

O.I.H.

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

**LOK SABHA**  
**STARRED QUESTION NO. 94**  
TO BE ANSWERED ON THE 24<sup>TH</sup> JULY, 2018

**PRODUCTION COST OF CROPS**

\*94. SHRI BODHSINGH BHAGAT:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण  
½â"ãè  
be pleased to state:

- (a) the details of the norms being prescribed by the Government to decide the production cost at the time of fixing the Minimum Support Price (MSP) for Kharif and Rabi crops like paddy, wheat and soyabean for the year 2018-19;
- (b) whether the Government has announced to fix the new MSP at one and a half times of the production cost of Rabi and Kharif crops during the Budget Session of 2018-19;
- (c) if so, whether the production cost and MSP are likely to be fixed by the Government for Kharif and Rabi crops for the year 2018-19 accordingly; and
- (d) if so, the details thereof?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण ½â"ãè

(SHRI RADHA MOHAN SINGH)

(a) to (d): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 94 DUE FOR REPLY ON 24<sup>TH</sup> JULY, 2018.**

(a): The Government of India declares the minimum support prices (MSP) of mandated agricultural crops including kharif and rabi crops based on the price policy recommendations of commission for Agricultural Costs & Prices (CACP), after ascertaining the views of State Governments and Central Ministries/Departments concerned and other relevant factors. While recommending MSPs for crops, CACP considers the cost of production and other important factors such as demand and supply situation, trends in domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors and the likely impact of MSP on consumers and overall economy along with rational utilization of scarce natural resources like land and water. The methodology adopted by CACP is on the basis of the recommendations of different expert committees on the 'methodology of cost of production'. Based on the latest three years actual cost estimates provided by the Directorate of Economics & Statistics, Ministry of Agriculture and Farmers Welfare which is compiled under 'Comprehensive Scheme for studying the Costs of Cultivation of Principal Crops in India', CACP undertakes cost projection exercise crop-wise, state-wise for the ensuing season under certain implicit assumptions by utilizing statistical techniques. These projected estimates of cost of production are considered into formulation of price policy recommendations by the CACP. The production cost includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred in cash and kind on the use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc, miscellaneous expenses and imputed value of family labour.

(b): The Government has announced its historic decision on July 4, 2018 to fix MSP as per its pre-determined principle of offering to farmers a threshold level of MSP of atleast one and half times the cost of production for all mandated kharif crops redeeming the promise made in the Union Budget for 2018-19 in this regard.

(c) & (d): The cost of production of kharif crops for 2018-19 season has been calculated by the CACP as per the norms mentioned above in part (a) and for the rabi crops of 2018-19 season, the same methodology would be followed. The All-India weighted average cost of production, MSP and return over cost for the year 2017-18 and 2018-19 are given at Annexure-I.

## Annexure-I

## Cost, MSP and return over Cost

Sl. No.	Commodity	2017-18			2018-19		
		Cost*	MSP	% Return over cost	Cost	MSP	% Return over Cost
1	PADDY(Common)	1117	1550	38.76	1166	1750	50.09
	(Grade A) ^		1590			1770	
2	JOWAR (Hybrid)	1556	1700	9.25	1619	2430	50.09
	(Maldandi) ^		1725			2450	
3	BAJRA	949	1425	50.16	990	1950	96.97
4	MAIZE	1044	1425	36.49	1131	1700	50.31
5	RAGI	1861	1900	2.10	1931	2897	50.01
6	ARHAR(Tur)	3318	5450	64.26	3432	5675	65.36
7	MOONG	4286	5575	30.07	4650	6975	50.00
8	URAD	3265	5400	65.39	3438	5600	62.89
9	COTTON (Medium Staple)	3276	4020	22.71	3433	5150	50.01
	(Long Staple) ^		4320			5450	
10	GROUNDNUT IN SHELL	3159	4450	40.87	3260	4890	50.00
11	SUNFLOWER SEED	3481	4100	17.78	3592	5388	50.01
12	SOYABEEN	2121	3050	43.80	2266	3399	50.01
13	SESAMUM	4067	5300	30.32	4166	6249	50.01
14	NIGERSEED	3912	4050	3.53	3918	5877	50.01

\* Includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred in cash and kind on the use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, Interest on working capital, diesel/electricity for operation of pump sets etc, miscellaneous expenses and imputed value of family labour.

^ Cost for this grade is not compiled separately.

\*\*\*