

F. No. 9-5/2019-FES-ES
Ministry of Agriculture & Farmers Welfare
Department of Agriculture & Farmers Welfare
Economics, Statistics & Evaluation Division
(Food Economics section)

Room No. 450, Krishi Bhawan, New Delhi
Dated: 17th November, 2023

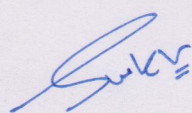
Shri Dheeraj Mishra,
Express Building, B-1/B, Sector- 10
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Subject: - Application under Right to Information Act, 2005 received vide Registration No. DOEAS/R/E/23/00058 dated 23/10/2023.

This is with reference your RTI application on the above-mentioned subject. In this regard, copy of Cabinet Note on Price Policy for Rabi Crops for Marketing Season 2024-25 along with summary of inputs received from State Government and Departments/Ministries (given Annexure VI& VII) is enclosed for your reference.

2. The first appeal, if any, against the reply may be made within 30 days of the receipt of the reply to Ms. Honey C. H., Adviser & Appellate Authority, Room No. 443 B, Krishi Bhawan.

This issues with the approval of the competent authority.

 17/11/23
(Shikha Singh)
Assistant Director

Copy to:

1. **Shri Anurag Bharnagar**, CPIO, Economics & Statistics Division, Krishi Bhawan, New Delhi-110001.
2. The Technical Director, NIC, Room No.341, Krishi Bhawan, New Delhi-110001

Cabinet Document No.....
GP No - 403 - 2023
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Krishi Bhavan, New Delhi

Dated: 16th October, 2023

NOTE FOR THE CABINET COMMITTEE ON ECONOMIC AFFAIRS (CCEA)

Subject: Price Policy of Rabi Crops for Marketing Season 2024-25.

Introduction

The objective of the Note is to seek consideration and approval of the Cabinet Committee on Economic Affairs (CCEA) for fixation of Minimum Support Prices (MSPs) of Rabi Crops for Rabi Marketing Season (RMS) 2024-25.

2. Background

2.1 In order to protect economic interest of the farmers and encourage them for higher investment and production, Government has been fixing MSP of major agricultural commodities including 6 Rabi crops based on price policy recommendations of the Commission for Agricultural Costs and Prices (CACP) and other stakeholders consultation.

2.2 The recommendations made in the report submitted by CACP on Price Policy for Rabi Crops for 2024-25 season are in line with the principle of fixing the MSPs at a level of at least 1.5 times of the all India weighted average cost of production (CoP). The MSPs recommended by CACP for Rabi Crops of 2024-25 season along with margin over the cost of production are given at Annexure I (Page no.11).

2.3 CACP has also made a number of non-price recommendations which include crop diversification towards pulses, particularly Lentil, Arhar/Tur and Urad, improving access to quality seeds and institutional agricultural credit, promoting efficient use of fertilizer & soil health and farm mechanisation. Non-price recommendations made by CACP are given at Annexure II (Page no.12-15).

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2.2 Production of Rabi Crops

As per the 3rd Advance Estimates of 2022-23, foodgrain production in the country is estimated at record high at 330.53 million tonnes, and oilseeds production touching 41 million tonnes. Similarly, a record production is estimated for wheat at 112.7 million tonnes in 2022-23, as against 107.7 million tonnes in 2021-22. Details of the production for foodgrains, oilseeds, pulses and rabi crops¹ are given at Annexure III. (Page no. 16)

2.3 Inflation

Inflation based on Wholesale Price Index (WPI) for cereals remained high at 7.25 percent in August, 2023. Inflation in wheat stood at 5.81 percent while pulses inflation stood at 10.45 percent in August, 2023. Oilseed inflation remained in negative territory and stood at -9.41 percent in the same period. The details are at Annexure IV (Page no. 17).

3. Proposal

3.1 Following has been proposed:

(i) The MSPs of Rabi Crops of Fair Average Quality (FAQ) for Marketing Season 2024-25 season may be fixed as follows:

S.No	Commodity	Minimum Support Price (₹/qtl)
1.	Wheat	2275
2.	Barley	1850
3.	Gram	5440
4.	Lentil (Masur)	6425
5.	Rapeseed & Mustard	5650
6.	Safflower	5800

(ii) The prices of other oilseeds belonging to the rapeseed and mustard group such as toria be fixed on the basis of their normal market price differentials with rapeseed & mustard.

(iii) In case of cereals and coarse cereals, FCI and other designated State Agencies would continue to provide price support to the farmer State Governments will undertake procurement

¹ Includes Wheat, Barley, Gram, Lentil, Rapeseed & Mustard and Safflower

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of coarse grains with the prior approval of Central Government and would distribute the entire procured quantity under NFSA. The subsidy will be provided only for the quantity issued under NFSA. NAFED, SFAC and other designated Central agencies would continue to undertake procurement of pulses and oilseeds. The losses, if any, incurred by the nodal agencies in such operations may be fully reimbursed by the Government as per the guidelines.

4. Financial implications

4.1 Financial implication associated with the proposed increase in MSP for the RMS 2024-25, has two components. First component relates to statutory financial implication resulting from the procurement of Wheat and second relates to market intervention in the form of Price Support Scheme (PSS) for oilseeds and pulses. Financial Implication resulting from procurement of wheat is based upon two procurement scenarios, scenario 1 considering the same procurement as was undertaken in RMS 2023-24 i.e. 262.02 LMT. Scenario 2 considering the average procurement of wheat done in the last three RMS 2021-22, 2022-23 & 2023-24 i.e. 295.00 LMT. The financial implication associated with second component is based upon the average procurement during the last five years under the scheme i.e., 23.41 LMT.

