

F. No. 9-5/2023-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: 12th December, 2023

Shri Nizam ul Mulk,
Mughai Liaison Office: No.1, Third Block,
11, Ridge Road, Nagpur, Maharashtra-440027

Subject: Application under Right to Information Act, 2005 received vide Registration No. DOA&C/R/P/23/00522 dated 17/11/2023 regarding Cabinet note of Kharif Crops.

This is with reference to your RTI application on the above-mentioned subject. In this regard, copy of Cabinet Note on Price Policy for Kharif Crops for Marketing Season 2023-24 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.

 12/12/23
(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

Copy No.....

Krishi Bhavan, New Delhi

Dated 06 June, 2023

NOTE FOR THE CABINET COMMITTEE ON ECONOMIC AFFAIRS (CCEA)

Subject: Price Policy of Kharif Crops for Marketing Season 2023-24.

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 Kharif Crops for Kharif Marketing Season (KMS) 2023-24.

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 14 kharif crops based on price policy recommendations of the Commission for Agricultural Costs and Prices (CACP) and other stakeholders consultation.

2.2 Production of Kharif Crops

As per the 3rd Advance Estimates of 2022-23, Indian agrarian production is estimated to be at record high with foodgrains production at 330.53 million tonnes, and oilseeds production touching 41 million tonnes. During 2022-23, kharif production of rice, pulses, oilseeds and nutri- cereals/Shree Anna¹ and cotton is estimated to be 110.03 million tonnes, 7.85 million tonnes, 25.94 million tonnes, 13.75 million tonnes and 34.35 million bales, respectively. The details are at **Annexure I. (Page no.15-16)**

2.3 Inflation

¹Includes Jowar, Bajra, Ragi and small millets.

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Inflation based on Wholesale Price Index (WPI) for cereals remained high at 7.69 percent in April, 2023. Inflation in pulses moderated and stood at 5.55 percent in April, 2023. Oilseed inflation remained in negative territory and stood at -15.54 percent in the same period. The details are at **Annexure II.(Page no.17)**

3. Proposal

3.1 The recommendations made in the report submitted by CACP on Price Policy for Kharif Crops for 2023-24 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 Kharif Crops of 2023-24 season along with margin over the cost of production are given at **Annexure III. (Page no.18)**

3.2 CACP has also made a number of non-price recommendations which include crop diversification towards oilseeds, pulses and nutri-cereals/shree anna; addressing low yield and yield gap, improving access to institutional agricultural credit; and rationalising market fees. Non-price recommendations made by CACP are given at **Annexure IV. (Page no.19-23).**

4. Financial implications

4.1 Financial implication, as a result of increase in MSP of Paddy for Kharif Marketing Season 2023-24 worked out by Department of Food & Public Distribution, which is to be borne by Government of India (GoI) is as follows.

Sl.No.	Financial impact of increase in MSP of Paddy during KMS 2023-24		
		Additional Final burden on account of increase in MSP by ₹143/0.67 in terms of Rice	Total financial implication at the proposed MSP of ₹ 2203/0.67 in terms of Rice (Grade-A)
a	MSP in terms of Rice (₹/qtl)	213.43	3288.05
b	Statutory & other charges on MSP (₹/qtl.) 7.92% of ₹ 213.43 (Based on 2022-23 BE)	16.90	260.41
c	Total cost (a+b) (₹/qtl.)	230.33	3548.46
d	Estimated Rice Procurement for KMS 2023-24 (in LMT)	600	600
e	Financial Implications (Rs in crore)	13,819.80	2,12,907.60

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4.2 Procurement of oilseeds and pulses under Price Support Scheme, depends upon the market scenario and the decision of State Governments/ UTs concerned. However, based on the average procurement during the last five years and increase in MSP of oilseeds and pulses over last year's MSP, the financial implication resulting from the higher MSP is estimated at ₹ 126.99 crores.

4.3 Accordingly, the total additional financial implication associated with procurement of paddy, oilseed and pulses, based on the proposed MSP for KMS 2023-24, is estimated at ₹ 13,946.79 crores

5. Justification

5.1 Rice is an important constituent of India's foodgrain basket and accounts for about 41 percent of total foodgrain production². It is extremely important for food security in the country and is a major source of livelihood for a large number of farmers. For 2023, the projected cost of production of paddy has gone up by 6.9 per cent over last year. Thus, to compensate the farmer, DA&FW supports CACP's recommendation to increase MSP of Paddy-Common and Paddy-Grade A by ₹143 per quintal, each.

5.2 Nutri-cereals/Millet (Shree Anna) play a crucial role in providing necessary nutrients, preserving biodiversity, sustaining livelihoods, and ensuring food and nutritional security for millions of individuals. Given the importance of nutri-cereals, 2023 has been declared as International Year of Millets by the United Nation and India is taking a leading role in promoting consumption and cultivation of millets. To incentivise farmers to increase production of nutri-cereals, DA&FW supports CACP's recommendation to increase MSP of Jowar-Hybrid and Jowar-Maldandi by ₹210 per quintal and ₹ 235 per quintal, Ragi by ₹ 268 per quintal and Bajra by ₹150 per quintal, respectively.

