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

RAJYA SABHA
STARRED QUESTION NO. 75
TO BE ANSWERED ON 05/12/2025

REVIEW OF MINIMUM SUPPORT PRICE

*75. DR. SASMIT PATRA:

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

(a) whether Government has reviewed the widening gap between the Minimum Support Price (MSP) announced and the actual comprehensive cost of cultivation (C2) borne by farmers across the country particularly in light of rising input costs for labour, fertilizer, energy, irrigation and credit;

(b) whether the MSP determination continues to fall short of the Swaminathan Commission's recommended C2+50 per cent formula;

(c) whether such deviation undermines the objective of ensuring remunerative pricing and income security for cultivators as envisaged under the Directive Principles; and

(d) the measures proposed to align MSP more accurately with the real economic cost of cultivation nationwide?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE
(SHRI SHIVRAJ SINGH CHOUHAN)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF RAJYA SABHA STARRED QUESTION NO. 75 DUE FOR ANSWER ON 05/12/2025 REGARDING 'REVIEW OF MINIMUM SUPPORT PRICE'

(a) to (d): Every year, Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops based on the recommendations of the Commission for Agricultural Costs & Prices (CACP), after considering the views of the State Governments and Central Ministries/Departments concerned.

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 costs include all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred in cash and kind on the use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc., miscellaneous expenses and imputed value of family labour.

National Commission on Farmers (NCF), constituted under the Chairmanship of Prof. M.S. Swaminathan in 2004, inter alia, recommended that Minimum Support Price (MSPs) 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 minimum 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 percent over weighted average cost of production.

Increased MSP has benefited farmers of the country which are evident from data of procurement and MSP amount paid to the farmers. The details of procurement and MSP amount paid to farmers during 2024-25 (Crop Year) are given as under:

Total Procurement (In LMT)	Total MSP Value (In Lakh Crore)
1,223	3.47

Government offers to procure agricultural crops through designated procurement agencies and farmers have the option to sell their produce to the government agencies or in the open market whichever is advantageous to them.

******