4.2 Accordingly, the total financial implication associated with procurement of Wheat, oilseed and pulses, based on the proposed MSP for RMS 2024-25, range from ₹ 65850.12 crores to ₹ 73625.69 crores. Details are given at Annexure V. (Page no. 18-19)

5. Justification

5.1 As per Food & Agriculture Organisation (FAO) and International Grain Council (IGC) forecast, global wheat production as well as supply in 2023-24 are expected to be lower than in 2022-23. Wheat is a staple food for a large section of our population and hence its production is extremely important for food security in the country. Besides, wheat is extensively grown and is source of livelihood for a large number of farmer Since the all India weighted average cost of production for Wheat has gone up by 5.9 per cent over the last year, MSP is proposed to be enhanced by ₹150 per quintal to compensate the farmers and incentivise the production of wheat. DA&FW supports CACP's recommendation to enhance the MSP for wheat by ₹ 150 per quintal, to ensure remunerative price to the farmer.

5.2 Though area under production of Barley has increased from 4.53 lakh hectares in 2021-22 to 6.17 lakh hectare in 2022-23, leading to increased estimated production, however, the yield has reduced from 3025 kg/hectare to 2734 kg/hectare over the same period. There exists

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immense potential for increasing yield by adopting quality inputs such as improved variety of seeds and technological interventions. In order to incentivize the farmers towards this end, DA&FW supports CACP's recommendations to enhance the MSP for barley by ₹ 115 per quintal.

5.3 Despite being the largest producer of pulses in the world, India has also emerged as one of the large importer of pulses owing to a high domestic demand. India imported 25.3 lakh tonnes of pulses in 2022-23, including 8.6 lakh tonnes of Lentil. Arhar/Tur has the largest share (35.2%) in total imports of pulses in 2022-23, followed by Lentil (34%). A concerted efforts are needed for expanding area under pulses particularly Lentil and Arhar/Tur. Pulses are critical crops in India, providing food and nutrition security. These play vital role in sustaining crop production systems because of its nitrogen-fixation property and supporting climate resilience as drought-tolerant crops, that can be grown in a variety of soil and weather conditions. In order to encourage farmers to grow pulses, DA&FW supports the recommendations of the CACP to increase the MSP of Gram by ₹105 per quintal, Lentil by ₹ 425 per quintal.

5.4 The production of total nine oilseeds in 2022-23 is estimated at about 41 million tonnes, about 8 percent higher than the previous year. Oilseeds are primarily used for oil, food, feed and industrial applications. Despite increase in domestic production of oilseeds in the recent years, country is unable to meet its domestic demand for edible oils and is dependent on imports for 55% of its requirement, leading to the outflow of valuable foreign currency. Therefore, Government has been substantially increasing MSP of oilseeds to encourage crop diversification in the States as well as to save foreign exchange reserves. DA&FW supports CACP's recommendation of enhancing MSP of Rapeseed & Mustard (by ₹200 per quintal), Safflower (by ₹150 per quintal).

6. Price Support Operations

6.1 In case of cereals and coarse cereals, Food Corporation of India (FCI) and other designated State Agencies would continue to provide price support to the farmer. State Governments will undertake procurement of coarse grains with the prior approval of Government and would distribute the entire procured quantity under National Food Security Act (NFSA). The subsidy will be provided only for the quantity issued under NFSA. National Agricultural Cooperative Marketing Federation of India Limited (NAFED), Small Farmers Agri – Business Consortium

(SFAC) and other designated Central Agencies would continue to undertake procurement of pulses and oilseeds.

6.2 Government has implemented Umbrella Scheme "Pradhan Mantri Annadata Aay SanraksHan Abhiyan" (PM-AASHA) for procurement of oilseeds, pulses and copra. This scheme becomes operational if market price falls below the MSP subject to criteria as specified in the extant guidelines.

6.3 The losses, if any, incurred by the nodal agencies in such procurement operations may be reimbursed by the Government as per the guidelines.

7. Views of State Government

7.1 The report of CACP was sent to all States/ U.T. Administrations for their views/ comments on the recommendations of CACP. Governments of Andaman & Nicobar, Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Himachal, Jammu & Kashmir, Jharkhand, Maharashtra, Manipur, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal have given their views on recommended MSPs for Rabi Crops to this Department. These are detailed at **Annexure VI (Page no.20)**.

8. Inter-Ministerial Consultation

8.1 The Draft CCEA note was circulated to the Ministries/Departments concerned viz. Department of Economic Affairs, Department of Expenditure, Department of Commerce, Department of Food & Public Distribution, Department of Consumer Affairs, and NITI Aayog for their views/comments. The comments/views of the Ministries/Departments and this Department's response thereon are given at **Annexure VII (Page no. 21-30)**.

9. Atma Nirbhar Bharat

9.1 The objective of this note is to seek approval of CCEA to fix the MSP for Rabi Crops of RMS 2024-25 so as to ensure remunerative prices for farmer's produce. MSPs for pulses and oilseeds have been increased to incentivise their production as against that of cereals, so as to achieve self- sufficiency and reduce the dependency on imports of edible oils and pulses.

10. Employment Generation Potential

10.1 The objective of this note is to fix MSP for Rabi Crops for marketing season 2024-25 which is expected to ensure remunerative prices to the growers for their produce. The proposals have no direct implication as far as employment generation is concerned.

11. Approval sought

Approval of Cabinet Committee on Economic Affairs (CCEA) is solicited on the proposal at paragraph 3 above.

