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

LOK SABHA
UNSTARRED QUESTION NO. 3829
TO BE ANSWERED ON THE 11th August, 2026

AGRICULTURAL INPUT COSTS AND MSP

3829. DR. M K VISHNU PRASAD:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:
(a) whether the increase in MSP has kept pace with the rising cost of cultivation;
(b) whether the Government has assessed the sharp increase in the prices of fertilizers, pesticides, seeds, diesel, electricity, and labour over the last five years;
(c) whether the Government proposes to provide direct input subsidies to small and marginal farmers; and
(d) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण राज्य मंत्री (SHRI RAMNATH THAKUR)

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

While recommending MSP every season in a year, CACP considers important factors like cost of production, overall demand-supply situation of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sector, likely effect of price policy on rest of the economy and a minimum of 50 percent as the margin over cost of production.

Within the cost of production, CACP considers all costs in a comprehensive manner which include all paid out costs such as those incurred on account of hired human labour, bullock labour/ machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, pesticides, diesel, electricity, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc., miscellaneous expenses and imputed value of family labour.

(c) & (d): The Government is implementing several schemes and programmes to provide income support to farmersand toincrease agricultural productivity, reduce the cost of cultivation, promote crop diversification, ensure remunerative returns. These various schemes / programmes cover the entire spectrum of agriculture including credit, insurance, income support, infrastructure, crops including horticulture, seeds, mechanization, marketing, organic and natural farming, farmer collectives, irrigation, extension activities, procurement of crops, digital agriculture etc.

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