

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:323
ANSWERED ON:07.07.2009
MINIMUM SUPPORT PRICE
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Minimum Support Price (MSP) of food crop compensate farmers adequately;
- (b) if so, the details thereof;
- (c) the details of MSP fixed for each crop; and
- (d) the incentives proposed to be given to the farmers so as to motivate them?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b): The Commission for Agricultural Costs & Prices (CACP), while formulating its recommendations on price policy considers a number of important factors which include cost of production, changes in input prices, input/output price parity, trends in market prices, demand and supply situation, inter-crop price parity, effect on industrial cost structure, effect on general price level, effect on cost of living, international market price situation and parity between prices paid and prices received by the farmers.

The cost of cultivation/production taken into account includes all paid out costs, such as, those incurred on account of hired human labour, bullock labour/machine labour (both hired and owned) and rent paid for leased in land besides cash and kind expenses on use of material inputs like seeds, fertilizers, manures, irrigation charges including cost of diesel/electricity for operation of pump sets, etc. Besides, cost of production includes imputed value of wages of family labour and rent for owned land.

The cost also covers depreciation of farm machinery and buildings. As such, the cost of production covers not only actual expenses in cash and kind but also imputed value of owned assets including land and family labour.

(c) A statement indicating the MSPs for food crops fixed in 2008-09 is annexed.

(d) With a view to motivate the farmers, the Government of India is implementing the National Policy for Farmers, 2007, with the objective to increase the income of farmers by enhancing the economic viability of farming. The policy provisions, interalia, include provision of support services and inputs; supply of good quality seeds and disease free planting material; timely, adequate and easy reach of institutional credit at reasonable interest rates; development of agricultural market infrastructure. Besides, a number of Plan Schemes/Programmes are being implemented which include National Food Security Mission, Rashtriya Krishi Vikas Yojana, National Horticulture Mission, Micro Irrigation Schemes etc.