

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

**RAJYA SABHA**  
**UNSTARRED QUESTION NO- 334**  
TO BE ANSWERED ON 09/12/2022

**DETERMINATION OF MSP OF AGRICULTURAL CROPS**

334. SHRI SANT BALBIR SINGH:

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

- (a) the cost formula on the basis of which the costs are ascertained and the Minimum Support Price (MSP) is arrived at;
- (b) whether MSP is arrived at after taking into account all the costs; and
- (c) if so, the reasons the farmers are not satisfied in this regard?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE

(SHRI NARENDRA SINGH TOMAR)

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

Cost of production, incurred by the farmers is one of the important factors in the formulation of Price Policy for mandated agriculture crops. While recommending its price policy, the 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. The CIPIs are based on latest prices of major inputs like human labour, bullock labour, machine labour, fertilisers and manures, seeds, pesticides and irrigation.

In addition to cost of production CACP also considers various other factors while recommending MSP which include 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.

The Government in its Union Budget for 2018-19 had announced the pre-determined principle to keep MSP at a level of one and half times of the cost of production. Accordingly, Government has increased the MSP for all mandated Kharif, Rabi and other commercial crops with a return of atleast 50 per cent over all India weighted average cost of production from the agricultural year 2018-19 onwards.

MSP is one of the measures for remunerative prices to farmers. Moreover, Government has been implementing/reorienting various schemes for the same which include Soil Health Card (SHC); Pradhan Mantri Kisan Samman Nidhi (PM-KISAN); Pradhan Mantri Krishi Sinchayee Yojana (PMKSY); e-NAM; Pradhan Mantri Fasal Bima Yojana (PMFBY); Pradhan Mantri Annadata Aay Sanrakshan Abhiyan'(PM-AASHA); Agriculture Infrastructure Fund; Interest Subvention Scheme on Kisan Credit Card; Scheme for formation and promotion of 10,000 FPOs; Sub Mission on Agriculture Mechanization (SMAM) to boost the farm mechanization in the country, among others.

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