

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE & FARMERS WELFARE
DEPARTMENT OF AGRICULTURE & FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 537
TO BE ANSWERED ON THE 6th FEBRUARY, 2024

FRAMING OF MSP POLICY

537. DR. PRITAM GOPINATHRAO MUNDE:
SHRI CHANDRA SEKHAR SAHU:
SHRI RAHUL RAMESH SHEWALE:

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

- (a) whether Minimum Support Prices (MSP) can influence farmers' decision on choice of crops and if so, the response of the Union Government thereon;
- (b) whether a high MSP for some crops and not for others is hindering crop diversification and benefitting a select few States and if so, the details thereof;
- (c) whether the MSP for oilseeds has not delivered the desired result in terms of an increase in domestic production and the country is still dependent on imports to fulfil 55% of its requirements and if so, the details thereof along with the reasons therefor;
- (d) whether there is a need to frame long term MSP policy, preferably for the next five years so that farmers know what they will get in the future for their crops and accordingly take an informed decision; and
- (e) if so, the steps taken by the Union Government in this regard?

ANSWER

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI ARJUN MUNDA)

(a) to (c): Government fixes Minimum Support Prices (MSP) for 22 mandated agricultural crops, on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned. The objective of MSP is to ensure remunerative prices to the growers for their produce with a view to encouraging higher investment and production.

In recent years, the government has been increasing the MSP of oilseeds by a higher absolute amount compared to the previous years, with the view to promoting diversification towards such crops. Beside Price Policy, a Centrally Sponsored Scheme i.e., National Food Security Mission- Oilseeds & Oil palm (NFSM-OS&OP), is being implemented through the Department of Agriculture/Horticulture in 29 States/UTs in the country to augment the availability of vegetable oils by increasing the production and productivity of oilseeds. Consequently, the production of oilseeds has increased from 275.11 lakh tonnes in 2014-15 to 413.55 lakh tonnes in 2022-23, registering a growth of 50 percent. Moreover, the procurement of oilseeds has increased from 0.04 lakh metric tonnes in 2014-15 to 11.71 lakh metric tonnes in 2022-23, benefiting almost 4.8 lakh farmers. During the same period, expenditure on oilseed procurement (at MSP values) increased from 15 crores to 6.6 thousand crores.

(d) & (e): Each year, MSP is announced by the Government before the sowing of the crops, considering important factors like prevailing overall demand-supply conditions, cost of production, 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 land, water and other production resources and a minimum of 50 percent as the margin over cost of production. At present, there is no proposal for the next five years, before the Ministry of Agriculture and Farmers Welfare to frame a long term MSP policy.
