

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE AND FARMERS WELFARE  
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

**LOK SABHA**  
**UNSTARRED QUESTION NO.616**  
TO BE ANSWERED ON THE 19<sup>TH</sup> DECEMBER, 2017

**FIXATION OF MSP FOR AGRICULTURAL PRODUCE**

616. SHRIMATI MAUSAM NOOR:  
COL. SONARAM CHOUDHARY:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) the policy for fixing Minimum Support Price for agricultural produces and the mechanism in place for the purpose;
- (b) whether the Government had acknowledged the recommendations made by Ramesh Chand Committee which studied the issues concerning farmers and agriculture;
- (c) if so, the details of the observations analyzed and accepted by the Government;
- (d) whether the recommendation on revised calculation of Minimum Support Price (MSP) by computing farm labour at the skilled wage rate and other inputs has been accepted by the Government;
- (e) if so, whether the revision of Minimum Support Price has brought about necessary changes bringing relief to the farmers by the resultant increase in Minimum Support Price by over 50 percent; and
- (f) if so, the reasons therefor?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI GAJENDRA SINGH SHEKHAWAT)

(a): Government fixes Minimum Support Prices (MSPs) for agricultural produce on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), after obtaining the views of State Governments and Central Ministries/Departments and other relevant factors. While recommending MSPs, CACP takes into account the 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 productive resources like land and water. CACP also holds consultations with various stakeholders including State governments and farmers' representatives before finalizing its recommendations.

(b) to (f): Committee constituted in 2013 by the Government under the Chairmanship of Prof. Ramesh Chand, the then Director, National Institute of Agricultural Economics and Policy (NCAP) and present Member of NITI Aayog with a view to examine the methodological issues in fixing MSP has submitted its Report. One of the Terms of Reference (ToR) of the Committee was to examine the cost concepts for the purpose of fixing Minimum Support Prices and suggest various factors for improvement so as to make it more realistic. The Report has been examined and a number of meetings have already been held with the various Ministries and Departments concerned on the recommendations. Government has not taken any decision on the implementation of the recommendation of the Committee so far.

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