

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

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2633**  
TO BE ANSWERED ON THE 14<sup>th</sup> DECEMBER, 2021

**MSP AND COST OF PRODUCTION**

**2633. SHRI SUNIL KUMAR MONDAL:**  
**ADV. A.M. ARIFF:**  
**SHRIMATI SARMISTHA SETHI:**  
**SHRI D.M. KATHIR ANAND:**  
**DR. T. SUMATHY (a) THAMIZHACHI THANGAPANDIAN:**

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

(a) the effective measures taken by the Union Government to support the farmers as the cost incurred for farming has doubled in the recent years;

(b) the steps taken by the Government to double their income and reduce the cost of agricultural inputs;

(c) the details of the action taken/being taken by the Government regarding Minimum Support Price (MSP) which has not increased in proportion to the increase in cost of production;

(d) if so, the details thereof and if not, the reasons therefor;

(e) the steps taken by the Government to provide MSP for all agricultural produce;

(f) whether the Government has undertaken any studies to review the mechanism of MSP in the recent past, if so, the details thereof; and

(g) whether the Government will constitute a committee for exploring the possibility of giving legal guarantee for MSP and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (e): 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), and after considering the views of State Governments and Central Ministries/Departments concerned and other relevant factors.

Cost of production is one of the important factors in the determination of MSP. While recommending its price policy, the CACP considers all costs in a comprehensive manner. CACP projects the cost of cultivation for the current year on the basis of Composite Input Price Index (CIPI) which measures the change in input price over previous year. The CIPIs are based on latest prices of major inputs like human labour, bullock labour, machine labour, fertilisers and manures, seeds, pesticides and irrigation as per data available from different ministries/ departments.

The Government in its Union Budget for 2018-19 had announced the pre-determined principle to keep MSP at a level of one and half times of the cost of production. Accordingly, Government has increased the MSP for all mandated Kharif, Rabi and other commercial crops with a return of atleast 50 per cent over all India weighted average cost of production from the agricultural year 2018-19 onwards. Details of MSP, cost and return over cost since 2018-19 are given at **Annex**.

Moreover, Government has taken several steps to enhance farmer's income which include, Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), Soil Health Card (SHC), e-NAM, Pradhan Mantri Fasal Bima Yojana (PMFBY), Pradhan Mantri Annadata Aay Sanrakshan Abhiyan'(PM-AASHA), Agriculture Infrastructure Fund, interest subvention scheme on crop loans among others.

(f) & (g): The NITI Aayog (erstwhile Planning Commission) has conducted a study entitled "Efficacy of minimum support prices on farmers", 2016. The study covered 14 States, 36 Districts, 72 Blocks, 144 Villages and 1440 Households. The study is based on both the primary and secondary data. The study has found among other things that MSP declared by the Government has encouraged 78 % of the farmers covered under the study for adopting improved methods of farming such as high yielding varieties of seeds, organic manure, chemical fertilizer, pesticides and improved methods of harvesting etc.

Government extends price support for paddy and wheat through the Food Corporation of India (FCI) and State Agencies. Under this policy, whatever food grains are offered by farmers within the stipulated period & conforming to the specifications prescribed by Government are purchased at MSP by the State Government agencies including FCI for Central Pool. It aims to service the National Food Security Act (NFSA) and other welfare schemes of the Government so that subsidized food grains are supplied to the poor and needy, and to build up buffer stocks of food grains to ensure food grain security.

Additionally, Oilseeds, pulses and copra of Fair Average Quality (FAQ) are procured from registered farmers under Price Support Scheme under Umbrella Scheme of PM-AASHA, as per its prescribed guidelines at MSP in consultation with the concerned State Government.

