

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

RAJYA SABHA
UNSTARRED QUESTION NO- 339
TO BE ANSWERED ON 09/12/2022

FIXATION OF MSP BY CACP

339. DR. ANBUMANI RAMADOSS:

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

- (a) whether Government would recommend to the Commission for Agricultural Costs & Prices (CACP) to factor in the cost of production at market price along with current inflation and insurance cost in determining Minimum Support Price (MSP) for crops;
- (b) if so, the details thereof;
- (b) whether Government would revise the composition of CACP by increasing the number 84 of non-official members belonging to the farming community; and
- (d) if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

(SHRI NARENDRA SINGH TOMAR)

(a) & (b): Commission for Agricultural Costs & Prices (CACP) is mandated to recommend Minimum Support Price (MSP) for 22 agricultural commodities. 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 production for the current year on the basis of actual paid out costs, imputed value of family labour and 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.

(c) & (d): Presently, no such proposal is under consideration.
