

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE & FARMERS WELFARE
DEPARTMENT OF AGRICULTURE & FARMERS WELFARE

RAJYA SABHA
STARRED QUESTION NO. 110
TO BE ANSWERED ON 16/12 2022

FIXING OF MSP

***110. DR. SASMIT PATRA**

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

- (a) by when Government is planning to increase the Minimum Support Price (MSP) to 1.5 times of the C2 value, as per Swaminathan Commission Report recommendations;
- (b) the reasons for Government taking the value of A2+FL, instead of C2, when fixing the MSP earlier; and
- (c) by when would the C2 value be considered for increasing the MSP to 1.5 times of C2 value, as proposed by Prof. M.S. Swaminathan in his report?

ANSWER

MINISTER OF AGRICULTURE & FARMERS WELFARE

(SHRI NARENDRA SINGH TOMAR)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (c) OF RAJYA SABHA STARRED QUESTION NO 110* DUE FOR ANSWER ON 16.12.2022 REGARDING 'FIXING OF MSP'.

(a) to (c): The National Commission on Farmers (NCF) was constituted under the Chairmanship of Prof. M.S. Swaminathan, in November 2004, with a mandate to examine the various issues which include a medium-term strategy for food and nutrition security, enhancing productivity, profitability and sustainability, policy reform for flow of rural credit, cost competitiveness of farm commodities, among other. The Commission submitted its final report in 2006. It also prepared the Draft National Policy for Farmers, which was subsequently approved by Government as National Policy for Farmers (NPF), 2007. However, one of the recommendations of NCF relating to Agricultural Price Policy -Minimum Support Price (MSP) should be at least 50 percent more than the weighted average cost of production- was not included in NPF.

To give recognition to one of the important recommendations of NCF on Price Policy, Government in its Union Budget for 2018-19 had made an historical announcement to keep MSP at a level of one and half times of the cost of production as a pre-determined principle. Accordingly, MSPs for all mandated Kharif, Rabi and other commercial crops has been fixed with a return of at least 50 per cent over all India weighted average cost of production since the year 2018-19.

While recommending MSP, CACP considers important factors like overall demand-supply conditions, cost of production, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over cost of production. The Cost of production, being an important factor in the determination of MSP, CACP projects cost for current year on the basis of actual 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 in cash and kind on the 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.

The Government extends price support to paddy and wheat through the Food Corporation of India (FCI) and State Agencies. Under this policy, whatever food grains are offered by farmers, within the stipulated period & conforming to the specifications prescribed by Government are purchased at MSP by the State Government agencies including FCI for Central Pool. Further, oilseeds, pulses and copra of Fair Average Quality (FAQ) are procured from registered farmers under Price Support Scheme under Umbrella Scheme of Pradhan Mantri Annadata Aay Sanrakshana Abhiyan (PM-AASHA), as per its prescribed guidelines at MSP in consultation with the concerned State Government as and when market price of these produce fall below the MSP. Government's price policy is to ensure remunerative prices to farmers by offering to procure their produce at MSP. However, farmers are free to sell their produce to the Government procurement agencies at MSP or in the open market whichever is advantageous to them.

Government has adopted and implemented several policies, reforms, developmental programmes and schemes for achieving higher incomes for the farmers directly or indirectly. These include:

1. Unprecedented enhancement in budget allocation

In the year 2015-16, the Budget allocation for Ministry of Agriculture & FW (including DARE, DAH&F) was only ₹ **25460.51** crore. This has increased by more than **5.44** times to ₹ **1,38,550.93** crore in 2022-23.

2. Income support to farmers through PM KISAN

Launch of PM-KISAN in 2019 -an income support scheme providing ₹ 6000 per year in 3 equal installments. More than ₹ **2.2 lakh crores** has been released so far to approximately **11.3 crore** eligible farmer families.

