



Improving Farmers' Welfare

For Prelims: [Parliamentary Standing Committee](#), [Demands for Grants](#), [Minimum Support Price](#), [PM-KISAN Scheme](#), [Pradhan Mantri Jan Arogya Yojana](#), [National Commission for Minimum Living Wages for Farm Labourers](#), [Food Security](#), [Public Distribution System](#), [NABARD](#), [Rules of Procedure and Conduct of Business in Lok Sabha](#), [MGNREGA](#), [M.S. Swaminathan Commission](#).

For Mains: Agricultural distress: Reasons, Impacts and way forward.

[Source: IE](#)

Why in News?

Recently, the [Parliamentary Standing Committee \(PSC\)](#) on Agriculture, Animal Husbandry and Food Processing tabled its first report on [demands for grants \(2024-25\)](#) of the Ministry of Agriculture and Farmers Welfare in the [18th Lok Sabha](#).

- It recommended a slew of measures to **improve farmers' welfare**.

What are the Key Recommendations of the PSC Report?

- **Legal Guarantee of MSP:** It recommended providing a **legal guarantee** on [Minimum Support Price \(MSP\)](#).
 - Develop a **roadmap** for implementing the legal MSP, ensuring the central government plans finances for a **smooth transition**.
 - The government may present a **post-crop season statement** in Parliament detailing the number of farmers who sold at MSP and the **gap between MSP and market prices**.
- **Paddy Waste Management:** Provide **compensation** to farmers for managing and disposing of crop residue to prevent [stubble burning](#).
 - Consider Punjab's proposal for a bonus of **Rs 2,000 per acre**, with cost-sharing between the Centre and the state.
- **Enhancing PM-KISAN:** Double the annual financial assistance under the [PM-KISAN scheme](#) from **Rs 6,000 to Rs 12,000**.
 - It may be extended to **tenant farmers** and **farm labourers** too.
 - **Debt Relief:** Introduce a [debt waiver scheme](#) for farmers and farm laborers to mitigate rising distress and suicides.
 - Closely **monitor** the increasing dependence on **loans** and rising **outstanding debts** among rural families.
- **Budgetary Allocation:** It has pointed to the continuous decline in the budgetary allocation to agriculture as a percentage of the total central plan.
 - Despite higher allocations from 2021-22 to 2024-25, the Central plan outlay share fell from **3.53% in 2020-21 to 2.54% in 2024-25**.
- **Universal Crop Insurance:** The committee proposed **mandatory crop insurance** for small farmers with **up to 2 acres**, modeled after the [Pradhan Mantri Jan Arogya Yojana \(PM-JAY\)](#) health insurance scheme.

- **National Commission for Farm Labourers:** Establish a [National Commission for Minimum Living Wages for Farm Labourers](#) to address their rights and welfare.
- **Renaming Department:** Rename the Department of Agriculture and Farmers Welfare to the **Department of Agriculture, Farmers, and Farm Labourers Welfare** to highlight the focus on agricultural laborers' welfare.

Note: Vice-President **Jagdeep Dhankhar** dismissed the claim that higher MSP would lead to inflation, stating, "**Whatever price we offer to farmers, the nation will benefit five times more, without a doubt.**"

PSC on Agriculture, Animal Husbandry and Food Processing

- **About:** PSC on Agriculture, Animal Husbandry and Food Processing assist Parliament in **reviewing and overseeing policies, legislation, and issues** related to agriculture, animal husbandry, and food processing industries.
 - It is constituted under **Rule 331C of the Rules of Procedure and Conduct of Business in Lok Sabha.**
- **Jurisdiction:** It is mandated with the task of **scrutiny and oversight** of the working of the following Ministries/Departments of the Government of India:
 - **Ministry of Agriculture and Farmers Welfare**
 - Department of Agriculture and Farmers Welfare
 - Department of Agricultural Research and Education
 - **Ministry of Fisheries, Animal Husbandry and Dairying**
 - Department of Animal Husbandry and Dairying
 - Department of Fisheries
 - **Ministry of Food Processing Industries**
 - **Ministry of Cooperation**
- **Composition:** It has **31 members: 21 from Lok Sabha**, nominated by the Speaker, and **10 from Rajya Sabha**, nominated by the Chairman.
 - The **Chairperson** of the Committee is **appointed by the Speaker** from amongst the members of the Committee from Lok Sabha.
- **Tenure of Members:** The term of office of the members of the Committee **does not exceed one year.**

