

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

LOK SABHA
UNSTARRED QUESTION NO. 2706
TO BE ANSWERED ON THE 19TH DECEMBER, 2023

PRICE OF AGRICULTURAL INPUTS

2706. SHRI M. SELVARAJ:

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

- (a) whether the Government is aware of the fact that every year the prices of agriculture inputs like seeds, manure and fertilizers goes on increasing but at the same time the prices of agriculture outputs are not increasing due to which the farmers are facing severe financial losses;
- (b) if so, the details thereof;
- (c) whether the Government will take necessary action to procure paddy at the rate of Rs. 4000/- per quintal;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI ARJUN MUNDA)

(a) to (e): The prices of various inputs like seeds, manure and fertilizers is reflected in the cost of production of various agricultural commodities. The effect of rise in cost of production of major crops is balanced through the mechanism of Minimum Support Prices that are fixed every year in order to enable farmers to receive reasonable return for their produce.

The Government fixes minimum support prices (MSPs) for 22 mandated agricultural crops including two varieties of paddy i.e. Common and Grade A, 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. While recommending MSPs, CACP considers important factors like cost of production, overall demand-supply conditions, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times of the cost of production. Accordingly, Government had increased MSPs for all mandated Kharif, Rabi and other Commercial crops with a minimum margin of 50 percent over all India weighted average cost of production from the year 2018-19 onwards. On the basis of above mentioned principle, Government had increased the MSPs for all mandated Kharif crops including paddy for the year 2023-24 on 7th June, 2023 and for all Rabi crops for the year 2023-24 on 18th October, 2023.

The Government has initiated several steps to bring down cost of production of agricultural commodities by promoting increase in productivity through efficient use of inputs like quality seeds, manure and fertilizers, irrigation, machinery, etc. The Government ensures fixation of price of uniform breeder seeds in consultation with Indian Council of Agricultural Research (ICAR) for minimization of the cost of production of foundation and certified seeds. The Sub-Mission on Seeds & Planting Materials (SMSP) is being implemented from the year 2014-15 to promote production and multiplication of quality seeds of agricultural crops, so that the required quantities of seeds can be made available to farmers in the country. The Government is promoting Integrated Nutrient Management (INM) for balanced and judicious use of chemical fertilizers, bio-fertilizers and locally available organic manures like farmyard manure, compost, vermi compost and green manure based on soil testing to maintain soil health and productivity.

The State Government agencies and Food Corporation of India (FCI) purchase wheat & paddy with prescribed Fair Average Quality (FAQ) specifications at Minimum Support Price (MSP), (the latter for Central Pool) to ensure that farmers get remunerative prices for their produce and do not have to resort to distress sale. However, if producers / farmers get better price in comparison to MSP, they are free to sell their produce in open market. Procurement in a State depends not only upon production but also upon other factors like marketable surplus, MSP, prevailing market rate, demand & supply situation and participation of private traders etc.
