

CCEA approves MSP for Rabi Crops of 2019-20 to be marketed in Rabi Marketing Season 2020-21

Wheat farmers to get more than double the average cost of production

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The Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Rabi Crops of 2019-20 to be marketed in Rabi Marketing Season (RMS) 2020-21.

Benefits and Major Impact:

The increase in MSP for Rabi Crops for RMS 2020-21 is 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), which was announced in the Union Budget 2018-19.

This MSP policy whereby the farmers are assured of a minimum of 50 percent as margin of profit is one of the important and progressive steps towards doubling farmers' income by 2022 and improving their welfare substantively.

For the Rabi crops of RMS 2020-21, the highest increase in MSP has been recommended for lentil (Rs. 325 per quintal) followed by safflower (Rs. 270 per quintal) and gram (Rs. 255 per quintal) which is a major step towards increasing the income of farmers.

The MSP of Rapeseed & Mustard has been increased by Rs. 225 per quintal. For both wheat and barley, the MSP has been increased by Rs. 85 per quintal. Wheat farmers will hence get a return over cost of 109 percent (refer table below).

Cost of production is one of the important factors in the determination of MSPs. This year's increase in MSP of Rabi crops for RMS 2020-21 provides higher than 50 per cent return (except safflower) over all India weighted average cost of production. The return over all India weighted average cost of production is 109 per cent for wheat; 66 per cent for barley; 74 per cent for gram; 76 per cent for lentil; 90% for rapeseed & mustard and 50 per cent for safflower.

Minimum Support Prices (MSPs) for Rabi Marketing Season (RMS) 2020-21

Sl.	Crops	Cost* of	MSP for	MSP for	Absolute	Return
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No		production RMS 2020- 21	R M S 2019-20	RMS 2020- 21	increase in MSP	over cost (i n per-cent)
1	Wheat	923	1840	1925	85	109
2	Barley	919	1440	1525	85	66
3	Gram	2801	4620	4875	255	74
4	Lentil	2727	4475	4800	325	76
5	R a p e s e e d &Mustard	2323	4200	4425	225	90
6	Safflower	3470	4945	5215	270	50

** Refers to comprehensive cost which includes all paid out costs such as those incurred on account of hired human It/hour, 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.*

In the case of 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. The losses, if any incurred by the nodal agencies in such operations may be fully reimbursed by the Government as per the guidelines.

With the intention of giving enough policy thrust to income security of the farmers, Government's focus has shifted from production-centric approach to income-centric one. Enhancing the coverage of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) to all farmers in its first Union Cabinet meeting on 31st May 2019, is another major step in boosting the income of the farmers. The PM-KISAN Yojana was announced in the interim Budget for the year 2019-2020, where the small and marginal landholder farmer families with cultivable land holding upto 2 hectare across the country were assured of Rs 6000 per year.

The new Umbrella Scheme “Pradhan Mantri Annadata Aay SanraksHan Abhiyan” (PM-AASHA) announced by the government in 2018 will aid in providing remunerative return to farmers for their produce. The Umbrella Scheme consists of three sub-schemes i.e. Price Support Scheme (PSS), Price Deficiency Payment Scheme (PDPS) and Private Procurement & Stock Scheme (PPSS) on a pilot basis.

VRRK/SC/SH

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