

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2918
ANSWERED ON:11.12.2012
MSP FOR AGRICULTURAL PRODUCE
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Will the Minister of AGRICULTURE be pleased to state:

- (a) the criteria fixed by the Government for determining the Minimum Support Price (MSP);
- (b) whether the Union Government had constituted the Swaminathan Commission to determine the parameters for fixing MSP for agricultural produce;
- (c) if so, the details thereof along with the problems being faced by the Government in the implementation of the Commission's report;
- (d) whether in view of the current price rise, the Government proposes to increase the support price for agricultural produce;
- (e) if so, the time by which it is likely to be done;
- (f) whether any monitoring system exists for procurement of agricultural produce at MSP; and
- (g) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FOOD PROCESSING INDUSTRIES (SHRI TARIQ ANWAR)

(a): Government fixes the Minimum Support Prices (MSPs) of various crops taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of State Governments and Central Ministries / Departments and other relevant factors. While formulating its recommendations on price policy, CACP considers several factors which include, inter-alia, cost of production, changes in input prices, trends in market prices, demand and supply situation, inter-crop price parity, changes in terms of trade between agricultural and non-agricultural sectors, effect on general price level, effect on cost of living, etc.

(b)&(c): The terms of reference of the National Commission on Farmers (NCF) constituted by the Government under the Chairmanship of Dr. M.S.Swaminathan covered the whole gamut of Indian Agriculture and not merely to determine the norms for fixing the Minimum Support Price(MSP) for agricultural commodities.

NCF had recommended that the MSP should be at least 50 percent more than the weighted average cost of production. This recommendation, however, has not been accepted by the Government because MSP is recommended by CACP based on objective criteria and considering variety of relevant factors. Hence, prescribing an increase of at least 50 percent on cost may distort market. A mechanical linkage between MSP and cost of production may be counterproductive in some cases.

(d) & (e): The MSP fixed by the Government for Kharif and Rabi Crops for 2011-12 & 2012-13 is given in the Annexure.

(f) & (g): The Government ensures MSP through procurement operations undertaken by the Central, State and Cooperative agencies in the states.

State Governments have been alerted from time to time to make adequate arrangements to ensure MSP to farmers.