

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:3127  
ANSWERED ON:13.12.2011  
INVESTMENT IN AGRICULTURE  
Mahtab Shri Bhartruhari

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

- (a) whether the Government is examining any proposal to link the cost of agricultural produce to the rate of inflation;
- (b) if so, the details thereof;
- (c) whether the return on investment in agriculture is much lower than any other industry;
- (d) if so, whether any study has been conducted to ascertain the reasons for the same;
- (e) if so, the details and the outcome thereof; and
- (f) the steps taken to correlate the return on investment in agriculture to that of the industry?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE, FOOD PROCESSING INDUSTRIES AND PARLIAMENTARY AFFAIRS (SHRI HARISH RAWAT)

(a) & (b): The Government of India announces Minimum Support Prices (MSP) for various crops to ensure remunerative prices to the farmers on the recommendations of Commission for Agricultural Costs and Prices (CACP). The CACP, while formulating its recommendations on price policy considers, inter-alia, cost of production, changes in input prices, trends in market prices etc.

(c) to (f): The return on investment in agriculture vis. a vis. non agriculture sectors (industry) is measured in terms of Index of Domestic Terms of Trade (ITT) between agriculture & non-agriculture (industry) compiled by the Government.

As per latest available estimates ITT between agriculture & non-agriculture (industry) has increased from 101.9 in 2005-06 to 102.6 in 2009-10.