

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

LOK SABHA
UNSTARRED QUESTION NO. 5846
TO BE ANSWERED ON THE 3RD APRIL, 2018

FIXATION OF MSP FOR AGRICULTURAL PRODUCE

5846. SHRI BALABHADRA MAJHI:

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

- (a) the details of the basis of fixation of Minimum Support Prices (MSP) for agricultural produces;
- (b) whether it is a fact that for industrial products there is maximum retail price available whereas for agricultural produce MSP is fixed by the Government; and
- (c) if so, the details thereof and 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 22 mandated agricultural crops and fair & remunerative price (FRP) for sugarcane on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), after considering views of state Governments and Central Ministries/Departments concerned and other relevant factor. While recommending MSPs, CACP takes into account the cost of production, overall demand-supply, domestic and international prices, inter-crop prices parity, term of trade between agricultural and non agricultural sectors, likely effect on the rest of the economy, besides ensuring rational utilization of production resources like land and water, CACP also holds consultation with various stakeholders including farmers and farmers' representative.

(b) & (c): For agricultural crops, Government fixes MSP which ensures guaranteed income to the farmers by acting as a floor price. Government offers to procure agricultural crops at MSP when price fall below MSP through designated procurement agencies, however farmers are free to sell their crops at MSP to procurement agencies or at open market whichever is advantageous to them. The Standards of Weights & Measures (Packaged Commodities) Rules 1977 require the declaration of the retail sale price on packages intended for retail sale in the form "Maximum Retail Price inclusive of all taxes" by manufactures/packers. Selling prices of various industrial products, other than those covered by administered prices, are governed by market forces.
