

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE
LOK SABHA

STARRED QUESTION NO: 484

ANSWERED ON:12.08.2014

HIKE IN PRODUCTION COST OF AGRICULTURAL PRODUCE

NISHIKANT DUBEY

(a) whether it is a fact that agriculture has become an unprofitable profession for the farmers due to rise in the input costs during the last few years and if so, the details thereof along with the reasons therefor;

(b) whether the Government is aware that Minimum Support Price (MSP) of the foodgrains is less than the retail market price, if so, the details thereof and the reasons therefor;

(c) whether the Government has held consultations with various stakeholders including representatives of farmers to make agriculture a viable profession and if so, the details thereof; and

(d) the other measures taken/proposed to be taken by the Government for improving the condition of agriculture sector?

Will the Minister of AGRICULTURE be pleased to state:-

ANSWER

MINISTER OF AGRICULTURE (SHRI RADHA MOHAN SINGH)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 484 DUE FOR REPLY ON 12TH AUGUST, 2014.

(a) & (b): Profitability of crops depends upon their cost of production, productivity and prices. The cost of inputs is covered in the cost of production estimated by the Government through cost of cultivation survey. The effect of rise in cost of cultivation of major crops is balanced through the mechanism of Minimum Support Prices (MSP). MSP is in the nature of a minimum guaranteed price offered by the Government to the farmers for their produce. MSPs have increased significantly in recent years (Annexure-I).

Productivity depends on various location specific factors viz, type of soil, climate, method of cultivation, application of technology and inputs. Prices depend on market forces of demand and supply. As these factors vary from place to place and time to time, no generalized conclusion can be drawn regarding the profitability of crops across time and space.

(c): The Commission for Agricultural Costs & Prices (CACP) holds consultations with all stakeholders including farmers' representatives and State Governments before finalizing the recommendations on Minimum Support Prices (MSPs). Government fixes MSP for the agricultural produce on the recommendation of the CACP and the views of the States and concerned Central Ministries.

(d): The Government has taken several measures for improving the condition of Agriculture Sector such as improvement in terms of trade for agriculture; remunerative price for farm produce through increased MSPs, higher level of procurement and competitive markets; higher use of productivity enhancing inputs like fertilizer and quality seeds; increase in agriculture investments supported by public sector capital formation; and increase in supply of institutional credit to agriculture in addition to implementation of path breaking schemes like National Food Security Mission, Rashtriya Krishi Vikas Yojana, Bringing Green Revolution to Eastern India and several other missions and programmes.