

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2340
ANSWERED ON:12.03.2013
MSP OF AGRICULTURAL PRODUCE
Baitha Shri Kameshwar ;Pradhan Shri Amarnath

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government had constituted the Swaminathan Commission for fixing the parameters for determination of support price of agri-commodities;
- (b) if so, the difficulties being faced by the Government in implementation of the said report;
- (c) whether the Government is aware that farmers in various States are forced to sell their agricultural produce below the Minimum Support Price (MSP); and
- (d) if so, whether the Government has any monitoring system to make arrangements for procurement of agri-commodities on the basis of support price?

Answer

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

(a) & (b) 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. The recommendation, however, has not been accepted by the Government because MSP is recommended by the Commission for Agricultural Costs & Prices (CACAP) 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 counter productive in some cases.

(c) 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. In addition, action is taken by the Government when such complaints are received.

(d) Before the start of every marketing season, Department of Food & Public Distribution convenes a meeting of State Food Secretaries, Food Corporation of India (FCI) and other stake holders to prepare a detailed action plan for making arrangements for procurement in the coming marketing season. Details of number of procurement centres to be opened and arrangements for purchase of packaging material and storage space are discussed in the meeting. State Governments are encouraged to adopt Decentralised Procurement (DCP) system so as to maximize procurement and increase the reach of MSP operations.