**Annex**

Annex referred to in reply to part (a) to (e) of Lok Sabha Unstarred Question No. 2633 due for reply on 14.12.2021

**Minimum Support Price (MSP), cost and return over cost**

(Rs. per quintal)

Sl. No.	Commodity	Variety	2018-19			2019-20		
			Cost	MSP	% Return over Cost	Cost	MSP	% Return over Cost
	<b>KHARIF CROPS</b>							
1	PADDY	Common	1166	1750	50	1208	1815	50
		Grade 'A' ^	-	1770	-	-	1835	-
2	JOWAR	Hybrid	1619	2430	50	1698	2550	50
		Maldandi ^	-	2450	-	-	2570	-
3	BAJRA		990	1950	97	1083	2000	85
4	RAGI		1931	2897	50	2100	3150	50
5	MAIZE		1131	1700	50	1171	1760	50
6	TUR (ARHAR)		3432	5675	65	3636	5800	60
7	MOONG		4650	6975	50	4699	7050	50
8	URAD		3438	5600	63	3477	5700	64
9	COTTON	Medium Staple	3433	5150	50	3501	5255	50
		Long Staple ^	-	5450	-	-	5550	-
10	GROUNDNUT		3260	4890	50	3394	5090	50
11	SUNFLOWER SEED		3592	5388	50	3767	5650	50
12	SOYABEAN	Yellow	2266	3399	50	2473	3710	50
13	SESAMUM		4166	6249	50	4322	6485	50
14	NIGERSEED		3918	5877	50	3960	5940	50
	<b>RABI CROPS</b>							
15	WHEAT		866	1840	112	923	1925	109
16	BARLEY		860	1440	67	919	1525	66
17	GRAM		2637	4620	75	2801	4875	74
18	MASUR (LENTIL)		2532	4475	77	2727	4800	76
19	RAPESEED/MUSTARD		2212	4200	90	2323	4425	90
20	SAFFLOWER		3294	4945	50	3470	5215	50
	<b>OTHER CROPS</b>							
21	COPRA	Milling	5007	7511	50	6347	9521	50
	(Calendar Year)	Ball ^	-	7750	-	-	9920	-
22	JUTE		2267	3700	63	2535	3950	56

**Contd.**

**Minimum Support Price (MSP), cost and return over cost**

(Rs. per quintal)

Sl. No.	Commodity	Variety	2020-21			2021-22		
			Cost	MSP	% Return over Cost	Cost	MSP	% Return over Cost
	<b><u>KHARIF CROPS</u></b>							
1	PADDY	Common	1245	1868	50	1293	1940	50
		Grade 'A' ^	-	1888	-	-	1960	-
2	JOWAR	Hybrid	1746	2620	50	1825	2738	50
		Maldandi ^	-	2640	-	-	2758	-
3	BAJRA		1175	2150	83	1213	2250	85
4	RAGI		2194	3295	50	2251	3377	50
5	MAIZE		1213	1850	53	1246	1870	50
6	TUR (ARHAR)		3796	6000	58	3886	6300	62
7	MOONG		4797	7196	50	4850	7275	50
8	URAD		3660	6000	64	3816	6300	65
9	COTTON	Medium Staple	3676	5515	50	3817	5726	50
		Long Staple ^	-	5825	-	-	6025	-
10	GROUNDNUT		3515	5275	50	3699	5550	50
11	SUNFLOWER SEED		3921	5885	50	4010	6015	50
12	SOYABEAN	Yellow	2587	3880	50	2633	3950	50
13	SESAMUM		4570	6855	50	4871	7307	50
14	NIGERSEED		4462	6695	50	4620	6930	50
	<b><u>RABI CROPS</u></b>							
15	WHEAT		960	1975	106	1008	2015	100
16	BARLEY		971	1600	65	1019	1635	60
17	GRAM		2866	5100	78	3004	5230	74
18	MASUR (LENTIL)		2864	5100	78	3079	5500	79
19	RAPSEED/MUSTARD		2415	4650	93	2523	5050	100
20	SAFFLOWER		3551	5327	50	3627	5441	50
	<b><u>OTHER CROPS</u></b>							
21	COPRA	Milling	6639	9960	50	6805	10335	52
	(Calendar Year)	Ball ^	-	10300	-	-	10600	-
22	JUTE		2709	4225	56	2832	4500	59

^ Cost data are not available for Paddy (Grade A), Jower (Maldandi), Cotton (Long staple) and Copra (Ball).

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