

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

**LOK SABHA**  
**UNSTARRED QUESTION NO.453**  
TO BE ANSWERED ON THE 5<sup>TH</sup> FEBRUARY, 2019

**MINIMUM SUPPORT PRICE**

453. SHRI KESINENI NANI:

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

- (a) the formula adopted for determining the Minimum Support Price (MSP) along with MSP of different crops, crop-wise;
- (b) whether the latest MSP for crops matches with the price formula of C2 plus 50 per cent as recommended by the Swaminathan Commission on Farmers and if so, the details thereof and if not, the reasons therefor; and
- (c) the measures taken by the Government over the last four years in ensuring MSP equal to C2 plus 50 percent?

**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 agricultural crops (14 kharif crops, 6 rabi crops and 2 other commercial crops) and fair & remunerative price (FRP) for sugarcane on the basis of recommendations of the Commission for Agricultural Costs & Prices (CACP). In addition, MSP for toria and de-husked coconut is also fixed on the basis of MSPs of rapeseed/mustard and Copra respectively. While recommending MSPs, the CACP considers important factors like cost of production, overall demand-supply conditions, 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 productive resources like land and water. From 2018-19, the Government has ensured that the MSPs are fixed at least at a level of 150% of the cost of production. Details of cost, MSP and percent return over cost for the years 2017-18 and 2018-19 is at Annexure.

(b): The 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, 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.

CACP considers 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): Government generally increases the MSPs of all notified crops which provide adequate return over cost of production. Government has increased MSPs substantially for all mandated crops 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.

Government has taken several initiatives to raise the yield levels, reduce the cost of production and thereby provide better returns to farmers which include Soil Health Card, Pradhan Mantri Krishi Sinchai Yojana (PMKSY), neem-coated urea (NCU), bio pesticides for promoting integrated pest management, production and supply of quality seeds, promoting water saving devices like sprinkler sets, drip irrigation systems etc.

Annexure referred to in reply to part (a) of Lok Sabha Unstarred Question No.453 due for reply on 05.02.2019.

**Cost\*, Minimum Support Price (MSP) and percent return over cost  
(Rs/quintal)**

Sl. No.	Commodity	2017-18			2018-19		
	KHARIF CROPS	Cost	MSP	% Return over cost	Cost	MSP	% Return over cost
1	PADDY(Common)	1117	1550	38.8	1166	1750	50.1
	(Grade A) ^		1590			1770	
2	JOWAR (Hybrid)	1556	1700	9.3	1619	2430	50.1
	(Maldandi) ^		1725			2450	
3	BAJRA	949	1425	50.2	990	1950	97.0
4	MAIZE	1044	1425	36.5	1131	1700	50.3
5	RAGI	1861	1900	2.1	1931	2897	50.0
6	ARHAR(Tur)	3318	5450	64.3	3432	5675	65.4
7	MOONG	4286	5575	30.1	4650	6975	50.0
8	URAD	3265	5400	65.4	3438	5600	62.9
9	COTTON (Medium Staple)	3276	4020	22.7	3433	5150	50.0
	(Long Staple) ^		4320			5450	
10	GROUNDNUT IN SHELL	3159	4450	40.9	3260	4890	50.0
11	SUNFLOWER SEED	3481	4100	17.8	3592	5388	50.0
12	SOYABEEN	2121	3050	43.8	2266	3399	50.0
13	SESAMUM	4067	5300	30.3	4166	6249	50.0
14	NIGERSEED	3912	4050	3.5	3918	5877	50.0
	<b><u>RABI CROPS</u></b>						
1	WHEAT	817	1735	112.4	866	1840	112.5
2	BARLEY	845	1410	66.9	860	1440	67.4
3	GRAM	2461	4400	78.8	2637	4620	75.2
4	MASUR (LENTIL)	2366	4250	79.6	2532	4475	76.7
5	RAPESEED/MUSTARD	2123	4000	88.4	2212	4200	89.9
6	SAFFLOWER	3125	4100	31.2	3294	4945	50.1
7	TORIA ^		3900			4190	
	<b><u>OTHER CROPS</u></b>						
1	COPRA (Milling)	4758	6500	36.6	5007	7511	50.0
	(Ball)^		6785	42.6		7750	
2	DE-HUSKED COCONUT ^		1760			2030	
3	JUTE	2160	3500	62.0	2267	3700	63.2
4	SUGARCANE	152	255	67.8	155	275	77.4

\* 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.

^ Cost data are not separately compiled for Paddy(Grade A), Jowar (Maldandi), Cotton (Long staple), Toria, Copra(ball) and De-husked coconut.

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