12. Implementation Schedule

The implementation schedule in respect of the foregoing proposals is given at **Appendix I.** (Page no. 7,8)

13. Statement on Equity, Public Accountability and Innovation


Statement on Equity, Public Accountability and Innovation in respect of the foregoing proposal is given at **Appendix II.** (Page no. 9,10)

14. This Note has the approval of Minister of Agriculture & Farmers Welfare.

Place: New Delhi

Dated: 16th October, 2023

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(Rakesh Ranjan)
Special Secretary
Tel. No. 23385979

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Appendix I

(Referred on Page no.6)

STATEMENT OF IMPLEMENTATION SCHEDULE

Subject: Price Policy for Rabi Crops for Marketing Season 2024-25

Gist of decision required	Projected benefits/ results	Time- frame and manner of implementation/ reporting to the Cabinet Secretariat																					
(1)	(2)	(3)																					
<p>(i) Fixation of Minimum Support Prices for Rabi Crops of Marketing Season 2024-25 season as follows:</p> <table><tr><th>S.No</th><th>Crop</th><th>MSP(₹/qtl)</th></tr><tr><td>1.</td><td>Wheat</td><td>2275</td></tr><tr><td>2.</td><td>Barley</td><td>1850</td></tr><tr><td>3.</td><td>Gram</td><td>5440</td></tr><tr><td>4.</td><td>Lentil (Masur)</td><td>6425</td></tr><tr><td>5.</td><td>Rapeseed & Mustard</td><td>5650</td></tr><tr><td>6.</td><td>Safflower</td><td>5800</td></tr></table>	S.No	Crop	MSP(₹/qtl)	1.	Wheat	2275	2.	Barley	1850	3.	Gram	5440	4.	Lentil (Masur)	6425	5.	Rapeseed & Mustard	5650	6.	Safflower	5800	<p>Increased investment and production through assured remunerative prices to the farmer</p>	<p>Minimum Support Prices would be announced immediately after approval by the CCEA.</p> <p>Ministries / Departments of the Government of India, the State Governments / Union Territory Administrations concerned would be informed of the prices and of the other decisions. Compliance report would be sent to the Cabinet Secretariat.</p>
S.No	Crop	MSP(₹/qtl)																					
1.	Wheat	2275																					
2.	Barley	1850																					
3.	Gram	5440																					
4.	Lentil (Masur)	6425																					
5.	Rapeseed & Mustard	5650																					
6.	Safflower	5800																					
<p>(ii) The derived MSP of toria belonging to the rapeseed & mustard group be fixed on the basis of normal market price differentials with rapeseed and mustard</p>		<p>Derived MSP for Toria will be fixed after the latest data on MSP price differential are made available.</p>																					

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Gist of decision required	Projected benefits/ results	Time- frame and manner of implementation/ reporting to the Cabinet Secretariat
(1)	(2)	(3)
(iii) In the case of cereals and coarse cereals, FCI and other designated State Agencies would continue to provide price support to the farmer. State Governments will undertake procurement of coarse grains with the prior approval of Government and would distribute the entire procured quantity under NFSA. The subsidy will be provided only for the quantity issued under NFSA. NAFED, SFAC and other designated Central agencies would continue to undertake procurement of pulses and oilseeds. The losses, if any, incurred by the nodal agencies in such operations may be fully reimbursed by the Government as per the guidelines.	FCI has a vast network and this will facilitate effective procurement of cereals, and NAFED and other designated procuring agencies would facilitate procurement of pulses and oilseeds. Therefore, procurement undertaken by these designated agencies would provide farmers required support.	The Department of Food & Public Distribution and NAFED and other designated procuring agencies will be instructed to take necessary action.

Place: New Delhi

Dated: 16th October, 2023

(Rakesh Ranjan)
 Special Secretary
 Tel. No. 23385979

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Appendix II

(Referred on Page no.6)

Statement on Equity, Public Accountability and Innovation

Subject: Price Policy for Rabi Crops for Marketing Season 2024-25

S. No.	The required goal	How does the proposal advance this goal?
1	Equity or inclusiveness	The MSP mechanism provides efficient and transparent price support to the farmers for their produce. As nearly 86% farmers are in small and marginal category (Agriculture Census 2015-16), the uniform implementation of this policy across the country ensures equity and inclusiveness. It also helps in stabilising prices in the market and thus serves the interest of consumers as well.
2.	Public Accountability	The purchase of agricultural produce at the MSP fixed by the Government is done through the designated Central and State agencies and cooperatives. Wide publicity, in print and electronic media and through other means, is also given to make the farmers aware of the prices fixed by the government. There is a well laid down system of audit of such procurement. Hence, accountability is appropriately ensured.
3.	Innovation	The system of implementation of price support scheme for selected agricultural commodities has evolved over time. For wheat, either the State Governments or the Food Corporation of India in close coordination with the State Governments, organize procurement operations. State Governments will undertake procurement of coarse grains with the prior approval of Government and would distribute the entire procured quantity under NFSA. NAFED, SFAC and other designated Central agencies would undertake procurement of pulses and oilseeds. An elaborate system


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		of movement and storage of the procured commodities is undertaken and monitored on a regular basis by the Government with the help of designated agencies. In fact, innovative measures are taken depending on the situation in specific areas to ensure that the system runs in an efficient and objective manner.
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Place: New Delhi

Dated: 16th October, 2023


(Rakesh Ranjan)
Special Secretary
Tel. No. 23385979

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Annexure I

(Referred on Page no. 1)

Minimum Support Price (MSPs) recommended by CACP for Rabi Marketing Season (RMS) 2024-25

