

AGRICULTURE - ISSUE OF SUBSIDY, MSP, MARKET LINKAGE, AGRI INFRASTRUCTURE.

**BY
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Agriculture Scenario

- As a source of livelihood, agriculture { including forestry animal husbandry ,horticulture and fishing} remains the largest sector of Indian economy . While its output share fell from 28.3% in 1993-94 to 14.4 % in 2011-12, employment share declined from 64.8% to 48.9% over the same period. Therefore, almost half of the workforce in India still remains dependent on agriculture.
- Clearly progress in agriculture has bearing on the fate of the largest proportion of the low income population in India

Source –Niti Ayog

The current status of Indian Agriculture

- Since 1970-71, trend growth in Indian agriculture had been approximately 3%.
- The share of agriculture in the gross Domestic product (GDP) has fallen.
- Growth in agriculture output is characterized by fluctuations ; each high growth period is followed by a phase of low growth.
- This cyclical pattern has reflected itself in annual growth rates of approximately 3% in the 10th Plan, 4% in the 11th Plan and just 1.7% during the first three year of the 12th Plan.
- Crop production in the country is dominated by cultivation of paddy in Kharif and wheat in Rabi seasons. These two crops occupy about 38 percent of gross cropped area in the country.

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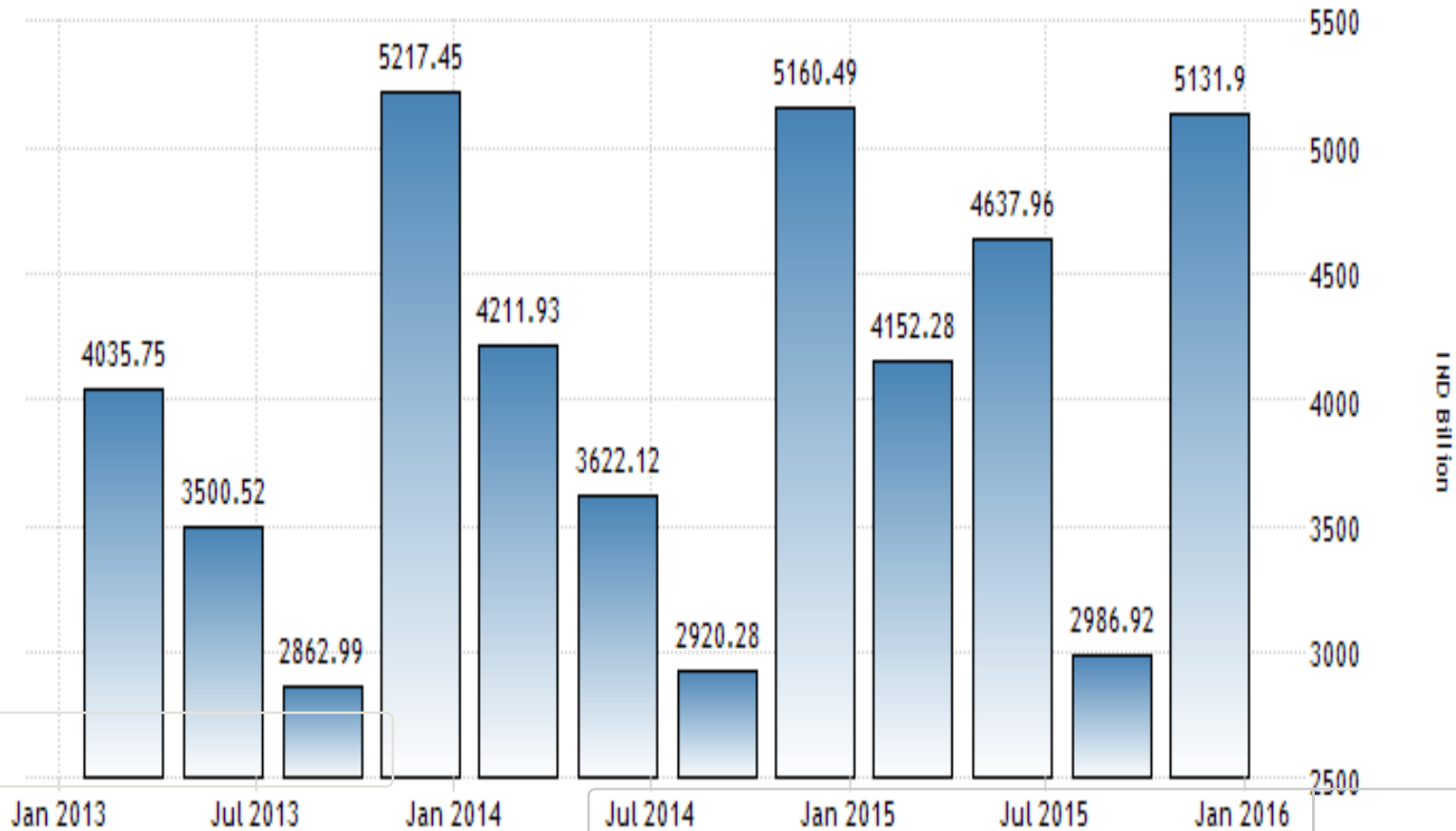
- Yield and the proportion of area irrigated vary widely across states. Predictably, there is a strong correlation between these two variables
- Punjab ranks the first and Haryana the second in term of both variables.
- Among large producers, Madhya Pradesh, Rajasthan and Maharashtra show relatively low yields. Rajasthan and Maharashtra also exhibit low proportion of area under irrigation.
- In term of the total output, India ranks second in rice, wheat and potato with China ranking the first. In banana India rank first followed by China.
- India exhibits low yields in rice when compared to other countries but not in wheat. Rice yield in India is just 55% of rice yield in China. Average yield of rice in India is much lower than other major rice producing countries like Bangladesh, Indonesia and Vietnam.

