

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

LOK SABHA
UNSTARRED QUESTION NO.2653
TO BE ANSWERED ON THE 9TH JULY, 2019

MSP FOR WHEAT AND PADDY

2653. SHRI BHARTRUHARI MAHTAB:
SHRI RAHUL RAMESH SHEWALE:

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

(a) whether Minimum Support Prices (MSP) for wheat and paddy have been announced for 2018-19 and if so, the details thereof including the details of the increase in Minimum Support Prices (MSP) for wheat and paddy for 2018-19;

(b) whether the hike in MSP of wheat and paddy has been done on the basis of rise in input costs like fertilizers, pesticides, seeds, agricultural wages etc. and inflation, if so, the details thereof and if not, the reasons therefor along with the reaction of the Government thereto;

(c) the recommendations of the Commission for Agricultural Costs and Prices (CACP) in this regard;

(d) whether the hike over last year's prices for wheat and paddy is very minimal and there has been disappointment among farmers, if so, the details thereof;

(e) the number of complaints received by the Government for inadequate increase in MSP of wheat and paddy for 2018-19 along with action taken/being taken by the Government on such complaints so far;

(f) whether Government is aware that all agricultural input costs like fertilizers, pesticides, seeds, agricultural wages etc. have gone up by many folds, if so, the reasons for unproportionate increase in MSP for wheat and paddy; and

(g) the steps taken/being taken by the Government to address the issue of inadequate increase in MSP of wheat and paddy and to ensure remunerative price to farmers along with achievements thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (c): The Union Budget for 2018-19 had announced the pre-determined principle to keep Minimum Support Price (MSP) at a level of atleast one and half times of the cost of production (CoP). Accordingly, Government has increased MSPs for all mandated crops including wheat and paddy with a return of at least 50 percent over all India weighted average cost of production for the season 2018-19. Cost, MSP and return over CoP of wheat and paddy for the years 2018-19 and 2019-20 is given below:

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Cost, MSP and return over CoP of wheat and paddy (Rs./quintal)

Commodity	2018-19			2019-20		
	Cost	MSP	% Return over CoP	Cost	MSP	% Return over CoP
Wheat	866	1840	112.5	-	-	-
Paddy	1166	1750	50.1	1208	1815	50.2

For the agricultural season 2018-19, MSP of wheat has been increased by Rs 105 per quintal, paddy (common) and paddy (grade A) has been increased by Rs 200 per quintal and Rs 180 per quintal respectively. During 2019-20, Government has announced MSPs of 14 kharif crops including paddy which increased by Rs.65 per quintal.

While recommending MSPs, Commission for Agricultural Costs and Prices (CACP) considers important factors like cost of production, overall demand-supply situation of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sector, likely effect of price policy on rest of the economy and a minimum of atleast 50 per cent as the margin over cost of production.

The CACP considers all costs in a comprehensive manner in its recommendations on price policy, which include all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred in cash and kind on use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc, miscellaneous expenses and imputed value of family labour.

(d) & (e): In 2018-19, there was a major increase in MSP including paddy on account of implementation of the principle of fixing MSP at a level of one and half times of the cost of production. This continues to be followed in the current year (2019-20) as well.

Government receives representation from time to time on various issues concerning agriculture sector including raising MSPs to reflect the state specific cost of cultivation and yield. MSP is determined for the country as a whole and not region or state-specific. State specific parameters are kept in view by the CACP while formulating price policy for agricultural commodities. Since the CoP varies in different States on account of differences in levels of irrigation, resource endowment, farm mechanization, land holding size etc., CACP uses all-India weighted average cost of production while making its recommendations. However, CACP ensures that all paid out costs including family labour are covered in the MSPs recommended by them. The objective is to promote regionally differentiated production strategy and encourage an efficient state of agricultural production in the country.

(f): CACP uses all-India weighted average cost of production while making its recommendations and recommends uniform MSP which is applicable to all states. This cost of production is all comprehensive cost as projected by the CACP after factoring inflation of agricultural inputs. The MSP so fixed provides atleast 50 per cent return over all India weighted average cost of production for all mandated crops including paddy and wheat.

(g): Apart from increasing MSPs, so as to provide atleast 50 per cent return over cost, Government has taken several steps to provide remunerative prices to farmers for their produce which include undertaking procurement through designated procurement agencies, implementing e-National Agriculture Market (e-NAM), enacting the Model Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017 and promoting Farmer Producer Organizations (FPOs).

The Government is working on a market architecture, so as to ensure that farmers get remunerative prices on their produce. These include setting up of Gramin Agricultural Markets (GrAMs) so as to promote 22,000 number of retail markets in close proximity of farm gate; competitive and transparent wholesale trade at APMC through e-NAM; and a robust and pro-farmer export policy.

The new Umbrella Scheme Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA) announced by the government is also a progressive step in this direction. The Umbrella Scheme consists of three sub-schemes i.e. Price Support Scheme (PSS), Price Deficiency Payment Scheme (PDPS) and Private Procurement & Stockist Scheme (PPSS) on a pilot basis.

Interim Union Budget 2019 had announced a historic programme namely "Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN)". Under this programme, landholding farmer families will be provided direct income support at the rate of Rs. 6,000 per year. The PM-KISAN scheme aims to supplement the financial needs of the farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income at the end of the each crop cycle.