5.3 Maize contributes 11% to the overall production of food grains³ and is a versatile crop having wider adaptability under varied agro-climatic conditions. Maize is used for human consumption, and quality feed for animals too. In addition, it also serves as raw material in a number of industrial products such as starch, sweeteners, ethanol, and

²Based on 3rd Advance Estimate of 2022-23

³Based on 3rd Advance Estimates of 2022-23

bioplastics and is important for agri-business ecosystem. Therefore, DA&FW supports CACP's recommendation to increase MSP of Maize by ₹128 per quintal.

5.4 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 are drought-tolerant crops and can be grown in a variety of soil and weather conditions. In the last few years, India's import dependency of pulses has declined, but is still significant. In order to, encourage farmers to grow pulses, DA&FW supports the recommendations of the CACP to increase the MSP of Moong by ₹803 per quintal, Tur (Arhar) by ₹400 per quintal, and that of Urad by ₹ 350 per quintal.

5.5 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. Therefore, Government has been substantially increasing MSP of oilseeds to encourage crop diversification in the States. DA&FW supports CACP's recommendation of enhancing MSP of Sesamum (by ₹805 per quintal), Groundnut (by ₹527 per quintal), Nigerseed (by ₹447 per quintal), Sunflower seed (by ₹ 360 per quintal) and Soybean yellow (by ₹ 300 per quintal).

5.6 Cotton is one of the principal commercial crops of India and is used in manufacturing several industrial products such as textiles, apparel, and medical supplies. Despite being the second largest producer (23.2%)⁴, the yield of cotton in India is significantly lower than the global average. Thus, to incentivise production of cotton, DA&FW agrees with CACP recommendations of enhancing MSPs for cotton (medium) by ₹ 540 per quintal and cotton (long) by ₹ 640 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 farmers. State Governments will undertake procurement of coarse grains with the prior approval of

⁴Kharif Price Policy Report 2023-24.

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. Cotton Corporation of India (CCI) will be the Central nodal agency for undertaking price support operations for cotton.

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 on 12th April 2023. Governments of Chhattisgarh, Jharkhand, Karnataka, Kerala, Nagaland, Punjab, Odisha, Rajasthan, Tamil Nadu, Uttarakhand and West Bengal have given their views on recommended MSPs for Kharif Crops to this Department. These are detailed at **Annexure V. (Page no.24, 25)**

8. Views of Central Ministries

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 VI. (Page no.26)**

9. Goal of Atma Nirbhar Bharat

9.1 The objective of this note is to seek approval of CCEA to fix the MSP for Kharif Crops of KMS 2023-24 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 Kharif Crops for marketing season 2023-24 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

The Cabinet Committee on Economic Affairs (CCEA) may kindly consider approving the following proposals:

- (i) The MSPs of Kharif Crops of Fair Average Quality (FAQ) for Marketing Season 2023-24 season may be fixed as follows:

Commodity	Variety	Minimum Support Price (₹/qtl)
1	2	3
Paddy	Common	2183
	Grade 'A'	2203
Jowar	Hybrid	3180
	Maldandi	3225
Bajra		2500
Ragi		3846
Maize		2090
Tur (Arhar)		7000
Moong		8558
Urad		6950
Groundnut		6377

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Commodity	Variety	Minimum Support Price (₹/qtl)
1	2	3
Sunflower seed		6760
Soyabean	Yellow	4600
Sesamum		8635
Nigerseed		7734
Cotton	Medium Staple (Staple length (mm) of 24.5 - 25.5 and Micronaire value of 4.3 - 5.1)	6620
	Long Staple (Staple length (mm) of 29.5 - 30.5 and Micronaire value of 3.5 – 4.3)	7020

(ii) The prices of other varieties of cotton will be fixed by the Ministry of Textiles keeping in view the normal market price differentials and differentials between their staple lengths, micronaire value and other technical parameters.

(iii) In case of cereals and coarse cereals, FCI and other designated State Agencies would continue to provide price support to the farmers. State Governments will undertake procurement 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. CCI will be the Central nodal agency for undertaking price support operations for cotton. The losses, if any, incurred by the nodal agencies in such operations may be fully reimbursed by the Government as per the guidelines.

12. Implementation Schedule

The implementation schedule in respect of the foregoing proposals is given at **Appendix I. (Page no.9-12)**

13. Statement on Equity, Public Accountability and Innovation

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Statement on Equity, Public Accountability and Innovation in respect of the foregoing proposal is given at **Appendix II. (Page no.13,14)**

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



Place: New Delhi

Dated: 06 June, 2023

(Rakesh Ranjan)

Additional Secretary

Tel.No. 23385979

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Appendix I
(Referred on Page no.8)

