

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:17
ANSWERED ON:20.11.2000
SELLING PRICE OF FOODGRAINS
AKHILESH SINGH

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Union Government have fixed the selling price of foodgrains after adding all the expenses incurred on the agricultural produce;
- (b) if so, whether the Government propose to ensure the farmers to sell their produce at these fixed prices; and
- (c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI SHRIPAD Y. NAIK)

(a): The selling price of foodgrains of Fair Average Quality (FAQ) standards is the Minimum Support Price (MSP) at which the farmers sell their produce to the designated central nodal agencies set up for procurement purposes. The MSPs for foodgrains are fixed each season on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), views of concerned Central Ministries, State Governments and other relevant factors considered important in the fixation of MSPs. While recommending the price policy for different agricultural commodities, the CACP considers a number of important factors, of which cost of production is the most vocal factor. The cost of cultivation covers not only paid out costs, but also imputed value of owned assets and family labour, for which the farmers do not incur cash expenses. The MSPs announced by the Government not only cover cost of production, but also a reasonable margin of profit as an incentive to the farmers to invest and improve production and productivity.

(b)&(c): The MSPs fixed by the Government are in the nature of a guarantee to the producer that in the event of a glut in the market consequent on excessive production or any other reason, the prices will not be allowed to fall below the minimum economic levels. The farmers are free to sell their produce in the open market at prices, which may be higher than the support prices fixed by the Government.