

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

LOK SABHA
UNSTARRED QUESTION NO. 976
TO BE ANSWERED ON THE 24TH JULY, 2018

CRITERIA FOR FIXATION OF MINIMUM SUPPORT PRICE

976. SHRI CHANDRAKANT KHAIRE:

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

- (a) the details of the formula which is used by the Government to fix the Minimum Support Price(MSP);
- (b) whether it is a fact that farmers are not satisfied with the MSP fixed by the Government despite increasing 50 per cent MSP for 14 kharif crops recently;
- (c) if so, the reasons therefor; and
- (d) the corrective steps taken by the Government thereon?

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) of 22 mandated kharif and rabi crops and fair & remunerative prices (FRP) for sugarcane on the basis of recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned & other relevant factors. In addition, MSP for Toria and De-Husked coconut is also fixed on the basis of MSPs of Rapeseed/Mustard and Copra respectively.

CACP while recommending MSPs considers a host of factors including weighted average cost of production of crops at an all India basis. The costs considered are comprehensive and include 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 on 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. The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times the cost of production. CACP's Report on Price Policy for kharif crops of 2018-19 season is broadly in line with the Budget announcement.

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(b) & (c): The Government has increased the MSPs of all kharif crops for 2018-19 season on 4th July, 2018. The decision to increase the Minimum Support Prices (MSPs) for all kharif crops for 2018-19 season is a historic one as it redeems the promise of the pre-determined principle of fixing the MSPs at a level of at least 150 per cent of the cost of production announced by the Union Budget for 2018-19. No separate survey has been made in this regard. However, various reports have indicated that farmers are happy with the announcement.

(d): Government has taken several initiatives to enhance the production and productivity of agricultural crops and to enhance income of farmers of the country. These 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.