STATEMENT OF IMPLEMENTATION SCHEDULE

Subject: Price Policy for Kharif Crops for Marketing Season 2023-24

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 Kharif Crops of Marketing Season 2023-24 season as follows:</p> <table border="1" data-bbox="282 1072 870 1805"> <thead> <tr> <th>Commodity</th><th>Variety</th><th>Minimum Support Price (₹/qtl)</th></tr> <tr> <th>1</th><th>2</th><th>3</th></tr> </thead> <tbody> <tr> <td>Paddy</td><td>Common</td><td>2183</td></tr> <tr> <td></td><td>Grade 'A'</td><td>2203</td></tr> <tr> <td>Jowar</td><td>Hybrid</td><td>3180</td></tr> <tr> <td></td><td>Maldandi</td><td>3225</td></tr> <tr> <td>Bajra</td><td></td><td>2500</td></tr> <tr> <td>Ragi</td><td></td><td>3846</td></tr> <tr> <td>Maize</td><td></td><td>2090</td></tr> <tr> <td>Tur (Arhar)</td><td></td><td>7000</td></tr> <tr> <td>Moong</td><td></td><td>8558</td></tr> </tbody> </table>	Commodity	Variety	Minimum Support Price (₹/qtl)	1	2	3	Paddy	Common	2183		Grade 'A'	2203	Jowar	Hybrid	3180		Maldandi	3225	Bajra		2500	Ragi		3846	Maize		2090	Tur (Arhar)		7000	Moong		8558	<p>Increased investment and production through assured remunerative prices to the farmers.</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>
Commodity	Variety	Minimum Support Price (₹/qtl)																																	
1	2	3																																	
Paddy	Common	2183																																	
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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)
	Urad		6950		
	Groundnut		6377		
	Sunflower seed		6760		
	Soyabean	Yellow	4600		
	Sesamum		8635		
	Nigerseed		7734		
	Medium Staple (Staple length (mm) of 24.5 - 25.5 and Micronaire value of 4.3 - 5.1)		6620		
	Cotton Long Staple (Staple length (mm) of 29.5 - 30.5 andMicronaire value of 3.5 – 4.3)		7020		
(ii) The prices of other varieties of cotton will be fixed by the Ministry of Textiles keeping in view the normal market price differentials and differentials between their staple lengths, micronaire value and other technical parameters.					

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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)
<p>(iii) In the case of cereals and coarse cereals, FCI and other designated State Agencies would continue to provide price support to the farmers. 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. CCI will be the Central nodal agency for undertaking price support operations for cotton. The losses, if any, incurred by the nodal agencies in such operations may be fully reimbursed by the Government as per the guidelines.</p>	<p>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. Similarly, CCI will undertake price support operation for cotton. Therefore, procurement undertaken by these designated agencies would</p>	<p>The Department of Food & Public Distribution and NAFED and other designated procuring agencies will be instructed to take necessary action.</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)
	provide farmers required support.	

Place: New Delhi
Dated: 06 June , 2023



(Rakesh Ranjan)
Additional Secretary
Tel.No. 23385979

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Appendix II
(Referred on Page no.8)

Statement on Equity, Public Accountability and Innovation

Subject: Price Policy for Kharif Crops for Marketing Season 2023-24

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 paddy, 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

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		and other designated Central agencies would undertake procurement of pulses and oilseeds. CCI will be the Central nodal agency for undertaking price support operations for cotton. An elaborate system 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: 06 June , 2023



(Rakesh Ranjan)
Additional Secretary
Tel.No. 23385979

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Annexure I
(Referred on Page no.1)

Production of Kharif Crops* (in Million Tonnes)

Crop	Season	2018-19	2019-20	2020-21	2021-22	2022-23*
Rice	Kharif	102.04	102.28	105.21	111	110.03
	Rabi	14.44	16.59	19.16	18.47	15.9
	Summer	--	--	--	--	9.61
	Total	116.48	118.87	124.37	129.47	135.54
Jowar	Kharif	1.74	1.7	1.99	1.6	1.49
	Rabi	1.74	3.08	2.83	2.55	2.48
	Summer	--	--	--	--	0.02
	Total	3.48	4.77	4.81	4.15	3.99
Bajra	Kharif	8.66	10.36	10.86	9.78	10.27
	Summer	--	--	--	--	0.9
	Total	8.66	10.36	10.86	9.78	11.17
Maize	Kharif	19.41	19.43	21.56	22.68	23.49
	Rabi	8.3	9.34	10.09	11.05	9.91
	Summer	--	--	--	--	2.52
	Total	27.72	28.77	31.65	33.73	35.91
Ragi	Kharif	1.24	1.76	2	1.7	1.6
Small Millets	Kharif	0.33	0.37	0.35	0.37	0.4
Tur	Kharif	3.32	3.89	4.32	4.22	3.43
Urad	Kharif	2.36	1.33	1.51	1.87	1.81
	Rabi	0.7	0.75	0.72	0.91	0.54
	Summer	--	--	--	--	0.26
	Total	3.06	2.08	2.23	2.78	2.61
Moong	Kharif	1.78	1.83	2	1.48	1.72
	Rabi	0.67	0.68	1.09	1.69	0.1
	Summer	--	--	--	--	1.92
	Total	2.46	2.51	3.09	3.17	3.74
Groundnut	Kharif	5.39	8.39	8.53	8.43	8.5
	Rabi	1.34	1.56	1.72	1.7	1.11
	Summer	--	--	--	--	0.68
	Total	6.73	9.95	10.24	10.13	10.28
Sesamum	Kharif	0.69	0.66	0.82	0.79	0.36
	Rabi	--	--	--	--	0.03
	Summer	--	--	--	--	0.36
	Total	0.69	0.66	0.82	0.79	0.75
Nigerseed	Kharif	0.05	0.04	0.04	0.03	0.03
Soybean	Kharif	13.27	11.23	12.61	12.99	14.98
Sunflower	Kharif	0.09	0.09	0.08	0.11	0.2
	Rabi	0.13	0.12	0.15	0.14	0.12
	Summer	--	--	--	--	0.05
	Total	0.22	0.21	0.23	0.25	0.38
Cotton #	Total	28.04	36.06	35.25	31.12	34.35

