

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

RAJYA SABHA
UNSTARRED QUESTION NO. 322
TO BE ANSWERED ON 09/12/2022

DIFFERENCE BETWEEN MARKET PRICE AND MSP

322. SHRI RAGHAV CHADHA:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

- (a) the number of days the market price was at or above the Minimum Support Price (MSP) for paddy, maize, sunflower, moong and bajra in Punjab during the years 2019-20, 2020-21 and 2021-22;
- (b) the average percentage difference between market price and MSP for the above crops in 2019-20, 2020-21 and 2021-22, in Punjab;
- (c) the total expenditure incurred by Government on Price Support Scheme (PSS), Market Intervention Scheme (MIS) and PM-AASHA schemes during the said period; and
- (d) the reasons for low expenditure despite the price of many crops being below the MSP?

ANSWER

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE
(SHRI NARENDRA SINGH TOMAR)

(a) & (b) Minimum Support Price (MSP) of a particular commodity is related to Fair Average Quality (FAQ) of the produce. The prices at the APMC level are of the produce of different grades and qualities and cannot be compared with MSP prices for FAQ produce.

(c) & (d) The Government implements an umbrella scheme PM-AASHA comprising Price Support Scheme (PSS), Price Deficiency Payment Scheme (PDPS) and Private Procurement Stockist Scheme (PPSS) in order to ensure MSP to farmers for their produce of notified oilseeds, pulses and copra. Under PSS scheme, procurement is undertaken directly from pre-registered farmers conforming to the prescribed Fair Average Quality (FAQ) norms by Central Nodal Agencies through the State level agencies at MSP announced by the Govt. as and when prices fall below the MSP during the harvesting period. This scheme is implemented at the request of the concerned State Government / Union Territories which agrees to exempt the procured commodities from levy of mandi tax and assist central nodal agencies in logistic arrangements, including gunny bags, working capital for state agencies, creation of revolving fund for PSS operations, etc. as required under the scheme guidelines. Market Intervention Scheme (MIS) is implemented for procurement of horticultural / agricultural commodities which are perishable in nature and for which MSP is not announced.

The expenditure incurred by Government on PSS, MIS and PM-AASHA schemes during 2019-20, 2020-21 and 2021-22 are as under: -

Year	Expenditure (in crore Rs.)
2019-20	2317.78
2020-21	1357.91
2021-22	2288.32

Government has provided Government Guarantee to lender banks for extending credit facility to central procuring agencies (which is revised from time to time based on the requirement) to undertake procurement operations under PSS. These funds are revolving in nature. Presently, Central Government has provided Government Guarantee of Rs. 40,500 crore. Further, Budget is allocated for reimbursement of losses, if any, incurred by Central procuring agencies. Budgetary funds are provided to meet any losses incurred in such procurement operations as per requirement. The indicative budgetary estimates are based on previous years demand of the schemes. This estimate gets revised as per the actual requirement.