//

MINIMUM SUPPORT PRICE (MSP)

The rate at which the govt. purchases crops from farmers; based on a calculation of at least 1.5x the cost of production incurred by the farmers

RECOMMENDED BY

Commission for Agricultural Costs & Prices (CACP) (recommends MSPs for 22 mandated crops and Fair and Remunerative Price for Sugarcane)

22 MANDATED CROPS

(14 Kharif, 6 Rabi and 2 Other Commercial crops)

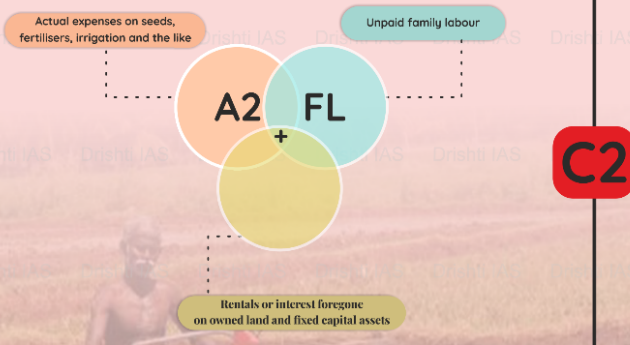
- 7 CEREALS** Paddy, Wheat, Barley, Jowar, Bajra, Maize And Ragi
 - 5 PULSES** Gram, Arhar/tur, Moong, Urad And Lentil
 - 7 OILSEEDS** Groundnut, Rapeseed/mustard, Soyabean, Sunflower, Sesamum, Safflower And Niger Seed
- RAW COTTON** **RAW JUTE** **COPRA**

MSP is the price at which the govt. is supposed to procure the mandated crops from farmers if the market price falls below it

FACTORS FOR RECOMMENDING MSP

- ▷ Cost of cultivation
- ▷ Demand-Supply situation for the crop
- ▷ Market price trends
- ▷ Inter-crop price parity
- ▷ Implications for consumers (inflation)
- ▷ Environment (soil and water use)
- ▷ Terms of trade b/w agri and non-agri sectors (ratio of farm inputs and outputs)

Considers both A2+FL and C2 costs



MSP has no statutory backing — a farmer cannot demand MSP as a matter of right



Drishti IAS

What is the Significance of PSC's Recommendations on Farmers' Welfare?

- **Financial Stability:** A legally binding MSP would ensure **financial stability** for farmers, **reduce suicides**, mitigate market volatility, alleviate debt burdens, and improve overall mental health among farmers.
- **Food Security:** A legally guaranteed MSP aligns with broader national **food security** objectives by ensuring that foodgrains are available at stable prices, thus aiding **public distribution systems**.
- **Environmental Sustainability:** Providing **compensation** to farmers to buy equipment to manage stubble burning will have a positive impact on the environment.
 - Crop residue burning worsens **winter air pollution** in Northern India as many farmers cannot afford effective crop residue management equipment.
- **Inclusivity in Welfare:** Renaming the Department of Agriculture to include "Farm Labourers" reflects a broader focus on the **welfare of all stakeholders in agriculture**, not just land-owning farmers.

Demands for Grants

- **Constitutional Basis:** **Article 113** of the Indian Constitution mandates that the expenditure estimates from the **Consolidated Fund of India**, other than those charged on it, must be submitted to the **Lok Sabha** in the form of **Demands for Grants**.
 - Charged expenditures are presented for informational purposes but are not subject to a vote.
- **Purpose:** Demands for Grants are presented for **approval by the Lok Sabha** for expenditure on various services, covering both **Revenue and Capital Accounts (including Loans)**.
- **One Demand per Ministry/Department:** Normally, **one Demand** is presented for **each Ministry/Department**.
 - However, for large Ministries/Departments, more than one Demand may be presented.
- **Inclusion of Charged Expenditure:** If any part of the **expenditure is 'charged'** on the Consolidated Fund, it is **shown distinctly** in italics in the **Demand for Grants**.
 - However, this portion is not subject to a vote.

