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

RAJYA SABHA
UNSTARRED QUESTION NO. 651
TO BE ANSWERED ON 24/07/2026

LEGAL GUARANTEE FOR MSP

651. SHRI SANJAY SINGH:

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

(a) whether the Department-related Parliamentary Standing Committee on Agriculture, Animal Husbandry and Food Processing recommended implementation of a legally binding Minimum Support Price (MSP), if so, the details of the recommendations;

(b) whether Government has examined the recommendations of the Committee, if so, the present status of each recommendation and the action taken thereon;

(c) whether Government proposes to implement a legally binding MSP, if so, the details thereof; and

(d) the timeline, if any, fixed by Government for taking a final decision on the recommendations of the Committee?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE

(SHRI RAMNATH THAKUR)

(a): Yes Sir. The Parliamentary Standing Committee on Agriculture, Animal Husbandry and Food Processing has recommended in its report to implement a robust and legally binding MSP system.

(b) to (d): Every year, Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops for the country as a whole, 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 situation of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sector, likely effect of price policy on rest of the economy and a minimum of 50 percent as the margin over cost of production.

Out of the total production, only marketable surplus is available for procurement by Government agencies when market price of these produce fall below the MSP. Government procures cereals and coarse cereals through Food Corporation of India (FCI) and other designated State Agencies to provide price support to the farmers. Procurement of pulses, oilseeds and copra is done under Price Support Scheme under umbrella scheme of Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA), on the request of the concerned State Government as per the guidelines as and when market price of these produce fall below the MSP. Procurement agencies under PM-AASHA Scheme are National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) and National Co-operative Consumers' Federation of India Ltd. (NCCF). Cotton and Jute are also procured by Government at MSP through Cotton Corporation of India (CCI) and Jute Corporation of India (JCI), respectively.

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 2004-2014 and 2014-2026 (upto June, 2026) are given as under:

Procurement and MSP amount paid to farmers

2004-2014		2014-2026 (upto June, 2026)	
Total Procurement (In LMT)	Total MSP Value (In lakh Crore)	Total Procurement (In LMT)	Total MSP Value (In lakh Crore)
6987	7.41	12819	27.80

In addition, Adequate number of procurement centres are opened by respective State Government Agencies, taking into account the production, marketable surplus, convenience of farmers and availability of other logistics / infrastructure such as storage and transportation etc. Temporary purchase centres, in addition to the existing mandis and depots/godowns are also established at key points. The procurement operation is a continuously evolving process and during the last few years, procurement processes under MSP have improved to ensure payment of MSP to farmer’s bank account directly and linkage of Aadhaar and land records with the States’ procurement portals ensure that the farmers directly get the benefits of the MSP purchase.

Government has launched Mission for Aatmanirbharta in Pulses till 2030-31, to reduce import dependence and achieve self-sufficiency in pulses.To encourage domestic production of pulses, the Government is undertaking procurement of Tur, Urad and Masur under the PM-AASHA Scheme on the request of State Government from pre-registered farmers as much as offered by them through Central Nodal Agencies, namely the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) and the National Cooperative Consumers' Federation of India Limited (NCCF).

Government also implements Market Intervention Scheme (MIS), a component under PM-AASHA, for procurement of agricultural and horticultural commodities, which are perishable in nature and are not covered under the Price Support Scheme (PSS). The objective of intervention is to protect the growers of these commodities from making distress sale in the event of a bumper crop during the peak arrival period when the prices tend to fall below economic levels and the cost of production. There should be at least a 10 percent decrease in the ruling market prices over the previous normal year. The scheme is implemented at the request of a State/UT government.

Government has introduced a new component of Price Differential Payment (PDP) under Market intervention scheme (MIS) from 2024-25 season for direct payment of the price difference between the Market Intervention Price (MIP) and the selling price to the farmers of perishable crops. States/UTs have an option to choose either to do physical procurement of the crop or to make the differential payment between the MIP & Sale Price to the farmers.

Further, from 2024-25 season, Government added another component under Market intervention scheme (MIS) for reimbursing the Storage and Transportation cost of TOP crops (Tomato, Onion and Potato) to central nodal agencies & State designated agencies for transporting them from the producing State to consuming states in the interest of the farmers.

For benefits of farmers, Government has also taken several important initiatives which include following:

(i) Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)

(ii) Pradhan Mantri Fasal Bima Yojana (PMFBY)/Restructured Weather Based Crop Insurance Scheme (RWBCIS)

(iii) Pradhan Mantri Kisan Maan Dhan Yojana (PM-KMY)

(iv) Agriculture Infrastructure Fund (AIF)

(v) Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)

(vi) Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA)

(vii) Modified Interest Subvention Scheme (MISS)

(viii) National Bee Keeping and Honey Mission (NBHM)

(ix) Agri Fund for Start-Ups & Rural Enterprises' (AgriSURE)

(x) National Mission on Natural Farming

(xi) Krishonnati Yojana

(xii) Rashtriya Krishi Vikas Yojana (RKVY)

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