

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:2815  
ANSWERED ON:19.03.2007  
MINIMUM GUARANTEED PRICE  
Rao Shri Sambasiva Rayapati

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

- (a) whether the Government is considering to announce Minimum Guaranteed Price (MGP) for commercial crops like cotton, chillies and tobacco, in view of the pending demand of the farmers of the country;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**Answer**

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

(a)to(c): As specified in the National Agriculture Policy, the Central Government in discharging its responsibility to ensure remunerative prices for agricultural produce, announces Minimum Support Price (MSPs) instead of Minimum Guaranteed Price (MGP) for major agriculture commodities. The MSP for a commodity is the floor level price and if the market prices of the commodity falls below its MSP, the Government agencies procure it at the MSP to ensure that farmers do not resort to distress sales.

Ministry of Agriculture announces MSP on annual basis for 25 major agricultural crops including Cotton and Tobacco mainly on the basis of recommendations of the Commission for Agricultural Costs and Prices (CACP). While recommending the MSP for a crop, the CACP takes into account the costs of its production and other relevant issues. Representatives of farmers` organizations are also consulted.

As regards chillies, these are covered under Market Intervention Scheme (MIS).

Department of Agriculture and Cooperation implements MIS for procurement of horticultural and other agricultural commodities generally perishable in nature in order to protect the growers of these commodities from making distress sale in the event of bumper crop during the peak arrival period when prices tend to fall below economic levels. The MIS is implemented on the request of a State/UT Government which is ready to bear 50% loss (25% in case of North Eastern States), if incurred. Under the Scheme, a pre-determined quantity at a fixed Market Intervention Price (MIP) is procured by NAFED as the central agency and the agency designated by the State Government for a fix period or till the prices are stabilized above the MIP, whichever is earlier. The area of operation is restricted to the concerned State only.