

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

LOK SABHA
UNSTARRED QUESTION NO.608
TO BE ANSWERED ON THE 19TH DECEMBER, 2017

RISE IN COST OF AGRICULTURAL INPUT

608. SHRI PRAHLAD SINGH PATEL:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state whether the crash in prices of agricultural output and the rise in cost of agricultural input have adversely affected the interests of all sections among the peasantry and if so, the details of the concrete steps taken by the Government in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI GAJENDRA SINGH SHEKHAWAT)

Market prices of agricultural commodities periodically exhibit seasonal and cyclical variations due to demand-supply mismatches. To mitigate the risk of volatile market prices, Government fixes the minimum support prices (MSPs) of principal crops and conducts procurement operations. The MSPs take into account all paid out costs and costs of family labour and seek to offer adequate returns over weighted average cost. One way to look at the relative movements in the prices received by the farmer and the prices for inputs paid is to analyse the Index of Terms of Trade (ITT) for agricultural sector and farmers. The agriculture Sector index which includes farmers and labourers has remained favourable till 2016-17 while the ITT for farmers has remained unfavourable till 2015-16 but turned out to be favourable in 2016-17. The details are given below:

Index of Terms of Trade (ITT) (IPR/IPP*100)
(Base TE 2011-12=100)

Year	Farmers			Agriculture Sector		
	IPR	IPP	ITT	IPR	IPP	ITT
2012-13	119.49	122.67	97.40	120.34	119.18	100.97
2013-14	131.67	133.55	98.60	132.85	126.98	104.62
2014-15	138.21	141.64	97.58	140.66	131.51	106.96
2015-16	142.78	147.26	96.96	145.30	136.10	106.76
2016-17(P)	151.46	145.69	103.96	154.19	130.50	118.15

IPR-Index of Prices Received IPP-Index of Prices Paid

For the perishable and horticultural commodities for which MSPs are not fixed, in order to protect the growers from distress sales, Government implements the Market Intervention Scheme (MIS) whereby procurement is made on the request of State Government.
