

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

RAJYA SABHA
UNSTARRED QUESTION NO. 641
TO BE ANSWERED ON THE 05/12/2025

DISBURSEMENT OF FUND FOR PADDY PROCUREMENT

641. DR. JOHN BRITTAS:

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

- (a): whether it is a fact that an amount of ₹1,206.69 crores remain unpaid to Kerala from Union Government, being the unpaid MSP for paddy procurement, since 2017-18;
- (b): if so, details thereof and reasons therefor; and
- (c): whether Government will increase the Minimum Support Price (MSP) for paddy from current rate of ₹2,300 per quintal, considering the fact that States like Kerala are already disbursing amounts at higher rates by utilizing own additional resources and considering the predicaments of the paddy farmers?

ANSWER

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

(a) to (b): As per information received from Department of Food & Public Distribution (DFPD), states are allocated foodgrains at subsidized rates under National Food Security Act, 2013 (NFSA) and Other Welfare Schemes. Difference between Economic Cost and Central Issue Price (CIP) at which foodgrains are issued to States are reimbursed to Food Corporation of India (FCI) as subsidy. In case of States like Kerala, which have adopted Decentralized Procurement Scheme (DCP), food subsidy is released to States by Government of India for quantity of foodgrains distributed under NFSA and Other Welfare Schemes. In case of DCP States, States are paid provisional as well as advance subsidy on monthly/quarterly basis depending upon the States' claims. After the release of advance/provisional subsidy based on respective provisional cost sheets, the State Govt. has to submit audited accounts and after receipt of audited accounts statements, final cost sheet is issued by DFPD. The State Government has to submit final claims which will be adjusted /recovered to the provisional subsidy released. Release of food subsidy is a continuous process and is released as per the extant principles and availability of fund after due examination of the admissibility of the claims of the State Government. Details of food subsidy released to the Kerala under DCP mode since 2017-18 is at Annexure-I

(c): Government fixes Minimum Support Price (MSP) for 22 mandated agricultural crops including two varieties of paddy i.e. (common) and paddy (Grade A) for the country as a whole based on the recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned.

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.

Government has fixed the MSP for Common variety of paddy at Rs. 2369 per quintal and for paddy 'Grade A' at Rs. 2389 per quintal for Kharif Marketing Season 2025-26.

Annexure-I

(Rs. in Crore)

Financial Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 (till 30.11.2025)
Kerala	782.06	620.23	469.30	1214.98	1777.86	1544.89	1151.85	1062.36	471.23