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Annexure I (Contd.)
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Crop	Season	2018-19	2019-20	2020-21	2021-22	2022-23*
Shree Anna /Nutri Cereals	Kharif	11.97	14.19	15.19	13.45	13.75
	Rabi	1.74	3.08	2.83	2.55	2.48
	Summer	--	--	--	--	0.92
	Total	13.71	17.26	18.02	16	17.15
Total Pulses	Kharif	8.09	7.92	8.62	8.24	7.85
	Rabi	13.98	15.1	16.84	19.07	17.47
	Summer	--	--	--	--	2.18
	Total	22.08	23.03	25.46	27.3	27.5
Total Oilseeds	Kharif	20.68	22.25	23.72	23.97	25.94
	Rabi	10.85	10.97	12.22	13.99	13.97
	Summer	--	--	--	--	1.09
	Total	31.52	33.22	35.95	37.96	41
Total Foodgrains	Kharif	141.52	143.81	150.58	155.36	155.12
	Rabi	143.7	153.69	160.17	160.25	160.18
	Summer	--	--	--	--	15.24
	Total	285.21	297.5	310.74	315.62	330.53

*Third Advance Estimates of 2022-23

#Lakh bales of 170 kgs. each

-- Summer production was clubbed with rabi season

Source: DA&FW

Annexure II
(Referred on Page no.2)

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

Commodities	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23*	Apr 23*
Food Articles	8.45	1.51	-1.02	2.67	3.81	5.48	3.54
Cereals	12.09	12.85	14.06	15.59	13.95	9.48	7.69
Pulses	0.45	0.56	1.66	2.36	2.59	3.03	5.55
Oil Seeds	-5.36	-1.29	-4.95	-4.36	-7.38	-15.05	-15.54

Source: Office of the Economic Adviser, DPIIT

*Provisional

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Annexure III
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Minimum Support Price (MSPs) recommended for Kharif Marketing Season (KMS) 2023-24

S.No	Crops	Projected A2+FL Cost* KMS 2023-24 (₹ per quintal)	MSP for KMS 2022-23 (₹ per quintal)	MSP Recommended by CACP for KMS 2023-24	Absolute Increase in MSP (in ₹ Per quintal)	Margin over A2+FL Cost (In percent)
1	Paddy -Common	1455	2040	2183	143	50
	Paddy-Grade A^	-	2060	2203	143	-
2	Jowar-Hybrid	2120	2970	3180	210	50
	Jowar- Maldandi^	-	2990	3225	235	-
3	Bajra	1371	2350	2500	150	82
4	Ragi	2564	3578	3846	268	50
5	Maize	1394	1962	2090	128	50
6	Tur /Arhar	4444	6600	7000	400	58
7	Moong	5705	7755	8558	803	50
8	Urad	4592	6600	6950	350	51
9	Groundnut	4251	5850	6377	527	50
10	Sunflower Seed	4505	6400	6760	360	50
11	Soybean (Yellow)	3029	4300	4600	300	52
12	Sesamum	5755	7830	8635	805	50
13	Nigerseed	5156	7287	7734	447	50
14	Cotton (Medium Staple)	4411	6080	6620	540	50
	Cotton (Long Staple)^	-	6380	7020	640	-

*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.

^ Cost data are not separately compiled for Paddy (Grade A), Jowar (Maldandi) and Cotton (Long staple)

Annexure IV

(Referred on Page no.2)

Non-Price Policy Recommendations Made by the CACP in Its Report on Price Policy for Kharif Crops of KMS 2023-24

Promote Production and Consumption of Nutri-Cereals/ Millets (Shree Anna)

1. The International Year of Millets (IYM) 2023 has given a push towards increasing production and demand for millets due to their nutritional and health benefits and suitability for cultivation under adverse and changing climatic conditions. The Commission recommends a two-pronged strategy to address both supply and demand side challenges, (a) increase production of millets through genetic improvement, strengthening seed chain, improved agronomic practices and enhanced shelf-life through value-addition, (b) create demand by including millets in the Public Distribution System & Other Welfare Schemes, industrial usage of millets and exploiting export market opportunities.

Push Towards Pulses and Oilseeds

2. In view of India's high dependence on imports of edible oils, the Commission recommends that steps should be taken to increase area and productivity of oilseeds as well as technology upgradation and modernization of oilseeds processing units. The Commission also recommends that the National Mission on Edible Oils (NMEO) with special focus on major oilseeds such as rapeseed & mustard, groundnut, soybean, sunflower seed, etc. should be launched.

3. India's import dependency of total pulses has declined but imports constitute more than two third of lentil requirement, 15 percent of tur/arhar and about 17 percent of urad requirement in the country. In order to reduce dependency on imports for lentil, tur/arhar and urad, the Commission recommends that concerted efforts should be made to bring

more area under cultivation, improve productivity, provide special incentives and create supportive marketing/ procurement infrastructure.