LAND UTILISATION IN INDIA

S.No.	CATEGORY	AREA (area in lakh ha.)	PERCENTAGE TO TOTAL GEOGRAPHICAL AREA
1	Total Geographical Area	3287.26	100
2	Forest	700.07	22.5
3	Barren and uncultivable Land	172.84	8.3
4	Land put to Non Agri.uses	264.54	12.3
5	Culturable Waste	125.78	2.4
6	Permanent Pastures and other Grazing Lands	102.4	1.3
7	Land under Misc.Tree crops,Grooves not included in Net area Sown	31.57	1.0
8	Other Fallow Lands	110.01	5.3
9	Current Fallow Lands	152.82	8.6
10	Net Area Sown(Including Fish Culture)	1399.32	38.3

INDIA GDP FROM AGRICULTURE

INDIA GDP FROM AGRICULTURE



SOURCE: WWW.TRADINGECONOMICS.COM | CENTRAL STATISTICAL ORGANISATION, INDIA

Subsidy

- Derived from the Latin word 'subsidiūm', a subsidy literally implies coming to assistance from behind. Government of India spends lot of money in various agriculture subsidies for growth of agriculture sector. Major items are fertilizer, seed, irrigation, credit, infrastructure, export food and power etc.
- Subsidies can be granted through distribution of inputs at prices that are less than the standard market price for these inputs.
- The magnitude of subsidies will therefore be equal to the difference between the two prices for per unit of input distributes.

SUBSIDY: CENTRAL SCHEMES

1. Rasthriya Krishi Vikas Yojana(RKVY) _ Agri and allied departments
2. National Food Security Mission(NFSM) – Paddy, Pulses, Coarse grain and commercial crops
3. National Mission on Oilseeds and Oil palm(NMOOP) – Oil seed crops
4. National Mission on Agricultural Extension & technology(NMAET) – Demonstrations and trainings
5. National Mission for Sustainable Agriculture(NMSA) _ Sustainable agriculture

Seed, Plant Protection, Chemicals, Bio Agents and Bio fertilizers, Micro nutrients, Water saving devices and Farm Machinery are provided under subsidy in the above schemes.

State Subsidy Schemes

- Almost every state in India is providing subsidies on.
- Fertilizers
- Seeds
- Auxiliary Agriculture Equipments i.e. tractors, pumpsets etc
- Agri Infrastructure that is Gowdowns, land and buildings facilities for marketing yard.
- Credit facilities through co-operative Bank/societies.

Besides there are certain state specific subsidy schemes specially for Horticulture, Sericulture, Fisheries and Agri based Cottage produce.