3. Pradhan Mantri Fasal Bima Yojana (PMFBY)

PMFBY which was launched in 2016 to address problems of high premium rates for farmers and reduction in sum insured due to capping. In past 6 Years of implementation 38 crore farmer applications have been enrolled and over 11.73 crores (Provisional) farmer applicants have received claims. During this period, nearly ₹ 25,185 crores were paid by farmers as their share of premium against which claims of over ₹ 1,24,223 crore (Provisional) have been paid to them. Thus, for every 100 rupees of premium paid by farmers, they have received about ₹ 493 as claims.

4. Institutional credit for agriculture sector

- i. Increased from ₹ 8.5 lakh crore in 2015-16 with a target to reach ₹ 18.5 lakh crore in 2022-23.
- ii. Benefit of concessional institutional credit through KCC at 4% interest per annum has also now been extended to Animal Husbandry and Fisheries farmers for meeting their short-term working capital needs.
- iii. A special drive has been undertaken since February 2020 to provide concessional institutional credit with focus on covering all PM-KISAN beneficiaries through Kisan Credit Cards (KCC). As on 11.11.2022, 376.97 lakh new KCC applications have been sanctioned with a sanctioned credit limit of ₹ 4,33,426 crore as part of the drive.

5. Promotion of organic farming in the country

- i. Paramparagat Krishi Vikas Yojana (PKVY) was initiated in 2015-16 to promote organic farming in the country. 32384 clusters have been formed and an area of 6.53 lakh hectare has been covered, benefitting 16.19 lakh farmers. In addition, Under Namami Gange Programme, 123620 hectare area covered and under natural farming 4.09 lakh hectare area covered. Farmers in Uttar Pradesh, Uttarakhand, Bihar and Jharkhand have taken-up organic farming on either side of the river Ganga to control river water pollution as well as to fetch additional income to farmers.
- ii. Government also proposes to promote sustainable natural farming systems through the scheme Bhartiya Prakratik Krishi Padhati (BPKP). The proposed scheme aims at cutting down cost of cultivation, enhancing farmer's income and ensuring resource conservation and, safe and healthy soils, environment and food.
- iii. Mission Organic Value Chain Development in North East Region (MOVCDNER) has been launched. 379 Farmer Producer Companies have been formed comprising of 189039 farmers and covering 172966 hectares area.

6. Per Drop More Crop

Per Drop More Crop (PDMC) scheme was launched in the year 2015-16 which aims to increase water use efficiency, reducing cost of inputs and increasing productivity at the farm level through Micro Irrigation technologies i.e. drip and sprinkler irrigation systems. So far, an area of 69.55 lakh hectare has been covered under Micro irrigation through the PDMC scheme from the year 2015-16.

7. Micro Irrigation Fund

A Micro Irrigation Fund of initial corpus ₹ 5000 crore has been created with NABARD. In the Budget Announcement for 2021-22, the corpus of the fund is to be increased to ₹10000 crores. Projects worth ₹ 4710.96 crores covering 17.09 lakh hectares have been approved.

8. Promotion of Farmer Producer Organizations (FPOs)

- i. To bring scales of economy to agricultural operations a new Central Sector Scheme for Formation & Promotion of new 10,000 FPOs was launched by Hon'ble Prime Minister on **29th February, 2020** with budget outlay of ₹ 6865 crore till 2027-28.
- ii. As on 31.10.2022, 3855 number of FPOs have been registered under new FPO scheme.

9. A National Beekeeping and Honey Mission (NBHM) has been launched in 2020 as part of the Atma Nirbhar Bharat Abhiyan to increase productivity of crops through pollination and increase in honey production as an additional source of income. ₹ 500 crore for the period 2020-2021 to 2022-2023 has been allocated for beekeeping sector. **114 projects** for assistance of about **₹ 139.23 crores**, approved/ sanctioned for funding under NBHM during 2020-21 & 2021-22 till date.

10. Agricultural Mechanization

Agricultural mechanization is an extremely vital to modernize agriculture and reduce drudgery of farming operations. During the period from 2014-15 to March, 2022 an amount of ₹5490.82 crores has been allocated for agricultural mechanization. 13,88,314 numbers of machines and equipments have been provided to farmers on subsidy basis. 18,824 custom hiring centers, 403 high-tech hubs and 16,791 farm machinery banks have been established to make available agricultural machines and equipments to the farmers on rental basis. During the current year i.e. 2022-23, so far, an amount of ₹ 504.43 crores has been released for distribution of around 65302 machines on subsidy, establishment of 2804 CHCs, 12 Hi-tech hubs and 1260 Village Level Farm Machinery Banks.