What are the Key Issues Affecting Farmers?

- **Unmet Promise of MSP:** Farmers are demanding a **statutory MSP at 1.5 times** the comprehensive **cost of production (C2+50%)** which remains unfulfilled.
 - Without a guaranteed MSP at the recommended rate, farmers continue to **face financial instability**, contributing to rising distress and suicides.
- **Rising Cost of Production:** Prices for **fertilizers, seeds, insecticides, diesel, water, and electricity** are consistently rising, putting a strain on farmers' profitability.
- **Debt Burden:** The **NABARD Rural Financial Inclusion for 2022-23** said that the percentage of rural families taking loans has risen from **47.4% in 2016-17 to 52% in 2021-22**.
 - It also found rural household **incomes rose by 57.6%** (2016-22), but **expenses grew 69.4%**, indicating expenses are outpacing income growth
- **Decline in Public Investment:** Cuts in public sector investment in irrigation and power have led to **rising costs and incomplete projects**, hindering farmers' access to reliable irrigation and affordable electricity.
 - Additionally, the **Pradhan Mantri Fasal Bima Yojana (PMFBY)** has not sufficiently met farmers' needs, with many states opting out due to its alleged focus on benefiting insurance companies over farmers.

- **Declining Agricultural Growth:** Agriculture's **growth rate** in 2023-24 (provisional estimates) declined to **1.4%**, the lowest in the last seven years, compared to the average annual growth rate of **4.18% over the past four years.**
- **Underfunded MGNREGA:** The current government has been accused of **underfunding the MGNREGA** due to which the number of work days has **come down to just 42.**
 - **Non availability of MGNREGA** work during non-agricultural seasons poses a **threat to farmers livelihood.**
- **Land Acquisition:** There is growing concern over the perceived shift from "**Land to the Tiller**" to "**Land to Corporates,**" often bypassing the **Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.**
 - Tribal lands are being taken away without any compensation for mining and other purposes.

Way Forward

- **Statutory MSP at C2+50%:** The government should make a **clear commitment** to implement a **statutory MSP at C2+50%** as recommended by the **M.S. Swaminathan Commission.**
- **One-Time Loan Waiver:** A one-time loan waiver would provide **immediate relief** to farmers, prevent suicides, and allow reinvestment in agriculture.
- **Revamping Crop Insurance:** In light of regular **droughts, floods, unseasonal rains and hailstorms,** there must be a **comprehensive crop insurance scheme,** different from the PMFBY.
- **Expanding MGNREGA:** Increase in funding for MGNREGA, raising the number of workdays to at **least 200** and the **daily wages to Rs 600** would help rural households maintain a stable income during lean agricultural periods.
- **Progressive Taxation:** Income tax slabs should be revised to help raise the **necessary resources** to fund agrarian reforms.
- **Revisiting Agricultural Policies:** The government must **revise policies that favor corporate interests over farmers,** focusing on the welfare of farmers, farm workers, and rural communities.

Drishti Mains Question:

Q. Discuss the key policy changes needed to ensure inclusive growth in the agriculture sector and reduce farmer suicides.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Consider the following statements: (2020)

1. In the case of all cereals, pulses and oil-seeds, the procurement at Minimum Support Price (MSP) is unlimited in any State/UT of India.
2. In the case of cereals and pulses, the MSP is fixed in any State/UT at a level to which the market price will never rise.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

Q. Consider the following: (2018)

1. Areca nut
2. Barley
3. Coffee
4. Finger millet
5. Groundnut
6. Sesamum
7. Turmeric

The Cabinet Committee on Economic Affairs has announced the Minimum Support Price for which of the above?

- (a) 1, 2, 3 and 7 only
- (b) 2, 4, 5 and 6 only
- (c) 1, 3, 4, 5 and 6 only
- (d) 1, 2, 3, 4, 5, 6 and 7

Ans: (b)

Mains

Q. What are the major factors responsible for making the rice-wheat system a success? In spite of this success, how has this system become bane in India? (2020)

Q. What do you mean by Minimum Support Price (MSP)? How will MSP rescue the farmers from the low income trap? (2018)

Q. What are the different types of agriculture subsidies given to farmers at the national and at state levels? Critically, analyse the agricultural subsidy regime with reference to the distortions created by it. (2013)