S.No	Crops	Projected A2+FL Cost* RMS 2024-25 (₹ per quintal)	MSP for RMS 2023-24 (₹ per quintal)	MSP Recommended by CACP for RMS 2024-25	Absolute Increase in MSP (in ₹ Per quintal)	Margin over A2+FL Cost (In percent)
1	Wheat	1128	2125	2275	150	102
2	Barley	1158	1735	1850	115	60
3	Gram	3400	5335	5440	105	60
4	Lentil	3405	6000	6425	425	89
5	Rape Seed/Mustard	2855	5450	5650	200	98
6	Safflower	3807	5650	5800	150	52

**Refers to cost which includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc., miscellaneous expenses and imputed value of family labour.*

(Referred on Page no.1)

Non-Price Policy Recommendations Made by the CACP in Its Report on Price Policy for Rabi Crops of RMS 2024-25

Promote and Diversify Pulses Production

1. The production of pulses is concentrated in a few States and districts in the country and is prone to high fluctuations due to biotic and abiotic stresses. Thus, the Commission recommends that concerted efforts are needed for expanding area under pulses particularly lentil, arhar/tur and urad in more districts and in rice-fallows available in eastern and southern States as well as promoting summer cultivation of urad and moong in areas with assured irrigation facilities.
2. The sale of pulses procured under Price Support Scheme (PSS) in open market below the MSP depresses market prices. The Commission recommends that policy for disposal of pulses procured under the PSS should be formulated and should not be sold below the MSP. The distribution of pulses to households in the Aspirational Districts would help in improving nutrition in these areas as well as disposal of stocks without affecting the market prices

Reduce Dependence on Imports of Edible Oils

3. Domestic consumption of edible oils has increased at a faster pace than domestic production, requiring significant volume of imports. In order to reduce import dependency, special efforts are needed to increase production of major oilseeds such as rapeseed & mustard, sunflower etc. and tap potential of non-conventional oils such as rice bran oil, corn oil, etc. The Commission reiterates its earlier recommendation that the scope of National Mission on Edible Oils (NMEO) should be expanded to include major oilseeds such as rapeseed & mustard, sunflower, groundnut and soybean.
4. In order to protect oilseed farmers from adverse impact of import of edible oils, the Commission recommends that a dynamic tariff structure linked to world prices, demand-supply situation, domestic prices of edible oils and MSP of oilseeds should be introduced. In order to improve capacity utilization of domestic refining industry, a duty differential of about 15 percent between crude and refined oil should be maintained to discourage import of refined oils.

Review Open Ended Procurement Policy for Rice and Wheat

5. The open ended procurement policy for rice and wheat has resulted in accumulation of huge stocks of rice and wheat, as well as it distorts cropping pattern and leads to over exploitation of groundwater. The Commission recommends a thorough review of the open-ended procurement policy to restrict procurement to requirements under National Food Security

Act/Targeted Public Distribution System, other welfare schemes and various other requirements and compensate the farmers for additional marketed surplus through Price Deficiency Payments. Since wheat procurement in Bihar, Rajasthan and Uttar Pradesh is low, the Commission recommends strengthening of procurement operations in these States.

Review Ceiling for Procurement under Price Support Scheme (PSS)

6. In order to enhance domestic production and ensure remunerative prices to farmers growing pulses and oilseeds, the Commission recommends that the ceiling for procurement of pulses, particularly, arhar/tur, urad and lentil, where import dependence is high, should be reviewed.

Public and Private Investment in Agriculture

7. Given the strong complementarity between public and private investment in agriculture, the Commission recommends that public spending on agriculture, particularly, agricultural R&D should be enhanced. Efforts should be made to attract private corporate investment in agriculture through creating enabling policy environment and addressing regulatory/legal constraints.

Access to Quality Seeds

8. Quality seeds play a crucial role in improving both quality and quantity of the produce. Agricultural research institutions have developed large number of high yielding varieties of crops suited to different agro-climatic zones. In order to promote usage of quality seed, the Commission recommends that timely availability of seed should be ensured and States should prepare a dynamic Seed Rolling Plan to provide quality seeds to farmers

Promote Efficient Use of Fertilizers and Soil Health

9. The fertilizer use in India is highly unbalanced, over-use of fertilizers (>200 kg/ha) in about 25 percent of districts causing serious environmental degradation, while about 17 percent districts have very low consumption (<50 kg/ha), adversely affecting productivity. In addition, there is an imbalance in the ratio of nutrients. The Commission recommends that special awareness campaigns should be launched to educate farmers about balanced use of fertilizers and reduce fertilizer consumption in high-use districts and promote fertilizer use in low-use areas.
10. States should make concerted efforts to promote and popularize use of nano fertilizers through campaigns and field level demonstrations, which will help in containing fertilizer subsidy.
11. The Commission recommends that a suitable cap may be imposed on the number of subsidized urea bags supplied to farmers depending on the size of the farm so that excessive usage of urea and imbalance in use of nutrients can be controlled.

Irrigation Development and Water Management

12. Water scarcity is expected to intensify and spread as new water demands emerge and variability in rainfall pattern will increase due to climate change. Therefore, efficient water management is necessary for sustainable agricultural development. The Commission recommends intensive and concerted efforts to increase coverage of area under micro irrigation through awareness programmes and ensuring supply of good quality equipments along with post installation maintenance services.