Rashtriya Krishi Vikas Yojana

- ❖ **Department of Agriculture & Cooperation (DAC), Ministry of Agriculture, Govt. of India launched Rashtriya Krishi Vikas Yojana (RKVY) from 2007-2008, which has been operational since then**
- ❖ **During XI Plan, Rs. 22,408.76 crore was released to States out of which Rs. 21,586.6 crore was utilized in implementing 5768 projects in certain broad categories namely; crop development, horticulture, agricultural mechanization, natural resource management, marketing & post-harvest management, animal husbandry, dairy development, fisheries, extension etc.**

National Food Security Mission

- The National Development Council (NDC) in its 53rd meeting held on 29th May, 2007 adopted a resolution to launch a Food Security Mission comprising rice, wheat and pulses to increase the production of rice by 10 million tons, wheat by 8 million tons and pulses by 2 million tons by the end of the Eleventh Plan (2011-12). Accordingly, a Centrally Sponsored Scheme, 'National Food Security Mission' (NFSM), has been launched from 2007-08 to operationalize the above mentioned resolution.
- The National Food Security Mission will have three components (i) National Food Security Mission - Rice (NFSM-Rice); (ii) National Food Security Mission - Wheat (NFSM-Wheat); and (iii) National Food Security Mission - Pulses (NFSM-Pulses).

Objectives

- ❖ Increasing production of rice, wheat and pulses through area expansion and productivity enhancement in a sustainable manner in the identified districts of the country;
- ❖ Restoring soil fertility and productivity at the individual farm level;
- ❖ Creation of employment opportunities; and
- ❖ Enhancing farm level economy (i.e. farm profits) to restore confidence amongst the farmers.

Strategy

- ❖ Implementation in a mission mode approach through active engagement of all the stakeholders at various levels.
- ❖ Promotion and extension of improved technologies i.e., seed, Integrated Nutrient Management (INM) including micronutrients, soil amendments, Integrated Pest Management (IPM) and resource conservation technologies along with capacity building of the farmers.
- ❖ Flow of fund would be closely monitored to ensure that interventions reach the target beneficiaries on time.
- ❖ Various interventions proposed would be integrated with the district plan and targets for each identified district would be fixed.
- ❖ Constant monitoring and concurrent evaluation for assessing the impact of the interventions for a result oriented approach by the implementing agencies

National Mission of Oil Seed & Oil Palm

- ❖ To initiate suitable measure to increase production of oilseeds in the country.
- ❖ Enhancing productivity of oilseeds.
- ❖ Target of 12th plan is to achieve production of 35.51 million ton and productivity of 1328 kg/ha of oilseeds from present average production and productivity of 28.93 million ton and 1081 kg/ha during the 11th plan period.

Issues on subsidy

- Issues of subsidy mainly in block and field demonstration ; as per subsidy scheme, the input like bio fertilizers, NPV material recommendations are old. So give new products as per latest R & D .
- In current situations farming costs are increased. So, enhanced subsidy assistance rate in inputs and field demonstration.
- Farm mechanization ; Implement cost increased and our current subsidy assistance rate in Tractor, drip irrigation, seed cum fertilizers drill , spray pump, etc items are very small.
- Monitoring of subsidy fund is lengthy process; it must be digitalized and linked with land records. So monitoring of fund to individual farmers also identify and control them.

MINIMUM SUPPORT PRICE (MSP)

- Minimum support price MSP is a form of market intervention by the Govt of India to ensure agriculture producers against any sharp fall in farm prices
- MSP is announced by Govt of India at the beginning of sowing season for certain crops on the basis of the recommendations of the commission of the agriculture cost and prices.
- {CACP}. The minimum support prices are guaranteed price

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Minimum support price fixed for following major agricultural products like i.e,

I. Cereals

1. Paddy 2. Wheat 3. Maize 4. Sorghum 5. Pearl Millet 6. Barley and Ragi

II. Pulses

1. Bengal gram 2. Redgram 3. Greengram 4. Blackgram 5. Lentil

III. Oil Seeds

1. Groundnut 2. Rapeseed 3. Mustard 4. Soya bean 5. Sesamum
6. Sunflower 7. Safflower 8. Niger

IV. Commercial crops

1. Copra 2. Sugarcane 3. Cotton 4. Rawjute

MINIMUM SUPPORT PRICES

(As on 17.06.2015)

(Rs. per quintal)

