

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:1058  
ANSWERED ON:27.02.2006  
RATE OF AGRICULTURAL PRODUCE  
Rao Shri Sambasiva Rayapati

**Will the Minister of AGRICULTURE be pleased to state:**

he measures taken or to be taken by the Government in fixing the rate of agricultural produce to reduce the burden of persons engaged in food processing industries?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

The main objective of Government's price policy for agricultural produce is to ensure remunerative prices to the growers for their produce. With a view to encourage higher investment and production of various crops in the country and to safeguard the interests of consumers by making available supplies at reasonable prices, Government announces each season Minimum Support Prices (MSPs) for major agricultural commodities on the recommendation of the Commission for Agricultural Costs and Prices (CACP). While recommending MSPs, CACP keeps in view

- (i) the need to provide incentive to the producer for adopting improved technology and for developing a production pattern broadly in the light of national requirements;
- (ii) the need to ensure rational utilization of land, water and other production resources;
- (iii) the likely effect of the price policy on the rest of the economy, particularly on the cost of living, level of wages, industrial cost structure, etc. and
- (iv) terms of trade between agricultural sector and non-agricultural sector. Thus the MSPs fixed by the Government take care of the requirements of the processing industries as well, in a macro perspective.