

**GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA**

STARRED QUESTION NO:533
ANSWERED ON:11.04.2017
Sale of Agricultural Produce
Hazra Dr. Anupam

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

- (a) whether a number of farmers are compelled to sell their crops immediately after harvesting due to their financial instability and if so, the details thereof, State-wise;
- (b) whether there are differences in the agricultural production cost and the price of the agricultural produce immediately after harvesting and if so, the details thereof and the reasons therefor; and
- (c) the corrective measures taken/being taken by the Government in this regard?

Answer

MINISTER OF AGRICULTURE AND FARMERS WELFARE
श्री श्रद्धा मोहन सिंह (SHRI RADHA MOHAN SINGH)

(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. 533 DUE FOR REPLY ON 11TH APRIL, 2017.

(a): As per the Report of the National Sample Survey Office (NSSO) on key indicators of Situation of Agricultural Households in India NSS-70th round (January 2013-December, 2013), 51.9 per cent of the estimated 90.2 million agricultural households in the country were reported to be indebted to either formal or informal or both sources of credit. The average amount of outstanding loan per agricultural households was Rs. 47,000/-(approximately). Against this background the farmers, 85.01 per cent of whom are Small and Marginal Farmers (SMFs), with limited or no holding capacity in terms of both physical infrastructure such as storage and financial access/stability, may resort to selling their surplus marketable produce, if any, immediately after harvesting.

(b): Immediately after harvesting, depending on the production scenario and the prevailing market situation, there may be situations when there are differences in the agricultural production cost and the prices of agricultural produce. For instance, in case of a bumper harvest, there could be a glut situation vis-à-vis static demand leading to fall in market prices. Conversely there could be a situation of scarcity following a natural calamity, in which case the crops could be damaged leaving little surplus available for sale in the market. In such situations, the farmers may find it difficult to recover even their agricultural production cost.

(c): The Government is taking several corrective measures in this regard. In order to enable SMFs to retain their produce and avoid distress sale immediately after harvest, Banks provide post-harvest loans against Negotiable Warehouse Receipts (NWRs) for farm produce kept in warehouses accredited by Warehousing Development Regulatory Authority (WDRA), to SMFs having Kisan Credit Card (KCC) at a concessional interest rate of 7 per cent per annum for a further period of upto 6 months post harvest i.e at the same rate as

Contd. 2/-

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available to crop loan. Further, to promote sale of marketable surplus, the Government has taken a number of measures. The Government declares Minimum Support Price (MSP) for 22 crops and Fair and Remunerative Price (FRP) for Sugarcane with the objective of providing adequate returns which take into consideration cost of production, price trends in the market, inter-crop price parity etc. The Government further also offers to procure food grains, cereals, pulses and oilseeds at MSP through its agencies such as Food Corporation of India (FCI), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), National Cooperative Consumers Federation (NCCF), etc. and Cotton through Cotton Corporation of India (CCI) and Jute through Jute Corporation of India (JCI). The Government also supports procurement of perishable crops for which no MSP is declared by State designated agencies, under the Market Intervention Scheme (MIS) on the request of State Governments. However, farmers are free to sell their produce to the Government procurement agencies at MSP or in the open market as is advantageous to them. The Government is also promoting reform of the agrimarketing sector and development of alternate channels of marketing, so that farmers may get optimum prices for their crops. Towards this, the Government has recently launched an electronic National Agricultural Market (eNAM) platform for online trading of agricultural produce across the country. So far 417 markets from 13 States have been integrated with eNAM. It is targeted to bring onboard a cumulative of 585 markets by March, 2018. Besides, farmer collectives such as Farmer Producers' Organizations (FPOs) are also being promoted to strengthen the negotiation power of farmers and fetch them the benefits of aggregation at both inputs and output management stages.
