

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

LOK SABHA
UNSTARRED QUESTION NO.635
TO BE ANSWERED ON THE 6TH FEBRUARY, 2018

CRITERIA FOR MSP FOR AGRICULTURAL CROPS

635. SHRI CHANDRA PRAKASH JOSHI:

Will the Minister of AGRICULTURE AND FARMERS WELFARE **†ãðŠãäÓã** एवं किसान कल्याण **½ããããã** be pleased to state:

- (a) the details of the Rabi crops selected so far by the Government under the Minimum Support Price (MSP) along with the criteria for fixing MSP by the Government;
- (b) whether the existing criteria for fixation of MSP are not providing adequate relief to the farmers, if so, the details thereof;
- (c) whether the Government has constituted any committee to rectify the flaws in the existing criteria of fixing of MSP; and
- (d) if so, whether the Committee has submitted its report and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

†ãðŠãäÓã एवं किसान कल्याण **½ããããã** **†ããããã** (SHRI GAJENDRA SINGH SHEKHAWAT)

(a) & (b): The Government fixes Minimum Support Prices (MSPs) for 6 rabi crops viz. Wheat, Barley, Gram, Masur (lentil), Rapeseed/Mustard and Safflower 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 concerned and other relevant factors. In addition, MSP of Toria for rabi season is fixed on the basis of MSP of Rapeseed/Mustard.

While recommending MSPs, CACP takes into account the cost of production, overall demand-supply, 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 production resources like land and

water. CACP also holds consultations with different stake holders including farmers' representatives.

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The MSPs of rabi crops for 2017-18 fixed by the Government on the basis of recommendation of CACP provides adequate return over weighted average cost of production (A2+FL) for most crops. The return over cost of production(A2+FL) of MSP fixed by Government for rabi crops for 2017-18 has been in excess of 50% with return of 112.4% for wheat, 88.4% for rapeseed/mustard, 79.6% for masur, 78.8% for gram and 66.9% for barley. The Union Budget for 2018-19 has announced the pre-determined principle to keep MSP at levels of one and half times the weighted average cost of production for Kharif crops also.

(c) & (d): From time to time, expert committees were constituted by Government to review the methodology and system of calculation of the MSPs. A Committee constituted in 2013 by the Government under the Chairmanship of Prof. Ramesh Chand, the then Director, National Institute of Agricultural Economics and Policy (NIAP) and present Member of NITI Aayog with a view to examine the methodological issues in fixing MSP had submitted its Report. The major recommendations of the Committee are:

- i) The value of the labour of the head of the family be imputed at skilled labour rates and the entire paid out costs including family labour i.e. A2+FL be increased by 10% to account for risk related to farming and managerial charges of farmers;
- ii) the interest on working capital be computed for the full period of the crop season at 12.5 per cent per annum;
- iii) The rental value of the owned land be imputed on the basis of actual rates prevailing in the area, for similar land, without any ceiling as per state laws;
- iv) The post harvest costs incurred like cleaning, grading, packaging and transportation etc. be estimated and reported to CACP separately for its consideration in making MSP recommendations.
