

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

LOK SABHA
UNSTARRED QUESTION NO. 1210
TO BE ANSWERED ON THE 18TH DECEMBER, 2018

SELLING OF AGRICULTURAL PRODUCE AT MSP

1210. SHRI RAVNEET SINGH:

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

- (a) whether the Government plans to change the definition of the production cost from A2 + FL to C2 as recommended by the Swaminathan Commission when determining the MSP;
- (b) if not, the reasons therefor;
- (c) the details of the MSP calculated by the CACP for the State of Punjab for the year 2018-19 up till now, district-wise; and
- (d) the details of the difference between the MSP computed at C2 and the MSP computed at A2 by the Government for Punjab?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI PARSHOTTAM RUPALA)

(a) & (b): Government fixes minimum support prices (MSPs) of 22 mandated agricultural crops and fair and remunerative price (FRP) for sugarcane on the basis of recommendations of the Commission for Agricultural Costs and Prices (CACP).

National Commission on Farmers (NCF) headed by Dr. M.S. Swaminathan has recommended that the MSP should be at least 50 percent more than the weighted average cost of production. However, when the National Policy for Farmers, 2007 was finalized by the then Government, this recommendation of providing 50 per cent returns over cost of production was not included. Dr. M. S. Swaminathan in his Report on NCF had discussed different dimensions of fixing MSPs, but while finalizing National Policy on Farmers, the then Government had accepted the current established methods.

Government has increased the MSPs for all mandated crops with a return of atleast 50 percent of cost of production for the season 2018-19. This decision of the Government was a historic one as it fulfills the commitment to the farmers to provide 50 per cent return over cost of production for the first time for all mandated crops.

Cost of production is one of the important factors in the determination of MSPs. While recommending its price policy, the CACP considers all costs in a comprehensive manner. The costs 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 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.

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CACP considers both A2+FL and C2 costs while recommending MSPs. CACP reckons only A2+FL cost for return. C2 costs are used by CACP primarily as benchmark reference costs (opportunity costs) to see if the MSPs recommended by them at least cover these costs in some of the major producing States.

(c) & d): MSP is determined for the country as a whole and not region or state-specific. Therefore, no separate calculation of MSP has been made for State of Punjab. As per the state-wise cost projections by CACP, cost of production in Punjab for major crops are given in Annexure.

ANNEXURE

Annexure referred to in reply to part (c) and (d) of Lok Sabha Unstarred Question No. 1210 due for reply on 18.12.2018.

Minimum Support Price, Cost* of production and Returns during 2018-19 in Punjab for major crops.

S.No.	Commodity	2018-19		
		MSP (Rs/quintal)	Cost of production for Punjab (Rs/quintal)	Return over cost (%)
1	Paddy (common)	1750	702	149.3
2	Maize	1700	961	76.9
3	Cotton (Medium Staple)	5150	3304	55.9
4	Wheat	1840	654	181.3

** 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 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.*
