

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

RAJYA SABHA
UNSTARRED QUESTION NO - 1294
TO BE ANSWERED ON 02/08/2024

INCREASE IN MSP FOR MAJOR CROPS

1294. SHRI SANJAY SINGH:

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

- (a) whether Government plans to increase the Minimum Support Price (MSP) for major crops in light of the rising input costs for farmers;
- (b) the measures being taken to ensure that MSP covers at least 1.5 times the cost of production, as recommended by the National Commission on Farmers; and
- (c) the steps being taken to guarantee that all farmers receive the MSP for their produce, particularly in regions where procurement infrastructure is weak?

ANSWER

MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
(SHRI RAMNATH THAKUR)

(a): Government fixes MSP for 22 mandated crops on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP) and in consultation with State Governments and a stake holder Central Ministries / Departments. While recommending MSP, Commission for Agricultural Costs and Prices (CACP) considers important factors like cost of production, overall demand-supply conditions, domestic and international prices, intercrop price parity, terms of trade between agricultural and non-agricultural sectors, likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over cost of production.

(b): National Commission on Farmers (NCF), constituted under the Chairmanship of Prof. M.S. Swaminathan in 2004, inter alia, recommended that MSP should be at least 50 percent more than the weighted average cost of production. To give effect to this recommendation, Government, in its Union Budget for 2018-19, had made an announcement to keep MSP at a level of minimum 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 have been fixed with a margin of at least 50 per cent over weighted average cost of production.

(c): To make minimum support prices (MSPs) more effective and transparent, a committee has been constituted on 12th July, 2022. The subject matter of the committee include three points, such as, (i) Suggestions to make available MSP to farmers of the country by making the system more effective and transparent. (ii) Suggestions on practicality to give more autonomy to Commission for Agricultural Costs and Prices (CACP) and measures to make it more scientific, and (iii) To strengthen the Agricultural Marketing System as per the changing requirements of the country to ensure higher value to the farmers through remunerative prices of their produce by taking advantage of the domestic and export opportunities.

In order to improve storage facilities, Government is implementing Agricultural Marketing Infrastructure (AMI), a sub-scheme of the Integrated Scheme for Agricultural Marketing (ISAM) under which assistance is provided for the construction/ renovation of godowns/ warehouses in the rural areas in the States to enhance the storage capacity for agriculture produce. Under the scheme, Government provides subsidy at the rate of 25% and 33.33% on capital cost of the project based on the category of eligible beneficiary.

Since inception of scheme i.e. from 01.04.2001 and up to 30.06.2024, a total of 48,512 storage infrastructure projects (Godowns) in 27 States, with storage capacity of 940 Lakh Tonnes have been sanctioned under the scheme and subsidy of Rs. 4,734.73 crore has been released.

In order to abridge the existing infrastructure gaps and mobilize investment in agriculture infrastructure, Agriculture Infrastructure Fund (AIF) was launched under Aatmanirbhar Bharat Package during July 2020. AIF is a medium - long term debt financing facility to be financed by lending institutions for investment in viable projects for post-harvest management infrastructure and community farming assets through incentives and financial support.

Under the scheme, ₹1 Lakh Crore loan is provided by banks and financial institutions with the interest rate capped at 9%. All loans under this financing facility have interest subvention of 3% per annum up to a limit of ₹ 2 crores. This subvention is available for a maximum period of 7 years. In case of loans beyond ₹ 2 crores, interest subvention is limited up to ₹ 2 crores.

As on 26.07.2024, ₹ 46,080 crores have been sanctioned for 72,222 projects in 31 States/UT under AIF. Major projects sanctioned under AIF include 13,469 warehouses, 3,021 sorting & grading units, 1852 cold store projects, around 20,338 other kinds of post-harvest management projects and community farming assets.