Address Low Yield and Yield Gap Issues

4. Low level of yields and the gap between actual yields and the potential yields indicate that there is considerable scope for increasing the yield of crops in the country. The Commission recommends that yield gap should be narrowed by promoting integrated crop management, new technologies, timely and adequate availability of quality HYV seeds and other inputs including credit, and strengthen linkages among research, extension and farmers. The Commission further recommends that States should ensure timely availability of quality seed to farmers with the mechanism of Seed Rolling Plan.

Improve Access to Institutional Agricultural Credit

5. While agricultural credit flow has improved significantly over the years but issues related to regional disparities, access to institutional credit for small and marginal farmers, poor financial health of rural financial institutions, etc, are major challenges facing agricultural credit in India. The Commission thus recommends that suitable policy measures should be introduced for increasing access to rural financial services for marginal and small farmers and higher institutional credit for the Central, Eastern, and North-eastern regions of the country.

Rationalize Fertiliser Pricing and Subsidy

6. The fertilizer response and efficiency has continuously declined over decades mainly due to imbalanced use of nutrients, deficiency of micro and secondary nutrients and depletion of soil organic carbon, while fertilizer subsidy has been rising. The Commission, thus, recommends that steps should be taken to bring urea under NBS regime to address the problem of imbalanced use of nutrients. The Commission also recommends that the

Government should set a cap on the number of subsidized bags of fertilizers per farmer as has been done for subsidised LPG cylinders, which would reduce the Government's subsidy burden, releasing resources to invest in agriculture R&D and infrastructure development.

Expand Coverage of Crop Insurance

7. The Pradhan Mantri Fasal Bima Yojana (PMFBY) launched in the country from Kharif 2016 has made significant progress but coverage is limited as a result of lack of awareness. The Commission recommends that multi-media campaigns should be launched to spread awareness of PMFBY and key features of Scheme through print and electronic media as well as through social media and outdoor publicity.

Accelerate Farm Mechanization

8. The labour shortage and rising wages are key concerns in Indian agriculture and farm mechanization could be a key strategy to overcome labour shortages. Notwithstanding the steady progress of farm mechanization under the Sub-Mission on Agricultural Mechanization (SMAM), there are wide variations in the level of farm mechanization in the country. The Commission recommends that collective/group ownership of machinery through Self Help Groups (SHGs), FPOs, cooperative societies, Custom Hiring Centres, etc. should be encouraged to make high cost farm machinery and implements affordable to all classes of farmers at the doorstep. The allocation for SMAM should be increased to accelerate pace of farm mechanization.

Strengthen Market Intelligence and Outlook System

9. In order to help farmers receive real time price information to better manage risks relating to price, the Commission recommends setting up of market information and intelligence mechanism with the primary objective of forecasting market prices and

demand-supply outlook using modern technological solutions like Artificial Intelligence (AI), Big Data analytics, Machine Learning (ML), block chain etc.

Investment in Agricultural R&D and Innovations

10. Investment in agricultural R&D and innovations is inextricably intertwined with improvement in productivity, profitability, competitiveness and sustainability of agriculture but investment in R&D in developing countries including India is low and stagnating. The Commission recommends that public investment in agricultural R&D should be increased to at least one percent of agricultural GDP and create enabling policy environment for attracting private investment and promoting public-private partnership.

Dynamic Trade Policy

11. Government has taken various initiatives and policy measures to promote agricultural exports, which has resulted in significant increase in agricultural exports. However, India is one of the largest importers of edible oils due to low domestic production. The Commission recommends that farmers should be encouraged to increase production of oilseeds and protected against uncontrolled imports through dynamic tariff structure linked to world prices, demand-supply situation and domestic prices of edible oils linked to MSP of oilseeds. Since, imports of refined edible oils have increased in recent years and adversely affect domestic refining industry, the Commission further recommends that duty differential between crude and refined oil may be raised to about 10-15 percent to discourage import of refined oils.

12. To promote agricultural exports, issues related to agri-export infrastructure, agri-value chains, Sanitary and Phytosanitary (SPS) measures, Technical Barriers to Trade (TBT) and traceability, export procedures and documentation, etc. need to be addressed apart from giving special thrust on export of value-added processed products and organic produce.

Rationalise Market Fees

13. The Commission has noted that some States levy various charges, including market fee, rural development cess, commission, etc. on rice procurement, resulting in high procurement incidentals which in turn leads to high economic cost of grains and also restrict participation of private sector. The Commission, therefore, recommends that the States charging high fee/cess may be disincentivised through reduced procurement from such States and such charges should be fixed amount-specific (₹ per quintal) instead of ad valorem (as a % of MSP).

Awareness about MSP and Quality Standards

14. Despite impressive increase in number of farmers benefitted from procurement operations during past few years, a large number of farmers are still excluded from procurement system due to lack of awareness. The Commission recommends that extensive publicity campaigns should be organized by the Central and State Governments to create awareness about MSP, FAQ standards, system of procurement, documentation etc, before the start of procurement season.

Strengthen Procurement Operations in North-Eastern Region

15. Due to lack of effective procurement operations in the North-Eastern region farmers do not benefit from price support operations and market prices remain significantly below MSP. The Commission, therefore, recommends that a special Scheme should be designed for the NE region through a public-private partnership for development of storage and warehousing infrastructure, modern milling facilities and procurement operations in the region.

