

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

RAJYA SABHA
UNSTARRED QUESTION NO. 3205
TO BE ANSWERED ON 28/03/2025

RISING INPUT COSTS AND SUPPORT TO FARMERS

3205. SHRI VIVEK K. TANKHA:

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

- (a) the measures being taken to alleviate the financial burden on farmers caused by the rising costs of inputs such as seeds, fertilizers, fuel, and electricity;
- (b) whether Government plans to introduce subsidies or other support mechanisms to stabilize input costs; and
- (c) the steps being taken to ensure small and marginal farmers are not disproportionately affected by these rising costs?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
(SHRI RAMNATH THAKUR)

(a): Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops based on the recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned. While recommending MSPs, CACP considers important factors like cost of production, overall demand-supply conditions, 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.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times of the cost of production. Accordingly, Government had increased MSPs for all mandated Kharif, Rabi and other Commercial crops with a minimum return of 50 percent over all India weighted average cost of production from year 2018-19 onwards. The cost of production takes into consideration rising cost of inputs such as seeds, fertilizers, fuel, and electricity etc.

(b): The Government has initiated several steps to bring down cost of production of agricultural commodities by promoting increase in productivity through efficient use of inputs like quality seeds, manure and fertilizers, irrigation, machinery, etc. The Sub-Mission on Seeds & Planting Materials (SMSP) is being implemented from the year 2014-15 to promote production and multiplication of quality seeds of agricultural crops, so that the required quantities of seeds can be made available to farmers in the country. SMSP has now been merged with National Food Security and Nutrition Mission (NFSNM) during the year 2023-24. Under the Scheme, financial assistance is available/ provided for different seed related activities viz. distribution of seeds (foundation/ certified seeds at

50% subsidy for cereals crops and 60% subsidy for pulses, oilseeds, fodder and green manure crops). Seed Infrastructure facilities (100% GOI share for seed processing and storage), National Seed Reserve (to meet requirement of seeds of short and medium duration crop varieties to the farmers during natural calamities and unforeseen conditions) and Strengthening of Seed Quality Control to the States etc. through schemes/ components of SMSP.

The Government is also promoting Integrated Nutrient Management (INM) for balanced and judicious use of chemical fertilizers, bio-fertilizers and locally available organic manures like farmyard manure, compost, vermi compost and green manure based on soil testing to maintain soil health and productivity. The Government has fixed the statutory MRP of urea on 01.03.2018 at ₹ 242/45 Kg bag and 5% extra charge is for Neem coating and 5% charge is of GST. The MRP of Neem coated Urea at farm gate level is Rs 266/ 45 kg bag.

(c): The Government is supporting small and marginal farmers through Modified Interest Subvention Scheme (MISS) which aims to provide concessional interest rates on short-term agricultural loans obtained by the farmers through Kisan Credit Cards (KCC) for their working capital requirements. Under the Scheme, farmers receive KCC loans at a subsidized interest rate of 7%. To facilitate this, an upfront interest subvention (IS) of 1.5% is provided to the lending financial institution. Additionally, farmers who repay their loans promptly receive a 3% Prompt Repayment Incentive (PRI), effectively reducing the interest rate to 4% per annum. The benefit of IS and PRI are available for loan limits up to ₹ 3 lakhs. However, if the short-term loan is taken for allied activities (other than crop husbandry), the loan amount is limited to ₹ 2 lakh only keeping in the working capital requirements of small and marginal farmers. However, in the budget 2025, an announcement has been made to extend this limit to ₹ 5 lakh.

The Government is also implementing Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), a Central Sector Scheme, w.e.f. 1st December, 2018. The Scheme aims at providing financial assistance to all landholding farmer families across the country, subject to certain exclusion criteria, to enable them to take care of expenses related to agriculture and allied activities as well as domestic needs. Under the Scheme, an amount of ₹ 6000/- per year is transferred in three 4-monthly installments of ₹2000/- directly into the bank accounts of the farmers. As on 05.03.2025, under the Scheme, the benefits of the scheme worth more than ₹ 3.68 Lakh crore had been provided to beneficiary farmers' families.
