

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

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2780**  
TO BE ANSWERED ON THE 10<sup>TH</sup> MARCH, 2026

**REVIEW OF POLICY OF BONUS OVER MSP**

2780. SHRI KODIKUNNIL SURESH

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

- (a) whether the Government of Kerala to review its existing policy of providing incentive bonus over and above the Minimum Support Price (MSP) for paddy and wheat, if so, the details and reasons therefor,
- (b) whether the said communication was issued in consultation with the Ministry of Agriculture and Farmers' Welfare, if so, the details thereof,
- (c) whether the Government recognises the higher cost of cultivation due to unique agro-ecological conditions of paddy cultivation in Kerala, particularly in Kuttanad region, if so, the details thereof; and
- (d) whether the Government will clarify that States are free to provide additional bonuses over MSP without any adverse fiscal consequences or policy restrictions, if so, the details thereof?

**ANSWER**

MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE  
कृषि एवं किसान कल्याण राज्य मंत्री (SHRI BHAGIRATH CHOUDHARY)

(a) to (d): A letter dated 9<sup>th</sup> January 2026 was written by Secretary (Expenditure) to the Chief Secretaries of the States containing certain suggestions for the State Governments to align their bonus policies with national priorities.

As per the information received from the Government of Kerala, the State Government has no proposal to review or withdraw the existing policy of providing an incentive bonus over and above the Minimum Support Price (MSP) for paddy.

Every year, Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops for the country as a whole, based on the recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned.

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.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times of the cost of production. Accordingly, Government had increased MSPs for all mandated Kharif, Rabi and other Commercial crops with a minimum return of 50 percent over all India weighted average cost of production,(including Kerala) from year 2018-19 onwards.

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