

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

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2896**  
TO BE ANSWERED ON THE 13<sup>TH</sup> March, 2018

**MINIMUM SUPPORT PRICE**

2896. SHRI RAKESH SINGH:  
SHRI BHAIRON PRASAD MISHRA:

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

- (a) whether the Government proposes to increase the Minimum Support Price for Kharif crops by 1.5 times of the cost price, if so, the details thereof;
- (b) whether the Government proposes to include tail of farmers along with the expenditure incurred in crops as input cost and if so, the details thereof;
- (c) whether the formula being used in determining MSP are different leading to difficulties in calculation of actual cost;
- (d) if so, the details thereof; and
- (e) whether the Government has taken any measures to tackle the anomaly in the interest of farmers?

**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) & (b): Government fixes the Minimum Support Prices (MSPs) of 22 mandated agricultural crops for 2017-18 on the basis of recommendations of Commission for Agricultural Costs and Prices (CACP). Out of 22 mandated crops (14 kharif crops, 6 rabi crops, copra and jute), the MSPs fixed by the Government for 2017-18 for 3 kharif crops viz. bajra, tur and urad; 5 rabi crops viz. wheat, barley, gram, masur and rapeseed/mustard; and jute provide returns of more than 50% over weighted average cost of production (A2+FL).

The Union Budget for 2018-19 has announced the pre-determined principle to keep MSPs at levels of one and half time the cost of production for kharif crops also in the lines of that already implemented for rabi crops in October 2017.

Cost of production is one of the important factors taken into account by CACP in recommending the MSPs. The estimates of cost of cultivation/cost of production are made available to the CACP through the *Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops*, operated by Directorate of Economics and Statistics, Department of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India. These data are collected with the help of State Agricultural Universities (SAUs)/Institutions located in various states. The CACP uses all-India weighted average cost of production (A2+FL) in recommending MSPs.

(c) & (d): The 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 while recommending MSPs. The MSPs recommended by CACP considers all paid out costs, which includes those incurred on account of hired human labour, bullock labour/machine labour and rent paid for leased in land, expenses on use of material inputs like seeds, fertilizers, manures, irrigation charges including cost of diesel/electricity for operation of pump sets and imputed value of wages of family labour and depreciation of farm machinery & building. Cost of production varies in different States on account of difference in levels of irrigation, resource endowment, farm mechanization, land holding size, yield of crops etc. CACP uses all India weighted average cost of production while making its recommendations on MSP and recommends uniform MSP which is applicable for all States. Even though there is variation in cost of production among States, the MSP fixed by Central Government for 2017-18 season provides adequate returns over weighted average cost of production(A2+FL).

(e): Government has taken several initiatives to raise the levels of productivity, production and thereby the income of farmers which include National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojana (RKVY), Soil Health Cards (SHC), Pradhan Mantri Krishi Sinchai Yojana (PMKSY), Pradhan Mantri Fasal Bima Yojana (PMFBY), Paramparagat Krishi Vikas Yojana (PKVY), National Mission for Sustainable Agriculture (NMSA), e-National Agriculture Market (e-NAM), Farmer Producer Organization (FPOs), New Model Agricultural produce and Livestock Marketing (Promotion & Facilitation) Act, 2017 and a Committee of the Government has been set up to frame policies for doubling the farmer's income by 2022.

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