Sl. No.	Commodity	Variety	2011-12	2012-13	2013-14	2014-15	(#) increase in	2015-16	(#) increase in
							MSP 2014-15		MSP 2015-16
							over 2013-14		over 2014-15
KHARIF CROPS									
1	PADDY	Common	1080	1250	1310	1360	50(3.8)	1410	50(3.7)
		Grade 'A'	1110	1280	1345	1400	55(4.1)	1450	50(3.6)
2	JOWAR	Hybrid	980	1500	1500	1530	30(2.0)	1570	40(2.6)
		Maldandi	1000	1520	1520	1550	30(2.0)	1590	40(2.6)
3	BAJRA		980	1175	1250	1250	-	1275	25(2.0)
4	MAIZE		980	1175	1310	1310	-	1325	15(1.1)
5	RAGI		1050	1500	1500	1550	50(3.3)	1650	100(6.5)
6	ARHAR(Tur)		3200¶	3850	4300	4350	50(1.2)	4425^	75(1.7)
7	MOONG		3500¶	4400	4500	4600	100(2.2)	4650^	50(1.1)
8	URAD		3300¶	4300	4300	4350	50(1.2)	4425^	75(1.7)
9	COTTON	Medium Staple	2800^	3600	3700	3750	50(1.4)	3800	50(1.3)
		Long Staple	3300**	3900	4000	4050	50(1.3)	4100	50(1.2)
10	GROUNDNUT IN SHELL		2700	3700	4000	4000	-	4030	30(0.8)
11	SUNFLOWER SEED		2800	3700	3700	3750	50(1.4)	3800	50(1.3)
12	SOYABEEN	Black	1650	2200	2500	2500	-	-	-
		Yellow	1690	2240	2560	2560	-	2600\$\$	40(1.6)

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13	SESAMUM		3400	4200	4500	4600	100(2.2)	4700	100(2.2)
14	NIGERSEED		2900	3500	3500	3600	100(2.9)	3650	50(1.4)
	RABI CROPS								
15	WHEAT		1285	1350	1400	1450	50(3.6)		
16	BARLEY		980	980	1100	1150	50(4.5)		
17	GRAM		2800	3000	3100	3175	75(2.4)		
18	MASUR (LENTIL)		2800	2900	2950	3075	125(4.2)		
19	RAPESEED/MUSTARD		2500	3000	3050	3100	50(1.6)		
20	SAFFLOWER		2500	2800	3000	3050	50(1.7)		
21	TORIA		2425	2970	3020	3020	-		
	OTHER CROPS								
22	COPRA	Milling	4525	5100	5250	5250	-	5550	300(5.7)
	(Calender Year)	Ball	4775	5350	5500	5500	-	5830	330(6.0)
23	DE-HUSKED COCONUT								
	(Calender Year)		1200	1400	1425	1425	-	1500	75(5.3)
24	JUTE		1675	2200	2300	2400	100(4.3)	2700	300(12.5)
25	SUGARCANE*		145.00	170.00	210.00	220.00	10(4.8)	230.00	10(4.5)

Figures in brackets indicate percentage increase.

* Fair and remunerative price.

¶ Additional incentive at the rate of Rs. 500 per quintal of tur, urad and moong sold to procurement agencies was payable during the harvest/arrival period of two months.

* Staple length (mm) of 24.5 - 25.5 and Micronaire value of 4.3 - 5.1

** Staple length (mm) of 29.5 - 30.5 and Micronaire value of 3.5 - 4.3

^ Bonus of Rs. 200 per quintal is payable over and above the Minimum Support Price .

\$\$ Single Minimum Support Price has been fixed irrespective of the variety.

Commission of Agriculture cost and prices

While recommending price policy of various commodities under its mandate, the Commission keeps in mind the various Terms of Reference (ToR) given to CACP in 2009. Accordingly, it analyzes

- Demand and supply;
- Cost of production;
- Price trends in the market, both domestic and international;
- Inter-crop price parity;
- Terms of trade between agriculture and non-agriculture; and
- Likely implications of MSP on consumers of that product.

It may be noted that cost of production is an important factor that goes as an input in determination of MSP, but it is certainly not the only factor that determines MSP.

Other Factors

- ❖ Demand related information - total and per capita consumption, trends and capacity of the processing industry;
- ❖ Prices in the international market and changes therein, demand and supply situation in the world market;
- ❖ Prices of the derivatives of the farm products such as sugar, jaggery, jute goods, edible/non-edible oils and cotton yarn and changes therein;
- ❖ Cost of processing of agricultural products and changes therein;
- ❖ Cost of marketing - storage, transportation, processing, marketing services, taxes/fees and margins retained by market functionaries; and
- ❖ Macro-economic variables such as general level of prices, consumer price indices and those reflecting monetary and fiscal factors.

STEPS TAKEN TO ENSURE MINIMUM SUPPORT PRICE (MSP) TO FARMERS

- Market intervention is being done by the Government whenever the prices of commodity falling below MSP.
- Purchase by Food Corporation of India (FCI) , Civil Supplies Corporation as per MSP fixed by Govt of India
- Purchase of the farm produce from the cultivators .
- The Government is taking steps to prevent the middle men.
- District level agencies are being involved for ensuring MSP to farmers.
- Wide publicity is being given for the benefit of the farmers.

