

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION & FARMERS WELFARE

LOK SABHA
STARRED QUESTION NO. 311
TO BE ANSWERED ON THE 10TH AUGUST, 2021

RETURN OVER COST OF CULTIVATION

*311. SHRIMATI SAJDA AHMED:

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

- (a) the policy adopted by the Government aimed at a return over the cost of cultivation;
- (b) whether the Government has assessed the impact of the hike in Minimum Support Price (MSP) among the distressed farmers; and
- (c) if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND 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. 311 DUE FOR REPLY ON 10TH AUGUST, 2021.**

(a): The Government in its Union Budget for 2018-19 had announced the pre-determined principle to keep Minimum Support Price (MSP) at a level of one and half times of the cost of production. Accordingly, Government has increased the MSP for all mandated Kharif, Rabi and other commercial crops with a return of atleast 50 per cent over all India weighted average cost of production from the agricultural year 2018-19 onwards. In addition to cost of production, Commission for Agricultural Cost & Prices (CACP) also considers various other factors while recommending MSP which include overall demand-supply situations of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agriculture and non-agriculture sector among others.

(b) & (c): Enhanced percentage return over the cost of production is bound to have positive impact on increase in the farmers' income. Apart from this, several steps have been taken by the Ministry for the benefits of farmers by way of providing schemes and interventions for improving the income of farmers, and the details are given in **Annex**.

Annex referred to in reply to part (b) to (c) of Lok Sabha Starred Question No. 311 due for reply on 10.08.2021

Schemes and interventions for improving the income of farmers:

(1) With a view to provide income support to all farmer families across the country, Government had started a new Central Sector Scheme, namely, '**Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)**'. The scheme aims to provide a payment of Rs 6000/- per year, in 3 equal installments. A total of Rs. 1.39 lakh crore has been released so far to 11.05 crore farmer families.

(2) With a view to provide social security net for Small and Marginal Farmers (SMF) as they have minimal or no savings to provide for old age and to support them in the event of consequent loss of livelihood, the Government is implementing a new Central Sector Scheme i.e. '**Pradhan Mantri Kisan Maan Dhan Yojana (PM-KMY)**' for providing old age pension to these farmers. Under this Scheme, provision has been made for a minimum fixed pension of Rs. 3000/- to the eligible small and marginal farmers, subject to certain exclusion clauses, on attaining the age of 60 years. A total of 21,39,756 farmers have joined the scheme till now.

(3) To ensure flow of adequate credit, Government sets annual target for the flow of **credit to the agriculture sector** and Banks have been consistently surpassing the annual target. The agriculture credit flow target has been set at Rs. 13.50 lakh crore for the F.Y.2019-20 and Rs.15.00 lakh crore for F.Y. 2020-21 and against this Rs 13.92 lakh crore and Rs 15.58 lakh crore respectively has been disbursed. For F.Y. 2021-22, agriculture credit flow target has been set at Rs. 16.50 lakh crore.

(4) **Farmer Producer Organisation (FPOs)**: The Union Budget 2019-20, had announced formation of 10,000 new Farmer Producer Organisation (FPOs) to ensure economies of scale for farmers and better access to markets for better realization of prices. Pursuant to the budget announcement, DA&FW has approved a new Central Sector Scheme titled "Formation and Promotion of Farmer Produce Organizations (FPOs)" to form and promote 10,000 new FPOs with a total budgetary provision of Rs 4,496 crore for five years (2019-20 to 2023-24) with a further committed liability of Rs 2,369 crore for the period from 2024-25 to 2027-28 towards handholding of each FPO for five years from its aggregation and formation. About 6000 FPOs are already existing in the country promoted by National Bank for Agriculture and Rural Development (NABARD), Small Farmers Agri. Business Consortium (SFAC), National Rural Livelihoods Mission (NRLM), etc. As per the new scheme 2365 FPO produce cluster have been allocated to Implementing Agencies(IAs) for formation of FPOs in Financial Year 2020-21.

(5) With a view to provide better insurance coverage to crops for risk mitigation, a crop insurance scheme namely **Pradhan Mantri Fasal Bima Yojana (PMFBY)** was launched from Kharif 2016 season. This scheme provides insurance cover for all stages of the crop cycle including post-harvest risks in specified instances, with low premium contribution by farmers. For Kharif 2020, a total of 4.21 crore farmers have been insured over an area of 2.83 crore hectare and claim of Rs.5434 crore have been paid to 62.3 lakh farmers.

(6) Further, under **Interest Subvention Scheme 2018-19**, in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount. In order to discourage distress sale by farmers and to encourage them to store their produce in warehouses against negotiable receipts, the benefit of interest subvention will be available to small and marginal farmers having Kisan Credit Card for a further period of upto six months of post harvest on the same rate as available to crop loan.

(7) Extending the reach of institutional credit to more and more farmers is priority area of the Government and to achieve this goal, the Government provides interest subvention of 2% on short-term crop loans up to Rs.3.00 lakh. Presently, loan is available to farmers at an interest rate of 4% per annum on prompt repayment.

(8) Government has launched an umbrella scheme of 'Pradhan Mantri Annadata Aay Sanrakshan Abhiyan' (PM-AASHA) for procurement of pulses and oilseeds on which MSP is announced.

(9) The Government has extended the facility of Kisan Credit Card (KCC) to the farmers practicing animal husbandry and fisheries related activities. Processing fee, inspection, ledger folio charges and all other service charges for short term crop loans upto Rs.3.00 lakh have been waived off. Collateral free loan limit for short term agri credit has been raised from Rs.1.00 lakh to Rs.1.60 lakh.

(10) Provision of Rs. 1,00,000 crore for funding Agriculture Infrastructure Projects at farm-gate & aggregation points.

(11) **e- National Agricultural Market (e-NAM)**: In order to provide better marketing facilities for farmers, the Government is implementing National Agriculture Market (e-NAM) scheme for transparent price discovery for remunerative prices for the farmers for their produce through competitive online bidding system. So far, 1000 wholesale regulated markets of 18 States and 03 UTs have been integrated with e-NAM platform. Under the scheme, apart from providing technical support, financial assistance upto Rs. 75 lakh per mandi is also provided to States/ UTs for electronic weighing scale, computer IT equipments, assaying equipments, cleaning/ sorting/ grading equipments and bio- composting unit.