

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

RAJYA SABHA
UNSTARRED QUESTION NO-677
TO BE ANSWERED ON 08/12/2023

FORMULA FOR MSP

677. SHRI RAJEEV SHUKLA:

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

- (a) the current formula being used by Government to determine Minimum Support Price (MSP) in the country;
- (b) whether Government intends to implement the formula recommended by MS Swaminathan Committee;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the proposed measures to be taken in this respect?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

(SHRI NARENDRA SINGH TOMAR)

(a) to (d): Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned. While recommending MSP, CACP considers important factors like overall demand-supply conditions, cost of production, domestic and international prices, inter crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over cost of production.

National Commission on Farmers (NCF), constituted under the Chairmanship of Prof. M.S. Swaminathan in 2004, inter alia, recommended that, "MSP should be at least 50 percent more than the weighted average cost of production". To give effect to this recommendation, Government, in its Union Budget for 2018-19, had made an announcement to keep MSP at a level of one and half times of the cost of production as a pre-determined principle. Accordingly, MSPs for all mandated Kharif, Rabi and other commercial crops have been fixed with a margin of at least 50 per cent over all India weighted average cost of production since the year 2018-19.