ISSUES IN MSP

- ❖ Regional disparity
- ❖ The data is assimilated over a long period and there is time lag. So MSP fixed will be based on data captured 2 years back
- ❖ Political influence

PRIME MINISTER FASAL BHIMAYOJANA

- Govt., of India announced New policy on Crop Insurance from Kharif 2016 season.
- Farmers contribution of premium lessened in Kharif 2% & Rabi 1.5% for Food Crops & Oil seed crops.
- Annual commercial and Horticulture crops maximum of premium 5%.
- Use of technology for assessment of Area / Yield for quicker settlement of claims.
- State Govt., workout appropriate plan for adequate awareness campaigns and give wide publicity three months prior to the start of coverage period among the farming community to increase the insurance coverage especially Non-loanee and tenant farmers.

Agri Infrastructure and Market Linkage

- **Integrated Scheme for Agricultural Marketing (ISAM)**
- The grit and toil of farmers, dedication of agricultural scientists and consistent endeavour of policy makers have together contributed in transforming Indian agriculture from an importer of food grain at the time of independence to a major exporter of food grains now. However, the marketing systems and post-harvest marketing infrastructure have not been able to keep pace with the growing production and marketable surplus. This has brought to the fore, the need for providing farmers with access to competitive markets with adequate infrastructure including cold chain logistics, to enable them to realise better prices on the one hand and providing nutritious food to consumers at stable and affordable prices on the other. With this objective in view, the Government of India on 13th November, 2013 approved the proposal of Department of Agriculture & Cooperation for continuation and integration of on-going Central Sector Schemes as Integrated Scheme for Agricultural Marketing (ISAM) during the XII Plan (2012-2017)

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- ❖ Agricultural Marketing Infrastructure (AMI) [the existing schemes of Grameen Bhandaran Yojana (GBY) and Development/ Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization (AMIGS) will be merged as AMI]
- ❖ Marketing Research and Information Network (MRIN)
- ❖ Strengthening of Agmark Grading Facilities (SAGF),
- ❖ Agri-Business Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF) and
- ❖ Choudhary Charan Singh National Institute of Agriculture Marketing (NIAM).

Objective

- To examine, where necessary, the prevailing methods and cost of marketing of agricultural commodities in different regions, suggest measures to reduce costs of marketing and recommend fair price margins for different stages of marketing.
- To undertake studies in respect of different crops as may be prescribed by Government from time to time.
- To advise on any problems relating to agricultural prices and other production that may be referred to it by Government from time to time.
- To effectively integrate the recommended non-price measures with price recommendations and to ensure competitive agriculture.

Key Learning

- High tech agriculture including biotechnology, Nano technology, green house technology, new technology under micro or Nano irrigation system for water use efficiency and information technology based agriculture .
- Adoption of new farming practices.
- Farm mechanizations.
- Organic farming “ Paramparagat kheti ko protshahan’.
- Value addition through agro industries.
- Sustainable agriculture includes Agro forestry, agri Horticulture, Agri livestock.
- Integrated pest, nutrient, weed , water management technology in farmers field.
- Extension functions like Kisan Mela, Kishan Sivr, farm to farm, farmers field school.

Suggestions and Recommendations

- There must be a Micro agriculture plan including all schemes of agriculture and allied sectors as per farmer's need or village need and policies decision as per those plans only.
- Assistance rate of subsidy should be revised as costing of farming, inputs and farm mechanization implements.
- For better expansion of agriculture recommendations, transfer of new technologies and implementation of various govt agriculture schemes there should be an enough number of village level workers, extension worker staff at village level and also at block level.

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- The need to ensure rational utilization of land, water and other production resources.
- The likely effect of the price policy on rest of the economy, particularly on the cost of living, level of wages, cost structure of agro-based products and the competitiveness of agriculture and agro-based commodities.
- The need to provide incentive to the producer for adopting improved
 - technology and for developing a production pattern broadly in the light of national requirements.
- To take into account the changes in terms of trade between agricultural and non-agricultural sectors.
- Monitoring of agriculture fund should be digitized and computerized and link with land records.
- DBT scheme should be implemented across the country, (although some states are implementing it).

The image features a large, multi-colored text overlay that reads "THANK YOU". The text is rendered in a bold, sans-serif font with a white outline and a vibrant rainbow gradient. The background is a high-angle photograph of a tea plantation. The tea bushes are arranged in neat, terraced rows on a hillside. Several workers are visible, some crouching and others standing, engaged in the tea-picking process. The overall scene is bright and colorful, with the green of the tea leaves contrasting with the multi-colored text.

THANK YOU