

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

LOK SABHA
UNSTARRED QUESTION NO.1523
TO BE ANSWERED ON THE 12TH FEBRUARY, 2019

MSP FOR CROPS AND AGRICULTURAL PRODUCTS

1523. SHRI MANSHANKAR NINAMA:

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

- (a) the crops for which the Government increases Minimum Support Price each year;
- (b) the average increase in Minimum Support Price of these crops during the last three years and the current year, crop- wise and year-wise; and
- (c) the impact on inflation and fiscal deficit due to the increase in MSP and the manner in which the Government proposes to contain them?

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 fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops and fair and remunerative price (FRP) for sugarcane on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned and other relevant factors. The 22 mandated crops include 14 Kharif crops viz. paddy, jowar, bajra, maize, ragi, arhar, moong, urad, groundnut-in-shell, soyabean, sunflower, sesamum, nigerseed, cotton and 6 Rabi crops viz. wheat, barley, gram, masur (lentil), rapeseed/mustard, safflower and two commercial crops viz. jute and copra. In addition, MSP for toria and de-husked coconut are also fixed on the basis of MSPs of rapeseed/mustard and copra respectively. Details of absolute increase in MSP from 2015-16 to 2018-19 is at Annexure.

(c): Higher MSP does not necessarily imply a proportionate increase in the market price. Price depends on, among others, demand and supply conditions.

Wholesale prices of some of the crops are ruling below MSP reflecting bumper production. This supply response of the farmers owes to incentives in the form of higher MSPs for crops like pulses that had exhibited a chronic shortfall over consumer demand in the earlier years when food inflation was in double digits and overall inflation above comfort zone. To address the issue of wholesale prices trending below MSP in some mandis in some states, procurement has been stepped up and sufficient stocks are there to stabilize prices in contingencies of future shortfall in supply relative to demand.

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As regards fiscal deficit, the Fiscal Policy Strategy Statement and the Medium-Term Fiscal Policy Statement, presented by the Government along with the Budget 2018-19 contains the detailed road-map that Government of India has adopted to reduce its fiscal deficit.

Paddy/Rice and wheat are procured for distribution under Public Distribution System (PDS). The difference between the economic cost of the grains/cereals procured and their central issue prices under PDS is the subsidy outgo which is borne on the Budget. The additional financial implication on account of higher MSP for paddy for 2018-19 is estimated to be Rs 12167 crore as estimated by Department of Food and Public Distribution (DFPD) on account of the operationalisation of the principle of keeping MSPs at a level of atleast 150 percent of the cost of production. The budgetary outgo on account of the losses in procurement operations of pulses and oilseeds is the other additionality may not significantly impact the fiscal deficit outcome.

Annexure referred to in reply to part (a) & (b) of Lok Sabha Unstarred Question No.1523 due for reply on 12.02.2019.

Absolute increase in Minimum Support Price (MSP)

(Rs/quintal)

Sl. No.	Commodity	Variety	2015-16	2016-17	2017-18	2018-19
	<u>KHARIF CROPS</u>					
1	PADDY	Common	50	60	80	200
		Grade 'A'	50	60	80	180
2	JOWAR	Hybrid	40	55	75	730
		Maldandi	40	60	75	725
3	BAJRA		25	55	95	525
4	MAIZE		15	40	60	275
5	RAGI		100	75	175	997
6	ARHAR(Tur)		275	425	400	225
7	MOONG		250	375	350	1400
8	URAD		275	375	400	200
9	COTTON	Medium Staple	50	60	160	1130
		Long Staple	50	60	160	1130
10	GROUNDNUT IN SHELL		30	190	230	440
11	SUNFLOWER SEED		50	150	150	1288
12	SOYABEEN		40	175	275	349
13	SESAMUM		100	300	300	949
14	NIGERSEED		50	175	225	1827
	<u>RABI CROPS</u>					
15	WHEAT		75	100	110	105
16	BARLEY		75	100	85	30
17	GRAM		325	500	400	220
18	MASUR (LENTIL)		325	550	300	225
19	RAPESEED/MUSTARD		250	350	300	200
20	SAFFLOWER		250	400	400	845
21	TORIA		270	270	340	290
	<u>OTHER CROPS</u>					
22	COPRA	Milling	300	400	550	1011
	(Calender Year)	Ball	330	410	545	965
23	DE-HUSKED COCONUT (Calender Year)		75	100	160	270
24	JUTE		300	500	300	200
25	SUGARCANE		10	0	25	20