11. Providing Soil Health Cards to farmers

Soil Health Card Scheme was introduced in the year 2014-15 to optimize usage of nutrients. The following numbers of cards have been issued to farmers;

- i. Cycle-I (2015 to 2017) – 10.74 crore

- ii. Cycle-II (2017 to 2019)- 11.97 crore
- iii. Model Village Programme (2019-20)- 19.64 lakh

12. Setting up of National Agriculture Market (e-NAM) extension Platform

- i. 1260 mandis of 22 States and 03 UTs have been integrated to e-NAM platform.
- ii. As on 31.10.2022, more than 1.74 crore Farmers & 2.36 Lakh traders have been registered on e-NAM portal.
- iii. Total volume of 6.5 crore MT & 19.24 crore numbers (bamboo, betel leaves, coconut, lemon & sweet corn) collectively worth approximately ₹ 2.22 lakh crore of trade has been recorded on e-NAM platform as on 31.10.2022.

13. Launch of the National Mission for Edible Oils – Oil Palm - NMEO has been approved with a total outlay of ₹ 11,040 crore. This will bring an additional area of 6.5 lakh hectare under Oil Palm plantation with 3.28 lakh hectare in the north-eastern states and 3.22 lakh hectare in the rest of India in the next 5 years. The major focus of the Mission is to provide Viability Prices of fresh fruit bunches (FFBs) to the farmers linked with assured procurement by industry with a simpler price fixing formula. The Central Government will compensate farmers through a viability gap payment if price paid by industry is below the viability price up to October, 2037.

14. Agri Infrastructure Fund (AIF)

Since inception of AIF in the year 2020, the scheme has sanctioned an amount of ₹13681 crore worth agriculture infrastructure in the country for more than 18133 projects. With the support of the scheme, various agriculture infrastructures were created and some of the infrastructure are at the final stage of completion. These infrastructures include 8076 warehouses, 2788 primary processing units, 1860 custom hiring centres, 937 sorting & grading units, 696 cold store projects, 163 assaying units and around 3613 other kinds of post-harvest management projects and community farming assets.

15. Improvement in farm produce logistics, Introduction of Kisan Rail.

Kisan Rail has been launched by Ministry of Railways to exclusively cater to movement of perishable agrihorti commodities. First Kisan Rail was started in July 2020. Till 31st October, 2022, 2359 services on 167 routes have been operated.

16. MIDH - Cluster Development Programme:

The Cluster Development Programme (CDP) is designed to leverage geographical

specialisation of horticulture clusters and promote integrated and market-led development of pre-production, production, post-harvest, logistics, branding, and marketing activities. DA&FW has identified 55 horticulture clusters, of which 12 have been selected for the pilot phase of the CDP.

17. Creation of a Start-up Eco system in agriculture and allied sector

So far, 1055 Startups during FY 2019-20 to 2022-23 have been finally selected by different knowledge partners and agribusiness incubators of DA&FW. A total of ₹ 6317.91 lakhs grants-in-aid has been released for funding to these Startups to the respective Knowledge Partners (KPs) & RKVY RAFTAAR Agri Business Incubator (R-ABIs) as grants-in-aid support by DA&FW.

18. Achievement in Export of Agri and Allied Agri- Commodities

The country has witnessed emphatic growth in export of agri and allied commodities. As compared to the year 2015-16, the Agri and allied export has increased from **32.81** billion USD in 2015-16 to **50.24** billion USD in 2021-22 i.e. an increase of **53.1%**.

The efforts of Government at positive implementation of these schemes have yielded remarkable results towards augmenting the income of the farmers as part of the 'Azadi ka Amrit Mahotsav', Indian Council of Agricultural Research (ICAR) has released a book, which contains compilation of success stories of 75,000 farmers out of innumerable successful farmers who have increased their income more than two times.
