

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3579
ANSWERED ON:15.05.2006
REVISION OF MINIMUM SUPPORT PRICE
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government proposes to revise the rate of Minimum Support Price (MSP) of the crops to relieve the farmers of the country from debt trap;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor and the steps being taken by the Government to relieve the farmers already burdened with loans?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a) & (b): The Government announces Minimum Support Prices (MSPs) of Kharif and Rabi crops each year. The MSPs for Kharif crops of 2005-06 season were announced in April, 2005 while the MSPs for rabi crops of 2005-06 season to be marketed in 2006-07 were announced in September, 2005. The Government has no proposal to revise the MSPs already announced. However, the Government has declared an incentive bonus of Rs.50 per quintal for the wheat procured upto 30th June 2006, during the current rabi marketing season.

(c): The credit policy announced by the Government in June, 2004 envisages doubling the agriculture credit flow in the next three years apart from providing debt relief to the farmers by rescheduling their loans; Special One Time Settlement scheme for settling the old and chronic loan accounts of small and marginal farmers; Allowing banks to finance for redeeming the loans taken by farmers from private moneylenders; Refinements in Kisan Credit Cards (KCCs) and fixation of scale of finance.

Further, in the Union Budget for the year 2006-07, it has been announced that effective from Kharif 2006-07, farmers would receive crop loans upto a principal amount of Rs.3 lakh at 7 % rate of interest and the Government of India would provide necessary interest subvention to NABARD for this purpose. Further, in order to provide relief to the farmers who have availed of crop loans from Commercial Banks, RRBs and PACS for Kharif and Rabi 2005-06, an amount equal to two percentage points of the borrower's interest liability on principal amount upto Rs. One lakh has been credited to his/her bank account before 31st March, 2006. The Government have provided a sum of Rs.1700 crore for this purpose in the Union Budget for the year 2006-07.