Promote Sustainable and Climate Resilient Agriculture

13. In view of the fact that extreme weather events are likely to become more frequent and more intense, the Commission recommends that appropriate mitigation and adaptation strategies should be adopted to enhance agricultural resilience to climate change and variability.
14. Schemes like the Paramparagat Krishi Vikas Yojana (PKVY), Mission Organic Value Chain Development for North Eastern Region (MOVCD-NER), and National Mission on Natural Farming (NMNF) have been introduced to provide necessary assistance to farmers for promoting natural/organic farming, create market linkages and infrastructure development. The Commission recommends that farmers should be provided technical know-how for adopting sustainable agricultural practices and natural/organic farming. Furthermore, educating and motivating farmers about the efficient use of natural resources as well as other inputs is of utmost importance as it not only contributes to sustainable agriculture but also opens new avenues for farmers in the global organic market.

Farm Mechanization

15. Agricultural mechanization can help resolve labour shortage, improve productivity and reduce cost of production. The Commission recommends promoting farm mechanization among small and marginal farmers through Custom Hiring Centres, Farm Machinery Banks and Hi-Tech Hubs to address economies of scale issue. The allocation for Sub Mission on Agricultural Mechanization (SMAM) should be increased with special focus on States with low level of mechanization to ensure equitable access to farm mechanization.

Equitable Access to Agricultural Credit

16. There are high inter-State and inter-farm size disparities in disbursal of agricultural credit with low penetration in the eastern and North-eastern parts of the country. Thus, the Commission recommends that efforts should be made to extend agricultural credit to small and marginal farmers with special focus on Eastern and North-eastern region. For equitable and universal distribution of agricultural credit, more coordinated efforts from the Government and the lending agencies are required.

Strengthen Farmers' Collectives

17. Organising small and marginal farmers into groups will help in aggregating their output thereby achieving economies of scale as well as mitigating various risks besides enhancing their bargaining power. The Commission recommends that farmers' collectives such as Farmer Producer Organizations (FPOs), Farmer Producer Companies (FPCs), Primary Agricultural Credit Societies (PACS), etc. should be strengthened and linked to e-NAM and other modern marketing platforms to improve their access to markets and to make agriculture more remunerative for the small and marginal farmers.

Awareness about Price Policy and Fair Average Quality (FAQ) Norms

18. It has been observed that many farmers are still unaware of the MSP operations and FAQ norms. The Commission recommends that the State Governments should play a key role in popularizing MSP operations by actively engaging with farmers and organizing special campaigns to create awareness about MSP, quality specifications, details of procurement centres, period of procurement, registration procedure, documents required, etc.

Review Sample Size and Coverage of States under the Comprehensive Scheme (CS)

19. The sample size for certain crops in some States and all-India is inadequate. The Commission recommends that the sample size of wheat in Chhattisgarh, gram in Haryana, Jharkhand and West Bengal and safflower in Karnataka may be increased. The Commission further recommends that the cost data should be collected regularly for wheat in Uttarakhand, gram in Jharkhand, lentil in Rajasthan, rapeseed & mustard in Chhattisgarh, Himachal Pradesh and Jharkhand, and safflower in Karnataka and Maharashtra for reliable cost estimates.
20. The Commission has observed that there are certain crops in States, which occupy a reasonable share in area and production at all-India level as well as a crop group in the State, but cost data for these States/crops is not available. Therefore, the Commission recommends inclusion of Jammu & Kashmir for wheat and rapeseed & mustard, Tripura for rapeseed & mustard and Uttarakhand for wheat, barley, lentil and rapeseed & mustard under the Comprehensive Scheme.

Annexure III

(Referred on Page no.2)

A. Production of Rabi Crops (In million tonnes)

Crops	2018-19	2019-20	2020-21	2021-22	2022-23*
Wheat	103.6	107.86	109.59	107.74	112.74
Barley	1.63	1.72	1.66	1.37	1.69
Gram	9.94	11.08	11.91	13.54	13.54
Masur/Lentil	1.23	1.10	1.49	1.27	1.58
Rapeseed/Mustard	9.26	9.12	10.21	11.96	12.49
Safflower	0.02	0.04	0.04	0.06	0.06

B. Production of Foodgrains and Oilseeds (In million tonnes)

Crops	2018-19	2019-20	2020-21	2021-22	2022-23*
Total Foodgrains **	285.21	297.50	310.74	315.62	330.53
Total Pulses**	22.08	23.02	25.46	27.30	27.50
Total Oilseeds**	31.52	33.22	35.95	37.96	41.00

*Thrd Advance Estimates of 2022-23, DA&FW

**Includes Rabi, Kharif and Summer crops

Annexure IV
(Referred on Page no.2)

Month-on-Month Inflation based on Wholesale Price Index (WPI)

Commodities	Feb 23	Mar 23	Apr 23	May 23	June 23	July 23*	Aug 23*
Food Articles	3.81	5.42	3.88	1.63	1.32	14.25	10.60
Cereals	13.95	9.48	7.69	6.89	8.34	8.31	7.25
Wheat	18.48	9.16	7.56	6.20	9.02	8.01	5.81
Pulses	2.59	3.03	5.67	5.82	9.21	9.59	10.45
Oil Seeds	-7.38	-15.05	-15.58	-15.60	-14.69	-9.61	-9.41

Source: Office of the Economic Adviser, DPIIT

*Provisional

The financial implication of increase in MSP of Rabi Crops for Rabi Marketing Season RMS 2024-25

1. The financial implication of increase in MSP of wheat by ₹ 150 per quintal for RMS 2024-25

Scenario 1: Considering the procurement figures of RMS 2023-24 i.e., 262.02 LMT, Government of India has to bear the additional financial burden of approx. ₹. 4,073.10 crore and total financial burden of ₹ 61,775.40 crore.

