

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

LOK SABHA

UNSTARRED QUESTION NO. 1441
TO BE ANSWERED ON THE 26TH JULY, 2022

FIXATION OF MSP

1441. SHRI S. VENKATESAN:

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

- (a) whether the Central Government has announced Minimum Support Price (MSP) at the rate of Rs 2,040 per quintal for paddy (Common) and Rs 2,060 per quintal for paddy (Grade A) for the kharif marketing season 2022-23, if so, the details of the cost projection submitted by State Governments, State-wise;
- (b) whether the amount demanded by 14 out of 15 states was not considered and lower MSP was fixed, if so, the details thereof;
- (c) whether the present announcement of MSP is according to the C2+50% formula as recommended by M.S Swaminathan Committee; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) & (b): Government has fixed Minimum Support Prices (MSP) for Paddy (Common) and Paddy (Grade A) at ₹ 2,040 per quintal and ₹ 2,060 per quintal respectively, for Kharif Marketing Season (KMS) 2022-23, on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).

While recommending MSPs, 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 land, water and other production resources and a minimum of 50 percent as the margin over cost of production. CACP also consult concerned stakeholders including State Governments in this process. There are variations in the cost estimates provided by States/UT and CACP; the main reasons for these variations are different methodology and cost concept used by the States/UT and CACP. Some States include components such as management cost, transportation and marketing expenses, higher interest on working capital etc. in their cost estimation whereas, CACP considers A2+FL cost, where A2 refers to all actual expenses in cash and kind incurred in production and rent paid for leased-in land, and FL refers to imputed value of Family Labour.

(c) & (d): M.S Swaminathan Committee has recommended, among others that the Minimum Support Price should be at least 50% more than the weighted average cost of production.

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.
