

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

LOK SABHA
UNSTARRED QUESTION NO.3440
TO BE ANSWERED ON THE 7TH AUGUST, 2018

REMUNERATIVE PRICES FOR AGRICULTURAL PRODUCE

3440. SHRI GURJEET SINGH AUJLA:
DR. P. VENUGOPAL:
SHRI V. ELUMALAI:
SHRI DIBYENDU ADHIKARI:

Will the Minister of AGRICULTURE AND FARMERS WELFARE ±āðŠāāÓā एवं किसान कल्याण ½āâ“āāè
be pleased to state:

- (a) whether it is a fact that the Commission for Agricultural Costs and Prices has recommended that the Government should bring out a legislation which would give the legal rights to the farmers to sell their produce at remunerative prices, if so, the details thereof;
- (b) whether it is also true that the recent hike in the minimum support price for paddy and other crops announced by the Government is fraudulent and not at par with the criteria recommended by the Swaminathan Commission, if so, the details thereof along with the corrective steps taken by the Government in this regard;
- (c) whether the Government has any proposal to further increase the minimum support price by calculating the present high cultivation cost, price of fertilizers and agricultural machinery cost, if so, the details thereof;
- (d) whether there is delay in procurement of crops for which MSP has been announced recently, if so, the details thereof;
- (e) whether the Government is aware about the farmers' stir for demanding waiver of farm loan and increase in MSP for farm produce along with milk subsidy per litre also, if so, the details thereof and the present average MSP paid by the Government for farm produce, State-wise; and
- (f) the details of the loss in economy due to the stir of farmers therefor along with the remedial measures taken by the Government thereon?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

±āðŠāāÓā एवं किसान कल्याण ½āâ“āāÈā¾ā ½āñâ Äā¾ā ½āâ“āāè (SHRI GAJENDRA SINGH SHEKHAWAT)

- (a): Commission for Agricultural Costs and Prices (CACP) in its Price Policy report for Kharif Crops for 2018-19 season has suggested bringing a legislation conferring on farmers the “Right to Sell at MSP” to instill confidence among framers so that their produce is not sold/ procured below Minimum Support Price (MSP) and farmers are not exploited by traders.

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(b): National Commission on Farmers (NCF) headed by Dr. M.S. Swaminathan has recommended that the MSP should be at least 50 percent more than the weighted average cost of production. However, when the National Policy for Farmers, 2007 was finalized, this recommendation of providing 50 per cent returns over cost of production was not included. Dr. (Shri) M. S. Swaminathan in his Report on NCF had discussed different dimensions of fixing MSPs, but while finalizing National Policy on Farmers, the then Government had accepted the current established methods. Government has announced its historic decision on 04.07.2018 to fix MSP at a level of at least 150 per cent of the all India weighted average cost of production for kharif crops 2018-19 which redeems the promise made in the Union Budget for 2018-19.

(c): The estimates of cost of cultivation/production are an important input for the recommendation of MSP made by the CACP. These are carried out through the Comprehensive Scheme for Studying the Cost of Cultivation of Principled Crops, by Directorate of Economics and Statistics, Department of Agriculture and Cooperation. These estimates include all actual expenses in cash and kind incurred in production by the farmers, rent paid for leased in land, imputed value of family labour, interest value of owned capital assests (excluding land), rental value of owned land (net of land revenue), depreciation on farm implements and buildings and other miscellaneous expenses. Further, CACP updates prices of different inputs like human labour, bullock labour, machine labour, fertilizers, pesticides, irrigation charges/diesel prices, seeds etc. by a composite input price index (CPII) based on latest data from different sources.

(d): As per the crop calendar, Kharif Crop sowing begins with the onset of south-west monsoon and harvesting takes place in September-October. Therefore, procurement would commence only in September 2018.

(e) & (f): From time to time, some farmers and farmers' organizations have been agitating and making certain demands like increase in MSPs for agricultural crops, loan waiver and other agricultural policies.

Rashtriya Kisan Mahasangh had organized 'Gaon Bandh' (Village Strike) agitation from 1st June to 10th June, 2018 over demands including complete waiver of farm loans, implementation of Swaminathan Commission recommendations pertaining to fixation of Minimum Support Price for agricultural produce and guaranteed income of farmers.

The procurement and sale price of milk are decided by the concerned State Governments in consultation with State Cooperative Milk Federations based on the input cost. The action taken by Department of Animal Husbandry, Dairying and Fisheries to manage the crisis include increase in the import duty of Whey Powder from 30% to 40% vide notification dated 27.03.2018; D/o Commerce vide notification dated 13.07.2018 has allowed 10% export incentive under Merchandise Export from India Scheme (MEIS) for all dairy products; advisory to all the States to include supply of milk/milk products of Cooperatives through Mid-day Meal Scheme, Anganwadis under Integrated Child Development Scheme (ICDS), Health schemes, Tribal Hostels and Government/Institutional canteen; advise to all State Governments and State Milk Federations to use Public Distribution System of State Governments to market surplus milk; the State Government of Bihar and Rajasthan issued order to provide milk powder to children of Anganwadi centres under ICDS; State Governments of Gujarat and Maharashtra have announced to provide subsidy of Rs 50/Kg for skim Milk Powder; a scheme named "Support to State Cooperative Dairy Federation" has been approved to

provide working capital loan to State Cooperatives and Federations with a corpus of Rs.300 Crore.

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MSP is determined for the country as a whole and not region or state-specific. Region-specific MSPs would encourage inefficient production and would not only go against the principle of comparative advantage in producing specific crops but also against the need for development of a national market. The objective is to promote regionally differentiated production strategy and encourage an efficient state of agricultural production in the country. However, region specific parameters are kept in view by the Commission for Agricultural Costs & Prices (CACP) while formulating price policy for agricultural commodities.