Financial impact of increase in MSP of wheat during RMS 2024-25		
	Additional financial burden on account of increase in MSP by ₹. 150.00	Total financial implication at the proposed MSP of ₹. 2275.00
a. MSP (₹/Qtl)	150.00	2275.00
b. 3.63% Statutory & other charges on MSP (based on RMS 2023-24 (BE))	5.45	82.66
c. Total cost (a + b) (₹/Qtl)	155.45	2357.66
d. Estimated Procurement (LMT) (procurement of RMS 2023-24)	262.02	262.02
e. Financial implication (₹ in crore)	4073.10	61775.40

Scenario 2: Considering the average procurement of wheat done in last three RMS 2021-22, 2022-23 and 2023-24 i.e. 295.00 LMT, Government of India has to bear the additional financial burden of approx. ₹4585.77 crore and total financial burden of ₹69550.97 crores.

Financial impact of increase in MSP of wheat during RMS 2024-25		
	Additional financial burden on account of increase in MSP by ₹150.00	Total financial implication at the proposed MSP of ₹2275.00
a. MSP (₹/Qtl)	150.00	2275.00
b. 3.63% Statutory & other charges on MSP (based on RMS 2023-24 (BE))	5.45	82.66
c. Total cost (a + b) (₹/Qtl)	155.45	2357.66
d. Estimated Procurement (LMT) (average procurement of last three RMS 2021-22, 2022-23 and 2023-24)	295.00	295.00
e. Financial implication (₹ in crore)	4585.77	69550.97

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2. Financial implication on procurement of pulses & oilseed under PM-AASHA due to Increase in MSP for Rabi Marketing Season 2024-25.

Category/Commodity	Average Procurement of Last five year(in MT)	Proposed MSP for RMS 2024-25(IN MT)	Total MSPValue (Rs In Crore)	% of Estimated Loss	Loss Value (Rs In Crore)	Proposed Increased MSP for RMS 2024-25(per MT)	Total enhanced MSP Value (Rs in Crore)	Financial Implication due to enhanced MSP (Rs in Crore)
Oil Seed								
Mustard Seed	601,127.03	56500	3396.37	25%	849.09	2000	120.23	30.06
Safflower Seed	1629.68	58000	9.45	25%	2.36	1500	0.24	0.06
Total	602756.71		3405.82		851.45		120.47	30.12
Pulses								
Gram	1710992.31	54400	9307.8	34%	3164.65	1050	179.65	61.08
Masoor	26832.89	64250	172.4	34%	58.62	4250	11.4	3.88
Total	1737825.2		9480.2		3223.27		191.06	64.96
Grand Total	2340581.92		12886.02		4074.72		311.53	95.08

(Referred on Page no. 5)

Minimum Support Prices recommended by the CACP for Rabi Crops of RMS 2024-25 and suggested by the State Governments

(₹ per quintal)

S. No.	State/crops	Wheat	Barley	Gram	Lentil (Masur)	Rapeseed & Mustard	Safflower
	MSP recommended by CACP	2275	1850	5440	6425	5650	5800
MSP suggested by the State Governments							
1	Andaman Nicobar &	Union Territory agrees with the recommended MSP for RMS 2024-25					
2	Andhra Pradesh			7983		6608	
3	Bihar	2900		4971	6494	6267	
4	Chhattisgarh	State agrees with the recommended MSP for RMS 2024-25					
5	Goa	No comments to offer					
6	Gujarat	3850		6710		6820	
7	Himachal	State agrees with the recommended MSP for RMS 2024-25					
8	Jammu & Kashmir	State agrees with the recommended MSP for RMS 2024-25					
9	Jharkhand	2738					
10	Maharashtra	4131		6508			6154
11	Manipur					6017	
12	Mizoram	State agrees with the recommended MSP for RMS 2024-25					
13	Nagaland	State agrees with the recommended MSP for RMS 2024-25					
14	Odisha					5900	
15	Punjab	3077	2333	6518		6199	
16	Rajasthan	2667	2438	6149		6474	
17	Tamil Nadu			5870			
18	Tripura				6242	6310	
19	Uttar Pradesh	2890	2585	5720	6425	6080	
20	Uttarakhand	State agrees with the recommended MSP for RMS 2024-25					
21	West Bengal	3150				6930	

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Annexure VII
(Referred on Page no.5)

Summary of Comments of Ministries/Departments on the Draft CCEA Note

S. No.	Ministry/ Department	Comments	Views of the Ministry of Agriculture & Farmers Welfare								
1.	Department of Food & Public Distribution (Letter dated 14 th September, 2023)	<p>1. The MSP hike of ₹150/qlt has been proposed for wheat for RMS 2024-25 which is 7.06% increase over the previous year. However, during RMS 2023-24, the MSP was increased by ₹110/qlt which was 5.45% increase over RMS 202223. It shows substantial increase in MSP during RMS 2024-25 from previous seasons, thus the benefit of MSP to farmers will also increase.</p> <p>2. The stock position of wheat has been varying during last three years due to variation in procurement and issues under various schemes. The stock of wheat during the last three years as on 1st August is as under:</p> <table><tr><th>Position as on</th><th>Wheat stock (in LMT)</th></tr><tr><td>01.08.2021</td><td>564.80</td></tr><tr><td>01.08.2022</td><td>266.45</td></tr><tr><td>01.08.2023</td><td>280.39</td></tr></table> <p>The stock position of wheat has been varying during last years due to fluctuations in procurement and distribution under various schemes.</p> <p>3. It is noted that rate of return for wheat</p>	Position as on	Wheat stock (in LMT)	01.08.2021	564.80	01.08.2022	266.45	01.08.2023	280.39	1. & 2. No comments.
Position as on	Wheat stock (in LMT)										
01.08.2021	564.80										
01.08.2022	266.45										
01.08.2023	280.39										

