

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

LOK SABHA
STARRED QUESTION NO. 27
TO BE ANSWERED ON THE 04TH FEBRUARY, 2025

WTO RESTRICTIONS ON MSP

* 27. SHRI SAPTAGIRI SANKAR ULAKA:

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

- (a) whether the Government has taken steps to protect small farmers from WTO-imposed restrictions on MSP and subsidies, if so, the details thereof;
- (b) the steps taken to safeguard India's Public Distribution System (PDS) from WTO challenges;
- (c) whether alternative trade policies or agreements have been explored to shield Indian agriculture from global competition and if so, the details thereof; and
- (d) the details of the budget allocated for subsidies, MSP and trade negotiations along with their impact on small farmers' income during the last five years?

ANSWER

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण मंत्री (SHRI SHIVRAJ SINGH CHOUHAN)

- (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. 27 FOR 04TH FEBRUARY, 2025 REGARDING “WTO
RESTRICTIONS ON MSP”.**

(a) to (d): The Government has taken several steps to protect the interest of the farmers including small farmers in the context of WTO provisions on domestic support and subsidies.

Agriculture being a State Subject, the State Governments adopt appropriate measures for development of agriculture in the State. However, Government of India supplements the efforts of States through appropriate policy measures, budgetary support and various schemes/ programmes. The various schemes/ programmes of the Government of India are meant for enhancing the welfare of farmers by increasing production, remunerative returns and income support to the farmers. Enhanced budgetary provisions have been made to facilitate the efforts of the Government.

Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops and Fair & Remunerative Price (FRP) for sugarcane on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP) to ensure that farmers receive remunerative prices for their produce, thereby encouraging greater investment and production. Since 2018-19, Government has been fixing MSP with the minimum return of 50% over all India weighted average cost of production. The total MSP value paid to farmers from 2019-20 to 2023-24 is as under:

Year	2019-20	2020-21	2021-22	2022-23	2023-24
MSP value paid to farmers (Amount in Rs. Crore)	2,55,949	2,80,167	2,73,092	2,37,492	2,48,960

In year 2024-25 (till 26.01.2025), 22,48,725 and 76,84,886 number of farmers benefitted by procuring of wheat and paddy, respectively.

Financial support for farmers including small farmers is also provided through schemes like the Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA) and the Pradhan Mantri Kisan Samman Nidhi (PM KISAN), ensuring continued government procurement and food distribution while adhering to WTO guidelines.

During the Rabi 2023-24 season, under PM-AASHA, 6.41 lakh metric tones of pulses of Rs.4,820 crore of MSP value were procured from 2.75 lakh farmers which included procurement of 2.49 lakh metric tones of Masoor, 43,000 metric tones of Chana and 3.48 Lakh metric tones of Moong at MSP to support the farmers. Similarly, 12.19 lakh metric tones of Oilseeds of Rs. 6,900 crore of MSP value were procured from 5.29 lakh farmers.

India has proactively employed a combination of trade policies such as the recent increase in import duty on edible oils, removal of export duty from rice and onion, agricultural reforms such as National Agriculture Market (eNAM), and schemes such as Pradhan Mantri Fasal Bima Yojana (PMFBY), Agriculture Infrastructure Fund (AIF), National Mission for Sustainable Agriculture (NMSA), Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), etc. to improve the competitiveness of its agriculture by balancing domestic needs, and international commitments. India has aimed to protect its farmers, ensure food security, and maintain a sustainable agricultural sector in a globalized economy. India has also been engaging in Free Trade Agreements (bilateral and regional) to promote and diversify agricultural exports while protecting its agricultural interests. These agreements often have provisions that ensure flexibility in agricultural subsidies, provide safeguards, or enable the imposition of tariffs on agricultural products.

The Central Government expenditure on food and fertilizer subsidies and Central Government expenditure on Agri & Allied Activities during 2020-21 to 2024-25 are as follows:

(Amount in Rs. In Crore)

Sl. No.	Year	Fertilizer Subsidy	Food Subsidy	Agriculture and Allied Activities
1	2020-21 (Actual)	1,27,922	5,41,330	1,34,420
2	2021-22 (Actual)	1,53,758	2,88,969	1,43,317
3	2022-23 (Actual)	2,51,339	2,72,802	1,25,875
4	2023-24 (RE)	1,88,894	2,12,332	1,40,533
5	2024-25 (BE)	1,64,000	2,05,250	1,51,851

Source: Budget Document 2022-23, 2023-24 and 2024-25

Implementation of various schemes has yielded remarkable results towards augmenting the income of the farmers. The Situation Assessment Survey (SAS) is carried out by the National Statistical Organization (NSO) at certain intervals. The last available estimates on income of agricultural household are based on the Situation Assessment Survey of Agricultural Households conducted by National Sample Survey Office (NSSO) during 77th round (January – December 2019). As per the survey, estimated average

monthly income per agricultural household as obtained from NSS 70th round (2012-13) and NSS 77th round (2018-19) was Rs. 6,426 and Rs. 10,218, respectively.

As per the World Trade Organisation (WTO)'s Agreement on Agriculture (AoA), all the Members can provide Market Price Support (MPS) which includes procurement of crops by Government at Applied Administered Prices i.e. Minimum Support Price (MSP) in case of India. Such support is required to be notified to the WTO on an annual basis. Further, it needs to be ensured that being a developing country member the product-specific support should be within the de-minimis limit i.e., 10% of the Value of Production of the respective crop. Similar de-minimis limit of 10% also applies to the non-product specific support across the agriculture sector.

The Public Stockholding (PSH) programmes for food security purposes for specified crops presently get covered under a 'Peace Clause', prescribed in the WTO's Bali Ministerial Decision (2013) popularly known as 'Bali Peace Clause' which allows exceeding the product-specific de-minimis limit by developing country Members, subject to certain conditions.