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Annexure V

(Referred on Page no.5)

Minimum Support Prices recommended by the CACP for Kharif Crops of KMS 2023-24 and suggested by the State Governments

(₹ per quintal)

Sl. No.	States/Crops	Paddy		Jowar		Bajra	Ragi
		Common	Grade A	Hybrid	Maldandi		
	MSPs recommended by CACP	2183	2203	3180	3225	2500	3846
1.	Chhattisgarh	2800	2800				3700
2.	Jharkhand						
3.	Karnataka			4500	4500	4500	4500
4.	Kerala	3600					
5.	Nagaland	Satisfied with the recommendation made by CACP.					
6.	Punjab		3234				
7.	Odisha	2930	2950				3700
8.	Rajasthan					2740	
9.	Tamil Nadu	2300	2332	3145		2480	3720
10.	West Bengal	2500	2500				
11.	Uttarakhand	No comments					

Sl. No.	States/Crops	Maize	Tur (Arhar)	Moong	Urad	Groundnut	Sunflower Seed
	MSPs recommended by CACP	2090	7000	8558	6950	6377	6760
1.	Chhattisgarh	2100	6800	8000	6800	6000	6600
2.	Jharkhand	2436					7594
3.	Karnataka		8558				
4.	Kerala						
5.	Nagaland	Satisfied with the recommendation made by CACP.					
6.	Punjab	2790	8910	10470	8910	7900	
7.	Odisha	2060	7000	8250	7000	6200	
8.	Rajasthan	3390		8960	8990		
9.	Tamil Nadu	2215	7480	9240	7480	6710	7271
10.	West Bengal						
11.	Uttarakhand	No comments					

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Minimum Support Prices recommended by the CACP for Kharif Crops of KMS 2023-24 and suggested by the State Governments

(₹ per quintal)

Sl. No.	States/Crops	Soybean (Yellow)	Sesamum	Nigerseed	Cotton	
					Medium Staple	Long Staple
	MSPs recommended by CACP	4600	8635	7734	6620	7020
1.	Chhattisgarh	4500	8000	7500		
2.	Jharkhand	6063		8501		
3.	Karnataka					
4.	Kerala					
5.	Nagaland	Satisfied with the recommendation made by CACP.				
6.	Punjab				8860	8860
7.	Odisha		8250	7640	6450	6750
8.	Rajasthan		13700		7510	7510
9.	Tamil Nadu	4650	8680		7780	8150
10.	West Bengal					
11.	Uttarakhand	No comments				

Annexure VI (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 15 th May, 2023)	<p>1. DFPD is responsible for procurement of paddy/rice, wheat and coarse grains as per the extant guidelines. The estimates for procurement of Paddy (in terms of rice) and wheat are finalized by Government of India in consultation with State Governments and Food Corporation of India, before the commencement of each marketing season based upon estimated production, marketable surplus and agricultural crop pattern. Procurement in a State depends not only upon production but also upon other multiple factors like marketable surplus, MSP, prevailing market rate, demand & supply situation and participation of private traders etc. State Government agencies and Food Corporation of India (FCI) purchase wheat & paddy with prescribed FAQ specifications at MSP for Central Pool to ensure that farmers get remunerative prices for their produce and do not have to resort to distress sale. However, if producer/farmer gets better price in comparison to MSP, they are free to sell their produce in open market.</p> <p>2. 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</p>	<p>1. No comments.</p> <p>2. In the last few years, Government has been increasing MSP of oilseeds, pulses and Shree Anna (Millets), to encourage production and crop</p>

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		<p>increase in production of oilseeds is estimated for 2022-23, the country will have to rely on imports to meet its requirement for edible oils. The CCEA Note proposes an increase in the MSP of Kharif oilseed crops taking into account factors such as increase in costs, market prices, demand and supply situation, inter-crop price parity, effect on general price level and cost of living. 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. Para No.7 (Price Support Operations): (a) In relation to para no. 7.1, it has been decided in 2014 by GOI and as amended in 2021 & 2022, that the State Governments will undertake procurement of coarse grains with prior approval of GOI on the detailed procurement plan prepared by the State Govt in consultation with FCI and would distribute the entire procurement quantity under NFSA Scheme. The GOI will provide subsidy only for the quantity issued under NFSA. As per revised guidelines for coarse grains, shelf life of these commodities has been increased and interstate movement has also been allowed. Increase in MSP of coarsegrains/millet may encourage</p>	<p>diversification in the States.</p> <p>3. to 5. No comments</p>

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		<p>farmers to increase production of Jowar, Bajra, Maize and Ragi, which in turn may lead to increase in their procurement and its consumption.</p> <p>(b) In relation to para 7.2, it is to state that FCI is procuring pulses under umbrella scheme PM-AASHA from KMS 2018-19 onwards.</p> <p>4. In Appendix II Point no.3: IT based systems have been deployed in procurement operations to bring in more transparency and accountability. MSP is also being paid online directly into the farmers accounts across the country from RMS 2021-22 onwards.</p> <p>5. In Annexure IV Point no. 13: Government of India vide letter No.192(21)/2021-FCA/Cs dated 29.06.2022 has requested all State Governments to revisit the process to allow total Statutory Charges up to 2% of MSP with an aim to rationalize charges allowed to State.</p>	
2.	Department of Economic Affairs and Department of Expenditure (Letter dated 9 th May 2023)	1. While supporting the recommendations, Ministry of finance feels the price increase in crops should be accompanied by implementation of key non-price recommendations also. The non-price recommendations of Commission for Agricultural Costs and Prices (CACP) are supported "in-principle". However, these proposals (Special Schemes) may be	1. Non price recommendation will be dealt separately by the Ministries/Departments concerned.

