

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

LOK SABHA
STARRED QUESTION NO. 133
TO BE ANSWERED ON THE 12TH FEBRUARY, 2019

PRICE REALIZATION BY FARMERS

*133. DR. KAMBHAMPATI HARIBABU:

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

- (a) whether the Government has conducted any study to determine the causes for lower price realization by farmers for various crops like onion, brinjal, etc. and if so, the details thereof;
- (b) the details of the steps considered to be taken to address the issue of very low price realization for different food crops;
- (c) the extent to which the Price Stabilization Fund has fulfilled its mandate in reducing distress selling of agricultural crops; and
- (d) whether the Government is considering formation of a permanent commission to provide remedial measures and real time assistance during distress sale and if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री

(SHRI RADHA MOHAN SINGH)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 133 DUE FOR REPLY ON 12TH FEBRUARY, 2019.

(a) & (b): The prices of agricultural produce are determined by supply and demand conditions in the market on a day-to-day basis. The prices of agricultural produce tend to fall immediately after harvest due to increase in market arrival of new crops in a lumpy manner. The Indian Council of Agricultural Research (ICAR) has analysed the causes for lower price realization by farmers for onions. The Policy Paper on “Understanding the Recurring Onion Price Shocks” covered all the dimensions of onion price volatility. Onion crop has received greater attention because of extreme price volatility. In case of extreme price rise, the farmers shift the area under cultivation of onion from other competing crops. Such decisions lead to glut in the next season and farmers sometimes are not able to recover even the cost of production. The Budget for 2018-19 had indicated the importance of better price realization by farmers through the development of appropriate policies and practices for price and demand forecast and thereby inform the farmers’ decision on crop choice.

To ensure remunerative prices, 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 Food Corporation of India (FCI) and decentralized procurement system mainly for distribution under the public distribution system (PDS), for welfare schemes and buffer stocking for food security. Government implements Price Support Scheme (PSS) for procurement of oilseeds, pulses and cotton through Central Nodal Agencies at MSP declared by the Government. This scheme is implemented at the request of the state government concerned which agrees to exempt the procured commodities from levy of mandi tax and other state duties. The basic objectives of PSS are to provide remunerative prices to the growers for their produce

with a view to encourage higher investment and production and to safeguard the interest of the consumers by making available supplies at reasonable price with low cost of intermediation.

Government is implementing Market Intervention Scheme (MIS) for procurement of agricultural and horticultural commodities which are perishable in nature and are not covered under the Price Support Scheme (PSS). The objective of intervention is to protect the growers of these commodities from making distress sale in the event of a bumper crop during the peak arrival period when the prices tend to fall below economic levels and cost of production. In pursuance to budget announcement for the year 2018-19, Ministry of Food Processing Industries (MoFPI) has launched a new central sector scheme “Operation Greens – A scheme for integrated development of Tomato, Onion and Potato (TOP) value chain” with a budgetary provision of Rs. 500 crore spread over 2018-19 and 2019-20 with allocation of Rs. 200 crore and Rs. 300 crore respectively.

The recently launched Umbrella Scheme “Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA) provides for a holistic arrangement for assurance of a remunerative and stable price environment for growers /farmers to increase agriculture production and productivity. This umbrella Scheme comprises Price Support Scheme (PSS) for pulses & oilseeds, Price Deficiency Payment Scheme (PDPS) and Pilot of Private Procurement & Stockist Scheme (PPSS) for oilseeds to ensure MSP to the farmers.

(c): Government set up the price stabilization fund (PSF) for the first time in 2014-15 with the objective of protecting consumers from excessive price volatility in agricultural & horticultural commodities like onion, potatoes and pulses. The PSF was set up with an

Initial Corpus of Rs. 500 crore. Till 2017-18, a corpus of Rs. 11,110 crore was created through budget. An additional allocation of Rs. 1,500 crore has been made to the Fund in the budget of 2018-19. The PSF is for procurement of agricultural & horticultural commodities to enable supply, at reasonable prices, through calibrated release of stock. In doing so, it also seeks to benefit farmers by promoting direct purchase of these commodities at the farm gate and mandis, thus extending remunerative prices to farmers. Interest free advances is provided from the PSF to Central Agencies and state governments towards working capital for procurement of pulses and perishable agricultural & horticultural commodities. About, 1.82 lakh metric tonnes of pulses is available presently in the buffer after disposal of 18.68 lakh metric tonnes from the stock of 20.50 lakh tonnes. About 16.71 lakh tonnes out of 20.50 lakh tonnes was procured domestically, of which 15.52 lakh tonnes was procured from Kharif Marketing Season 2016-17 and Rabi Marketing Season 2017-18 benefiting around 8,49,128 farmers.

(d): No Madam, there is no specific proposal in this regard. However, apart from increasing MSPs, Government has taken several steps to ensure remunerative prices to farmers for their produce which include implementing e-National Agriculture Market (e-NAM), enacting the Model Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017 and promoting Farmer Producer Organizations (FPOs). In the Union Budget, 2018-19 it was announced that Government will develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs). In these GrAMs, physical infrastructure will be strengthened using MGNREGA and other Government Schemes. These GrAMs, electronically linked to e-NAM and exempted from regulations of APMCs,

will provide farmers facility to make direct sale to consumers and bulk purchasers. Further, an Agri-Market Infrastructure Fund with a corpus of Rs. 2000 crore will be set up for developing and upgrading agricultural marketing infrastructure in the 22000 Grameen Agricultural Markets (GrAMs) and 585 APMCs.
