yields tend to fluctuate inter-regionally and inter-temporally due to agro-climatic conditions. Hence, as per the projections made in the Price Policy for Kharif crops for 2016-17 of the CACP, some of these crops in some states got somewhat low returns. Only Ragi had negative return in 2016-17. But as per the Report of CACP, the recommended MSP covered the cost of production in Karnataka which accounted for 72% of the production in the country. The return over all-India weighted average cost of production for MSPs fixed by Government for kharif crops from 2016-17 to 2018-19 is given in the following table:

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Table 4: Return over Cost of Production (in %)

Crops	2016-17	2017-18	2018-19
Jowar	8.26	9.25	50.09
Ragi	-0.46	2.10	50.01
Moong	28.54	30.07	50.00
Urad	39.51	65.39	62.89
Sunflower	13.54	17.78	50.01
Groundnut in Shell	25.19	40.87	50.00

On 04.07.2018, Government has taken the decision to fix MSPs of all Kharif Crops for 2018-19 season at a level of atleast 150 percent of the cost of production. By ensuring a return of 50 per cent over all India weighted average cost of production, farmers in states/ regions with relative lower returns would also be able to have higher margins than earlier. The Budget for 2018-19 has also announced that NITI Aayog, in consultation with Central and State Governments, will put in place a fool-proof mechanism so that farmers may get adequate price for their produce. NITI Aayog had held consultations on 9th March, 2018 with State Governments and Central Government Departments concerned to ensure farmers will get a price at least equivalent to the announced MSP. Three options were discussed: Market Assurance Scheme, which entails procurement by States and compensation of losses; Price Deficiency Payment Scheme, whereby, if the sale price is below the modal price farmers may be compensated the difference between MSP and actual/modal price subject to certain conditions and ceiling; Private Procurement and Stockist Scheme, whereby procurement is made by private entrepreneurs at MSP and Government providing some policy and tax incentives and a commission to such private entities. The procurement operations may be decided on the basis of transparent criteria and bidding for the empanelment of private players by the State Government. It was also emphasized that all States should undertake market reform by modifying their APMC acts in the line of the Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017.

Annexure

Annexure referred to in reply to part (a) of Lok Sabha starred Question No. 82 due for reply on 24.07.2018.

Cost, minimum support prices (MSP) and return over cost

(Rs/quintal)

Commodity		2017-18			2018-19		
Sl. No.	KHARIF CROPS	Cost	MSP	% Return over cost	Cost	MSP*	% Return over cost
1	PADDY(Common)	1117	1550	38.76	1166	1750	50.09
	(Grade A) ^		1590			1770	
2	JOWAR (Hybrid)	1556	1700	9.25	1619	2430	50.09
	(Maldandi) ^		1725			2450	
3	BAJRA	949	1425	50.16	990	1950	96.97
4	MAIZE	1044	1425	36.49	1131	1700	50.31
5	RAGI	1861	1900	2.10	1931	2897	50.01
6	ARHAR(Tur)	3318	5450	64.26	3432	5675	65.36
7	MOONG	4286	5575	30.07	4650	6975	50.00
8	URAD	3265	5400	65.39	3438	5600	62.89
9	COTTON (Medium Staple)	3276	4020	22.71	3433	5150	50.01
	(Long Staple) ^		4320			5450	
10	GROUNDNUT IN SHELL	3159	4450	40.87	3260	4890	50.00
11	SUNFLOWER SEED	3481	4100	17.78	3592	5388	50.01
12	SOYABEEN	2121	3050	43.80	2266	3399	50.01
13	SESAMUM	4067	5300	30.32	4166	6249	50.01
14	NIGERSEED	3912	4050	3.53	3918	5877	50.01
	RABI CROPS						
1	WHEAT	817	1735	112.4	-	-	-
2	BARLEY	845	1410	66.9	-	-	-
3	GRAM	2461	4400	78.8	-	-	-
4	MASUR (LENTIL)	2366	4250	79.6	-	-	-
5	RAPESEED/MUSTARD	2123	4000	88.4	-	-	-
6	SAFFLOWER	3125	4100	31.2	-	-	-
	OTHER CROPS						
1	JUTE	2160	3500	62.04	2267	3700	63.21
2	COPRA	4758	6500	36.61	5007	7511	50.00

^cost data are not available for paddy (grade A), jowar (maldandi),cotton(long staple).

* MSPs for rabi crops 2018-19 is likely to be announced in October-November 2018
