

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE & FARMERS WELFARE
DEPARTMENT OF AGRICULTURE & FARMERS WELFARE

LOK SABHA
STARRED QUESTION NO. 75
TO BE ANSWERED ON 7th February 2023

EFFICACY OF MSP

*75. DR. G. RANJITH REDDY:
SHRIMATI KAVITHA MALOTHU:

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

- (a) whether it is true that NITI Aayog has conducted a study called 'Efficacy of MSP on Farmers' in 2016 and if so, the details thereof;
- (b) whether it is also true that the study found that MSP declared by the Government has, in fact, encouraged nearly 80% of farmers for adopting improved methods of farming; and
- (c) if so, the reasons for which the Government is not giving legislative backing to MSP which would further encourage farmers to adopt modern scientific techniques and technologies to push their productivity which is far less in our country as compared to other developed countries?

ANSWER

MINISTER OF AGRICULTURE & FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री

(SHRI NARENDRA SINGH TOMAR)

- (a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (c) OF LOK SABHA STARRED QUESTION NO. 75 DUE FOR ANSWER ON 07.02.2023 REGARDING 'EFFICACY OF MSP'.

(a) & (b): Yes, Sir. The NITI Aayog had released a study entitled "Efficacy of Minimum Support Prices on farmers" in 2016, covering 14 States, 36 Districts, 72 Blocks, 144 Villages and 1440 Households. The study has found, among other things, that MSP declared by the Government has encouraged 78 % of the farmers covered under the study to adopt improved methods of farming such as high yielding varieties of seeds, organic manure, chemical fertilizer, pesticides and improved methods of harvesting etc.

(c): Government fixes MSPs for 22 mandated agricultural crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP), after considering the views of the concerned State Governments and Central Ministries/Departments and other relevant factors. To realize the objectives of MSP Policy, Government extends price support for paddy and wheat through the Food Corporation of India (FCI) and State Agencies. Under this policy, whatever food grains are offered by farmers within the stipulated period & conforming to the specifications prescribed by Government are purchased at MSP by the State Government agencies including FCI for Central Pool. Additionally, Oilseeds, pulses and copra of Fair Average Quality (FAQ) are procured from registered farmers under Price Support Scheme under Umbrella Scheme of PM-AASHA, as per its guidelines at MSP in consultation with the concerned State Government as and when market price of these produce fall below the MSP. Cotton and Jute are also procured by Government at MSP through Cotton Corporation of India (CCI) and Jute Corporation of India (JCI), respectively.

The National Commission on Farmers (NCF) was constituted under the Chairmanship of Prof. M.S. Swaminathan, in November 2004, with a mandate to examine the various issues which include a medium-term strategy for food and nutrition security, enhancing productivity, profitability and sustainability, policy reform for flow of rural credit, cost competitiveness of farm commodities, among other. The Commission submitted its final report in 2006. It also prepared the Draft National Policy for Farmers, which was subsequently approved by Government as National Policy for Farmers (NPF), 2007. However, one of the recommendations of NCF relating to Agricultural Price Policy - Minimum Support Price (MSP) should be at least 50 percent more than the weighted average cost of production- was not included in NPF.

To give recognition to one of the important recommendations of NCF on Price Policy, Government in its Union Budget for 2018-19 had made an historical announcement to keep MSP at a level of one and half times of the cost of production as a pre-determined principle. Accordingly, MSPs for all mandated Kharif, Rabi and other commercial crops has been fixed with a return of at least 50 per cent over all India weighted average cost of production since the year 2018-19. Consequently, the procurement of foodgrain has increased from 1037.50 Lakh Metric Tonnes in 2018-19 to 1321.04 Lakh Metric Tonnes in 2021-22. The expenditure incurred (at MSP values) on procurement of foodgrains increased from 1.89 Lakh crores to 2.70 Lakh crores. The number of farmers benefited also increased from 1.51 crores to 1.90 crores in the same period.

Further, Government has taken various initiatives to give a push to digital agriculture in the country. These include, National e-Governance Plan in Agriculture (NeGP-A) wherein funds are released to the State(s)/UT(s) for project involving use of modern technologies; Sub Mission on Agricultural Mechanization (SMAM) which aims at farm mechanization; Kisan Suvidha mobile application to facilitate dissemination of information to farmers on the critical parameters such as weather, market prices, plant protection and National Agriculture Market (e-NAM) trading portal which aims at creating a unified national market for agricultural commodities, among others.