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		<p>(102 per cent) and Rapeseed / Mustard (98 per cent) are maximum in comparison to other crops. The maximum return over production cost attracts farmers to cultivate these crops. Other crops (pulses and safflower) due to less return over cost of production discourage the farmers to grow, thereby resulting in the country to resort for imports.</p> <p>4. Domestic production of oilseeds and thereby edible oils is unable to meet the demand for edible oils in the country and the shortfall is met by imports. Even though an increase in production of oilseeds is estimated for 2022-23 (an increase in the domestic production of mustard by 5.31 LMT and safflower by 0.04 LMT) as compared to the previous year 2021-22, the country will still have to rely on imports to meet its requirement for edible oils. Increase in the Minimum Support Price (MSP) of oilseeds will incentivize the oilseed farmer to increase the production of oilseeds and the added incentive for higher oil content may incentivize farmers to shift to high yielding varieties of oilseeds.</p>	<p>3. & 4. While recommending MSPs, CACP considers important factors like cost of production, overall demand-supply conditions, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over cost of production.</p> <p>Beside the Price Policy, Government encourages diversified production of crops such as pulses, coarse cereals, nutri cereals, cotton & oilseeds under National Food Security Mission (NFSM) and horticultural crops under Mission for Integrated Development of Horticulture (MIDH).</p> <p>Additionally, the Department of Agriculture & Farmers Welfare (DA&FW) is implementing the Crop Diversification Programme (CDP), a sub-scheme of</p>

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S. No.	Ministry/ Department	Comments	Views of the Ministry of Agriculture & Farmers Welfare
		<p>5. Government fixes the MSP on oilseeds on a seasonal basis. Although it helps in ensuring a remunerative price to the farmers, it has not delivered the required result by means of increase in domestic production. It may be helpful if a long-term MSP policy, preferably for the next 5 Years, needs to be in place so that farmers know what they will get in future for their crops and may accordingly take an informed decision.</p>	<p>Rashtriya Krishi Vikas Yojana (RKVY) in the Original Green Revolution States viz; Haryana, Punjab & Western Uttar Pradesh since 2013-14 to divert the area of water intensive paddy crop to alternative crops like pulses, oilseeds, coarse cereals, nutri cereals, cotton etc.</p> <p>5. CACP recommends MSP for a particular marketing season based on several dynamic factors such as demand-supply conditions, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy. Besides, factors like rational utilization of land, water and other production resources and ensuring a minimum of 50 percent as the margin over cost of production, are considered by CACP while recommending the MSP. Moreover, the estimated cost of production being an important determinant of MSP is a function of actual paid out costs, imputed value of family and Composite Input Price Index</p>

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			(CIP), which is dynamic in nature and has specific time frame.
2.	Department of Economic Affairs and Department of Expenditure (Letter dated 25 th September, 2023)	<p>1. The non-price recommendations as given by the Commission for Agricultural Costs and Prices (CACP) are supported "in-principle" and should be examined for implementation, including enhancing farm mechanization. However, these proposals may be routed through the appraisal/ approval mechanism of Expenditure Finance Committee (EFC)/ Cabinet depending on the financial outlay.</p> <p>2. The draft CCEA note proposes a 102 percent return over cost for wheat which is much higher in comparison to other crops. Given the skewness in wheat procurement, the benefit of proposed increase is likely to accrue to a few states. There is a need to address skewness in the coverage of States from which wheat is procured.</p> <p>3. Reasons for relatively high increase in MSP over previous years for Wheat (7.06%) and Lentil (7.08%) may be provided.</p>	<p>1. Non price recommendation will be dealt separately by the Ministries/Departments concerned</p> <p>2. & 3. CACP recommendations, both Price and Non-Price are announced for particular marketing season based several dynamic factors such as demand-supply conditions, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over cost of production. For RMS 2024-25 the all India weighted average cost of production for wheat is expected to increase by 5.9 per cent over the last year,</p>

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		<p>therefore to compensate the farmers, an increase of ₹150 per quintal is proposed. Further to reduce import dependence and promote crop diversification towards oilseeds and pulses, higher increase in MSP is proposed for Lentil. Detailed explanation given in para 5</p> <p>4. The Department of Agriculture & Farmers Welfare should incorporate the financial implication of the increased Minimum Support Price (MSP), as estimated by Department of Food and Public Distribution and other concerned departments, in the Draft CCEA Note before circulating it for comments.</p> <p>5. MSP should promote crop diversification and incentivize production of oilseeds and pulses.</p>	<p>therefore to compensate the farmers, an increase of ₹150 per quintal is proposed. Further to reduce import dependence and promote crop diversification towards oilseeds and pulses, higher increase in MSP is proposed for Lentil. Detailed explanation given in para 5</p> <p>4. Included in Para 4 of the Note.</p> <p>5. In order to promote crop diversification towards oilseeds and pulses, higher increase in MSP is proposed for Lentil, Gram Rapeseed & Mustard and Safflower. Beside the Price Policy, Government encourages diversified production of crops such as pulses, coarse cereals, nutri cereals, cotton & oilseeds under National Food Security Mission (NFSM) and horticultural crops under Mission for Integrated Development of Horticulture (MIDH).</p> <p>Additionally, the Department of</p>

