

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3140

ANSWERED ON:15.03.2011

CRITERIA FOR MSP

Nahata Smt. P. Jaya Prada;Shekhar Shri Neeraj;Singh Shri Yashvir

Will the Minister of AGRICULTURE be pleased to state:

- (a) the details of the method adopted and components taken into consideration to calculate the cost of production of agricultural produce while deciding the Minimum Support Price (MSP) of crops by the Commission For Agricultural Costs and Prices (CACP);
- (b) whether some farmers' associations have raised objections against the current method adopted to calculate the cost of agricultural produce while deciding MSP by CACP;
- (c) if so, the details thereof;
- (d) whether various State Governments have sent proposals to CACP for Kharif crops in this regard; and
- (e) if so, the details of such proposals received from various State Governments alongwith the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI ARUN YADAV)

(a): The cost of production is one of the most important factors to determine the Minimum Support Price (MSP) by the Commission for Agriculture Costs and Prices (CACP). While recommending the MSP, the cost components, inter-alia, taken into consideration by CACP include cost on human, bullock and machine labour, seeds, fertilizers, manure, insecticides, irrigation charges etc. In addition, interest on working & fixed capital and imputed rental value of own land, transportation charges & insurance premium are also included.

(b) to (e): No formal objections have been received in the Commission. The CACP while formulating the recommendations consults the State Governments, Farmers' Associations and other stake holders.