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		<p>routed through the appraisal/ approval mechanism of Expenditure Finance Committee (EFC) Cabinet depending on the financial outlays.</p> <p>2. According to CACP, labour shortage and rising wages are key concerns in Indian agriculture and farm mechanization could be a key strategy to overcome labour shortages. The Commission recommends that collective/group ownership of machinery through Self Help Groups (SHGs), FPOs, cooperative societies; Custom Hiring Centres, etc. should be encouraged to make high-cost farm machinery and implements affordable to all classes of farmers at the doorstep. Thus, more emphasis should be given on farm mechanization to deal with the problem of labour shortages.</p>	<p>2. For promotion of agricultural mechanization in the country, a Centrally Sponsored Scheme 'Sub-Mission on Agricultural Mechanization' (SMAM) is being implemented through the State Governments w.e.f. 2014-15. Under this scheme, financial assistance @ 40% to 50% of the cost of machines depending on the categories of farmers, is provided for purchase of agricultural machines. The scheme aims towards expanding the network for Custom Hiring Services of agricultural machines and equipments to increase utilization of farm power and ensuring availability of farm equipment and machines for small farms.</p> <p>Additionally, Rashtriya Krishi Vikas Yojana (RKVY), which give autonomy to states to choose interventions as per their choice and integrated programmes such as Mission for Integrated Development of Horticulture (MIDH) and National Food Security Mission (NFSM) also have components supplementing</p>

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		<p>3. The rising trend in the cost of production coupled with the policy of cost-indexed MSP determination has significant implications for the cost of living of the poor (small and marginal farmers happen to be largely impacted by this). Technology upgradation in cultivation, R&D, and mechanization of farming needs to be focused upon to improve agricultural productivity.</p> <p>4. Supply-side bottlenecks such as storage, warehouse, transportation and infrastructure, need to be addressed in a</p>	<p>farm mechanization and increasing productivity.</p> <p>3. Government has been consistently focusing on measures to reduce cost of production and enhance farm productivity, which include, providing soil health card to the farmers; better access to irrigation under Pradhan Mantri Krishi Sinchai Yojana (PMKSY); Pradhan Mantri Fasal Bima Yojana (PMFBY) for affordable crop insurance scheme for farmers against all non-preventable natural risks; creation of infrastructure through Agri Infrastructure Fund (AIF), formation and promotion of 10,000 FPO; Integrated Scheme for Agriculture Marketing (ISAM) to develop marketing infrastructure to effectively handle and manage marketable surpluses; Sub-Mission on Agriculture Mechanization (SMAM) to increase the reach of farm mechanization to small and marginal farmers; and adoption of drone technologies in agriculture which has a potential to revolutionize the Indian agriculture.</p> <p>4. Government has launched a Central Sector Scheme – 'Agriculture Infrastructure Fund'. The scheme</p>

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		mission mode.	provides a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and financial support. Moreover, National Centre for Cold Chain Development has been set up to promote the development of cold chains and storage facilities. Over the years number of cold chains and storage facilities have been established across the country to reduce post-harvest losses and ensure food security.
		5. With regard to non-price recommendations of CACP that the duty differential between crude and refined edible oils may be raised to about 10-15% to discourage import of refined oils, it is stated that on the recommendations of an Inter-Ministerial Committee, the required duty differential is already in the range of 10-15% (Soyabean/Sunflower Oils: 13.75%), except Palm Oil (which is at 8.25%).	5. No comments
3.	NITI Aayog	1. The increase suggested in MSP varies	1. While recommending MSP, CACP

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	(Letter dated 16 th May, 2023)	<p>from 5.3 per cent in case of urad to more than 10 per cent in crops like cotton (long staple), sesamum and moong. If this much increase is given to MSP, it will be very difficult to keep food inflation in the stipulated range of 4 to 6 percent which is very important for macro-economic stability.</p> <p>2. The Cabinet Note, in most cases, keep prices at 1.5 times the projected cost for Kharif season 2023-24. This also implies that entire increase in MSP recommended by CACP is on account of increase in projected cost. Anchoring CACP to 150 per cent of cost also implies that increase in cost is 50 per cent higher than the increase in MSP. In other words, it implies that a 6 to 10 per cent increase in MSP is based on</p>	<p>considers the cost of production, overall demand-supply situations of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agriculture and non-agriculture sector, likely effect of price policy on rest of economy and a minimum of 50 percent as the margin over cost of production. Increase in MSP for KMS 2023-24 is in the range of 5.3% to 10.4% and is essential to ensure remunerative prices for farmers, encouraging them to invest more in production and to ensure food security in the country. Higher MSP for crops such as oilseeds, pulses, and Shree Anna aims to promote crop diversification.</p> <p>2. All India weighted average cost of production is one of the important factors in the determination of MSP. While recommending its price policy, the CACP considers all costs in inclusive manner. CACP projects the cost of cultivation for the ensuing marketing season on the basis of Composite Input Price Index (CIP) and actual cost which measures the</p>

