

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

LOK SABHA
UNSTARRED QUESTION NO.1206
TO BE ANSWERED ON THE 9TH FEBRUARY, 2021

FIXATION OF MSP

1206. SHRI SUBBARAYAN K.:

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

- (a) the main recommendations made by the Swaminathan Commission;
- (b) the extent to which these have been accepted and implemented by the Government ;
- (c) whether it is a fact that the Commission for Agriculture Cost and Prices (CACP) estimates the cost of production of various crops using three definitions;
- (d) if so, the details of definitions; and
- (e) the definition accepted by the Government to fix the Minimum Support Price (MSP) and the one accepted and recommended by the Swaminathan Commission for fixing the MSP?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) & (b): National Commission on Farmers (NCF) was set up in February, 2004. Based on the 'Draft National Policy for Farmers', submitted by the Swaminathan Commission, which contained major recommendations of the Commission, the Government approved the 'National Policy for Farmers in 2007' (NPF 2007), which aimed to improve economic viability of farming and increase net income of farmers.

An Inter-Ministerial Committee was constituted in 2016 for speedy implementation of these recommendations and also for devising strategy for doubling of the income of farmers.

An Inter-Ministerial Committee (IMC) identified 201 Action Points from NPF, 2007, where necessary action had to be taken. Out of 201 number of action points identified, 200 numbers have already been implemented as of date.

(c) & (d): There are three cost of Cultivation (CoC) and cost of production (CoP) namely A2, A2+FL and C2 which are as under:

1. A2 is paid out cost which is sum of values of total human labour (excluding Family Labour), Total bullock labour, Total machine labour cost, Seed cost, Insecticides Cost, Fertilisers and manure cost, Irrigation charges, Interest on working capital, Miscellaneous charges, Payment to contractor, Depreciation on implements & farm buildings, Rent paid for leased-in land, Land revenue, cesses & other taxes.
2. A2 +FL is sum of cost A2 and Family Labour.
3. C2 = A2 +FL + Rental value of owned land + Interest on own Fixed Capital.

(e): The National Commission on Farmers (NCF) had recommended that the Minimum Support Price (MSP) should be at least 50% more than average cost of production. However, this recommendation was not included by the Government then in the National Policy for Farmers finalized in 2007. But the Government has increased the Minimum Support Prices (MSP) for all notified Kharif and Rabi crops and other commercial crops for 2018-19 Season with a return of at least 50% over cost of production. This decision of the Government was a historic one as it redeemed the promise of fixing the MSPs at a level of at least 50 % return over the cost of production as announced in the Union Budget 2018-19.

CACP is mandated to recommend Minimum Support Price (MSP) for 22 agricultural commodities. While recommending MSPs the Commission considers important factors like cost of production, overall demand-supply situation, price trends in domestic and global prices, inter-crop price parity, terms of trade between agriculture and non-agriculture sectors, likely impact of the price policy on the rest of the economy, rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over the cost of production.
