

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

RAJYA SABHA
UNSTARRED QUESTION NO. 2757
TO BE ANSWERED ON 17TH MARCH, 2026

**DISCONTINUATION OF THE STATE INCENTIVE OVER MSP FOR
PROCUREMENT OF PADDY**

2757 SMT. JEBI MATHER HISHAM:

Will the Minister of *Consumer Affairs, Food and Public Distribution* be pleased to state:

- (a): whether Government is aware of widespread concern among Paddy farmers in Kerala that discontinuation of the State incentive over MSP for procurement to the Central pool will render cultivation economically unviable, the details thereof;
- (b): whether any assessment has been made of the likely impact on farmer incomes, Paddy acreage, and local food security in Kerala, the details thereof;
- (c): whether Government will reconsider or review procurement-related conditions affecting Kerala's Paddy farmers in view of high cultivation costs and humid harvest conditions, the details thereof; and
- (d): the steps proposed to safeguard the livelihoods of Paddy farmers dependent on procurement support?

A N S W E R
MINISTER OF STATE FOR MINISTRY OF CONSUMER AFFAIRS,
FOOD & PUBLIC DISTRIBUTION
(SHRIMATI NIMUBEN JAYANTIBHAI BAMBHANIYA)

(a) to (c): A letter dated 09.01.2026 was written by Secretary, Expenditure, GoI to the Chief Secretaries of the States containing certain suggestions for the State Governments to align their bonus policies with national priorities. No decision or directive was conveyed through the said letter.

Every year, Government fixes Minimum Support Prices (MSPs) for mandated agricultural crops 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.

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.

(d): The Government takes following steps to safeguard the livelihoods of paddy farmers dependent on procurement support:-

(i) FCI, the nodal central agency of Government of India, along with other State Agencies undertakes procurement of paddy under MSP operations.

(ii) FCI and various State Agencies in consultation with the State Government establish a adequate number of purchase centers at various mandis and key points so as to maximize the MSP operations.

(iii) Stocks conforming to the Government of India specifications which are offered by the farmers at purchase centers are procured by the Government Agencies at MSP. Presence of Government Agencies ensures prevention of distress sale of food grains by the farmers.

(iv) Procurement of foodgrains under MSP operations is carried out through online Procurement Portals of respective States which has brought in substantial transparency in the process with registration of farmers on the portal, online verification of land/crop and online payment of MSP directly into the farmer's bank account, preferably within 48 hours. "One Nation, One MSP through DBT" has been implemented across the country which has brought in responsibility, transparency & real time monitoring.