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		<p>same per cent increase in cost of production. Actual data on some of the cost item shows that the real wages in agriculture are not rising and increase in price of urea has been absorbed by Govt of India by increasing subsidy. The increase in price of diesel is also expected to be small between 2022-23 and 2023-24. Therefore, there is a need for close examination of projected cost which has necessitated 6 to 10 per cent increase in MSP. It is pertinent to mention that the cost considered by CACP is not actual, it is projected. In case, the increase in cost is found to be 6 to 10 per cent, then, the recommended increase in MSP is justified.</p> <p>3. Non-Price Recommendations related to promotion of production and consumption of Nutri- Cereals/ Millets (Shree Anna), push towards pulses and oilseeds may be given due priority and need to be closely monitored by the department.</p> <p>4. The Ministry of Agriculture and CACP (Commission for Agricultural Costs and Prices) should collaborate to verify the on-ground situation at the state level, regarding the effects of both price and non-price recommendations. This can help sensitize the states about the operations related to procurement and challenges of marketing</p>	<p>change in input price over previous year. The CIPIs are based on latest prices of major inputs like human labour, bullock labour, machine labour, fertilisers and manures, seeds, pesticides and irrigation. For KMS 2023-24, components such as Bullock labour, manures, machine labour and human labour have registered highest growth. Increase in estimated cost of production over previous year, varies from 6.13% and 10.52 %.</p> <p>3. & 4. Non price recommendation will be dealt separately by the Ministries/Departments concerned.</p>

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4.	Department of Consumer Affairs (Letter dated 08 th May, 2023)	Department of Consumer Affairs supports the proposal.	No comments
5.	Department of Commerce (Letter dated 18 th May, 2023)	<p>The Ministry supports the proposal along with the following comments:</p> <p>1. As per WTO's AoA, Market Price Support (MPS) provided through procurement of crops by Government at administered price (Minimum Support Price or MSP in case of India) is required to be notified to the WTO. Further, it needs to be ensured that product-specific support is within de-minimis limit, i.e. 10% of the value of the production of the respective crop. Similar de-minimis limit also applies to non-product specific price support across the agriculture sector.</p> <p>2. The MPS is calculated as the difference between the Applied Administered Price (AAP) (i.e. MSP in our case) and External Reference Price (ERP) multiplied by Eligible Production i.e. $MPS = [AAP \text{ (MSP in our case)} - ERP] \times \text{Eligible Production}$. 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</p>	<p>1. As far as the WTO commitment is concerned, it is important to mention 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.</p> <p>2. to 6. Government extends price support to paddy 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</p>

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		<p>actual procurement may be lesser or even nil.</p> <p>3. While public stockholding for food security purposes for specified crops presently has a 'Peace Clause', which allows some leeway in the application of the product-specific de-minimis limit, the provisions are available subject to a number of conditions prescribed in the WTO's Bali Ministerial Decision (2013). The 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, it may be noted that, according to general interpretation, 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 limit for rice in 2018-19, 2019-20, 2020-21 and 2021-22 and has invoked the protection under the 'Peace Clause'. However, the counter notifications made by some Members at the WTO have claimed that India has also breached its de-minimis commitments in wheat, cotton, sugar and pulses. In view of the above, it may be essential that product specific domestic support given to Kharif crops is kept within</p>	<p>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>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, wherein providing support to farmers in form of the other, the proposed measures should be in the nature of general services under Annex 2 of the Agreement of Agriculture (copy enclosed for reference) and thus, avoid any kind of product-specificity so as to enable availability of policy space within de-minimis for product-specific support for welfare schemes</p>	
6.	Ministry of Textiles (Letter dated 8 th May, 2023)	<p>Ministry supports the proposal along with the following comments:</p> <p>1. CACP has recommended the increase of Minimum Support Prices (MSPs) of cotton by ₹ 540/- per quintal for medium staple i.e. from ₹ 6080/- per quintal to ₹ 6620/- per quintal and for long staple cotton by ₹</p>	1. to 4. No comments.

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		<p>640/- per quintal i.e. from ₹ 6380/- per quintal to ₹ 7020/- per quintal.</p> <p>2. Looking at the increase in input costs like seeds, fertilizers, additional cost for protection from infestations, labour charges etc. due to general price increase, the recommendation of CACP for increasing the MSPs for cotton for cotton season 2023-24 seems to be reasonable.</p> <p>3. Since cotton season 2021-22, seed cotton prices for FAQ grade are ruling much above MSP level and cotton farmers are getting better price over and above MSP from market forces itself. The present market rates are about 18% to 20% higher than existing MSP rates. Hence no MSP support was required by the farmers during cotton season 2021-22 and 2022-23.</p> <p>4. Based on the present market scenario and future transactions at international market. Government intervention for undertaking MSP operations of cotton may not be required in cotton season 2023-24. Hence, there may not be any financial implication of the proposed MSPs of cotton on the Government. However, it is too early to predict the future scenario and actual situation may be ascertained after commencement of the next cotton season 2023-24 from 1 October 2023.</p>	

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