

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

LOK SABHA
UNSTARRED QUESTION NO. 2124
TO BE ANSWERED ON THE 31ST JULY, 2018

SALE OF AGRICULTURAL PRODUCE BELOW PRODUCTION COST

2124. SHRI RAMSINH RATHWA:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the Government is likely to bring agricultural produces like paddy, wheat, potato and onion under the minimum support price mechanism;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the reasons for which farmers are constrained to sell their produces at prices lower than their production cost and to commit suicide along with the details of action plan formulated by the Government in this regard to protect the interest of the farmers?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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

(a) & (b): Government announces minimum support prices (MSPs) for 22 mandated crops including paddy and wheat and fair and remunerative price (FRP) for sugarcane on the basis of recommendations of the Commission for Agricultural Costs and Prices (CACP).

MSPs are not fixed for such perishable crops like potato and onion. However, Government implements Market Intervention Scheme (MIS) for procurement of these crops at the request of State/UT Governments. MIS is implemented in order to protect the growers of these commodities from making distress sale in the event of bumper crop when the prices tend to fall below the economic level/cost of production.

(c): The prices of agricultural produce are determined by supply and demand conditions in the market on a day-to-day basis. The prices of agricultural produce tend to fall immediately after harvest due to increase in market arrival of new crops in a lumpy manner. Government fixes MSPs to protect farmers from distress sale.

Price risks are associated with agricultural markets and lumpiness in arrival in mandis leads to fall in prices below MSP for some crops in some mandis for some period. In order to overcome this, Government is facilitating construction of godowns/ warehouses where the farmers can deposit their produce and obtain a warehouse depository receipt and wait for the opportunity for higher price. The Budget for 2018-19 has announced its intent to develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs). Toward this end an Agri-Market Infrastructure Fund with a corpus of Rs.2000 crore has been proposed. These GrAMs, electronically linked to e-NAM and exempted from regulations of Agricultural Produce Marketing Committee (APMCs), will provide farmers facility to make direct sale to consumers and bulk purchasers.

Continue...2/-

Government has been promoting Farmers Producers Organisations (FPOs) and the Budget for 2018-19 has given hundred per cent deduction of income tax to such organisations having annual turnover up to Rs. 100 crore in respect of profits derived from post-harvest value addition in agriculture.

Government is committed to farmer's welfare and towards this objective it has changed its strategy from being production centric to an income centric one. The MSP policy whereby the farmers are assured of a minimum of 50 percent as margin of profit is another progressive step forward in a series of reforms that the Government has been rolling out for the last 4 years, committed as it is to doubling farmers' income by 2022 and improving the welfare substantively.

Government has taken several steps to provide remunerative prices to farmers for their produce which include procurement through designated procurement agencies including price support scheme (PSS) for pulses, oilseeds and cotton, implementing e-National Agriculture Market (e-NAM) and enacting a model Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017.
