

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

RAJYA SABHA
UNSTARRED QUESTION NO-2268
TO BE ANSWERED ON THE 17/12/2021

LEGAL GUARANTEE FOR PROCUREMENT OF CROPS AT MSP

2268 SHRI MD. NADIMUL HAQUE:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

- (a) the formula used by Government to arrive at Minimum Support Price (MSP) for different crops;
- (b) whether it is a fact that Government uses A2+FL as comprehensive cost of production instead of C2, as recommended by Swaminathan Commission;
- (c) whether the MSPs declared for wheat is in keeping with the recommendation of Swaminathan Commission and Ramesh Chand Committee;
- (d) whether Government plans to provide a legal guarantee for procurement of crops at MSP rates; and
- (e) whether it is a fact that the MSP in real terms has decreased when the rates are adjusted for retail inflation?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE
(SHRI NARENDRA SINGH TOMAR)

(a) to (c): Government fixes Minimum Support Price (MSP) for 22 mandated agricultural crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned and other relevant factors.

To assess and review the structural changes in agriculture sector, government sets up committees/ working group time to time.

A Committee constituted by the Government in 2013 under the Chairmanship of Shri Ramesh Chand with a view to examine the methodological issues in fixing MSP. The Committee in its Report submitted in 2015 suggested certain changes in sampling design among others.

National Commission on Farmers (NCF) headed by Dr. M.S. Swaminathan in his report had recommended that the MSP should be at least 50 percent more than the weighted average cost of production.

To give effect to this recommendation, the Union Budget for 2018-19 had announced the pre-determined principle to keep MSP at levels of one and half times of the cost of production. Accordingly, Government has increased the MSPs for all mandated Kharif (including wheat), Rabi and other commercial crops with a return of at least 50 per cent over all India weighted average cost of production from the agricultural year 2018-19.

(d) & (e): Government extends price support for paddy and wheat through the Food Corporation of India (FCI) and State Agencies. Under this policy, whatever food grains are offered by farmers within the stipulated period & conforming to the specifications prescribed by Government are purchased at MSP by the State Government agencies including FCI for Central Pool.

Additionally, Oilseeds, pulses and copra of Fair Average Quality (FAQ) are procured from registered farmers under Price Support Scheme under Umbrella Scheme of PM-AASHA, as per its prescribed guidelines at MSP in consultation with the concerned State Government.

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 a comprehensive manner. CACP projects the cost of cultivation for the current year on the basis of Composite Input Price Index (CIPI) which measures the change in input price over previous year, where inflation are implicitly factored in.