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			Agriculture & Farmers Welfare (DA&FW) is implementing the Crop Diversification Programme (CDP), a sub-scheme of Rashtriya Krishi Vikas Yojana (RKVY) in the Original Green Revolution States viz; Haryana, Punjab & Western Uttar Pradesh since 2013-14 to divert the area of water intensive paddy crop to alternative crops like pulses, oilseeds, coarse cereals, nutri cereals, cotton etc.
3.	NITI Aayog (Letter dated 11 th September 2023)	<p>1. CACP has made 14 non-price recommendations such as crop diversification towards pulses, particularly Lentil, Arhar/Tur and Urad, reduce dependence on imports of edible oils, improving access to quality seeds and institutional agricultural credit, promoting efficient use of fertilizer & soil health and farm mechanization etc which may be complied with to increase the productivity of oil seeds and pulses</p> <p>2. The productivity levels of Pulses in rice fallow area are low in many States which need to be addressed by the Department.</p>	<p>1. Non-Price Policies will be dealt separately by the Ministries/Departments concerned.</p> <p>2. In order to enhance production and productivity of Oilseeds and Pulses, the Government of India is implementing National Food Security Mission (NFSM) on Oilseeds, Oil palm and Pulses. The NFSM - Pulses</p>

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			<p>programme is implemented in 644 districts of 28 States and Union Territories (UTs) of Jammu & Kashmir and Ladakh. Under the programme, incentives are given to the farmers for cluster demonstrations, seed distribution & production of certified seeds of High Yielding Varieties (HYVs), farm machineries/tools, efficient water saving devices, plant protection chemicals, nutrient management, soil ameliorants and trainings to the farmer. Further, in order to enhance production of pulses, initiatives viz., Support for breeder seed production, creation of 150 Seed Hubs for Certified seed production at Indian Council of Agricultural Research (ICAR)/State Agriculture Universities (SAUs)/Krishi Vigyan Kendras (KVKs), Distribution of seed mini-kits of pulses for the varieties notified within 10 years free of the cost to the farmers, conducting of cluster front line demonstrations</p>

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			(CFLDs) on improved latest package of practices through ICAR/KVKs/SAUs, support to Central Seed Agencies to produce certified seed of pulses latest varieties notified within 5 years, Special Action Plan for increasing pulses productivity, Targeting Rice fallow Area (TRFA) programme in 12 states across the country etc are being undertaken
4.	Department of Consumer Affairs (Letter dated 12 th September, 2023)	Department of Consumer Affairs supports the proposal.	No comments.
5.	Department of Commerce (Letter dated 25 th September, 2023)	<p>1. As per the WTO's AoA, Market Price Support (MPS) provided through procurement of crops by Government at administered prices (Minimum Support Price or MSP in case of India) is required to be notified to the WTO. Further, it needs to be ensured that the product-specific support is within de-minimis i.e. 10% of the value of the production of the respective crop. Similar de-minimis also applies to the non-product specific price support across the agricultural sector.</p> <p>2. The MPS is calculated as the difference between the Applied Administered Price (i.e. MSP in our case) and External Reference Price (ERP) multiplied by Eligible Production [MPS = (MSP – ERP) x Eligible Production].</p>	1. & 2. As far as the WTO commitment is concerned, it may be noted that while calculating the aggregate support "inflation" since 1986 has not been factored in. This leads to an understated External Reference Price (ERP) making the aggregate support overstated.

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		<p>The ERP is the average of the 1986-88 import/ export price of the specific product. Eligible Production, as per WTO jurisprudence, has been defined as the quantity eligible to receive such payment, even though the actual procurement may be lesser or even NIL.</p> <p>3. The public stockholding programmes for food security purposes (PSH) for specified crops presently get covered under a 'Peace Clause', prescribed in the WTO's Bali Ministerial Decision (2013) which allows exceeding the product-specific de-minimis by developing country Members, subject to certain conditions. These conditions, inter alia, include ensuring that stocks procured under such programmes do not distort trade or adversely affect the food security of other members i.e. no exports are allowed from the accumulated stocks). It may, therefore, be necessary to ensure that procured stocks are not released for exports.</p> <p>4. Further, the protection under the 'Peace Clause' is clearly available only for our public stockholding programmes for wheat, rice and coarse grains. India has breached the de-minimis subsidy limit for rice in 2018-19, 2019-20, 2020-21 and 2021-22 respectively and has invoked the protection under the 'Peace Clause'. There are a number of counter notifications filed by some WTO members in recent years claiming that India has also breached its de- minimis commitments in</p>	<p>3. to 6. Government extends price support to wheat through the Food Corporation of India (FCI) and State Agencies. State Governments undertake procurement of coarse grains with the prior approval of Government and distributes the entire procured quantity under National Food Security Act (NFSA) and other welfare schemes.</p> <p>Further, oilseeds and pulses of Fair Average Quality (FAQ) are procured from registered farmers under Price Support Scheme under Umbrella Scheme of Pradhan Mantri Annadata Aay SanrakshAn Abhiyan (PM-AASHA), as per its prescribed guidelines in consultation with the concerned State Government as and when market price of these produce fall below the MSP. However, if farmer gets better price in comparison to MSP, they are free to sell their produce in open market.</p>

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		<p>wheat, cotton, sugar and pulses. In view of the above, it may be essential that product specific domestic support given to all crops is kept within 10% of the total value of production for each crop during the year, particularly for crops not covered under the 'Peace Clause', to meet our WTO obligations.</p> <p>5. Para 3 of Annex 2 of the AoA (Public stockholding for food security purposes) states that the volume and accumulation of public stocks shall correspond to pre-determined targets related solely to food security. The procurement under the MSP should, therefore, not be open ended and pre-determined targets should be specified simultaneously for procurement of crops for which MSPs are announced.</p> <p>6. Regarding other recommendations, the proposed measures should be in the nature of general services under Annex 2 of the AoA and thus, avoid any kind of product-specificity so as to enable availability of policy space within de-minimis limits for product-specific support for welfare schemes.</p>	