

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

RAJYA SABHA
UNSTARRED QUESTION NO. 3845
TO BE ANSWERED ON 04/04/2025

RATIONALISATION OF MSP BASED ON COST OF CULTIVATION

3845. SHRI SANDOSH KUMAR P:

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

- (a) the criteria on which Minimum Support Price (MSP) of food grains is recommended each year;
- (b) the rationale for providing uniform MSP for a particular crop across the country while the cost of cultivation is different from State to State; and
- (c) whether Government is planning to rationalise the MSP considering the cost of cultivation in each State?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
(SHRI RAM NATH THAKUR)

(a) to (c): Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops based on the recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned. The 22 mandated crops include 14 Kharif crops viz. paddy, jowar, bajra, maize, ragi, tur (arhar), moong, urad, groundnut, soyabean, sunflower, sesamum, nigerseed, cotton and 6 Rabi crops viz. wheat, barley, gram, masur (lentil), rapeseed & mustard, safflower and two commercial crops viz. jute and copra.

While recommending MSPs, CACP considers important factors like cost of production, overall demand-supply conditions, 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.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times of the cost of production. Accordingly, Government had increased MSPs for all mandated Kharif, Rabi and other Commercial crops with a minimum return of 50 percent over all India weighted average cost of production from year 2018-19 onwards.

To make MSP more effective and transparent, a committee has been constituted on 12th July, 2022. The subject matter of the committee include three points, such as, (i) Suggestions to make available MSP to farmers of the country by making the system more effective and transparent, (ii) Suggestions on practicality to give more autonomy to Commission for Agricultural Costs and Prices (CACP) and measures to make it more scientific, and (iii) To strengthen the Agricultural Marketing System as per the changing requirements of the country to ensure higher value to the farmers through remunerative prices of their produce by taking advantage of the domestic and export opportunities.
