

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:423

ANSWERED ON:06.08.2013

COMMITTEE ON MSP

Baitha Shri Kameshwar ;Patel Shri Devji;Ray Shri Saugata

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government has constituted any Committee to look into the matter of fixing the Minimum Support Price (MSP) of agricultural commodities;
- (b) if so, the terms of reference of the Committee;
- (c) the time by which the Committee is likely to submit its recommendations;
- (d) the difficulties being faced by the Government to implement the recommendations of the Committee;
- (e) whether the Government has any monitoring system to ensure procurement of agri-commodities on the basis of MSP; and
- (f) if so, the details thereof?

Answer

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

(a) & (b): The Government has constituted a Committee under the Chairmanship of Director, National Centre for Agricultural Economics & Policy Research in the month of April, 2013, to examine the methodological issues in fixing Minimum Support Prices. The terms of reference of the Committee are given as under:-

To examine the existing mandate of the Commission for Agricultural Costs and Prices and suggest whether – by way of a measure of response to the rapidly changing external environment arising in the wake of liberalization, privatization and globalization – there is need to reposition the Commission in terms of its mandate and remit.

To examine the existing cost concepts for the purpose of fixing minimum support prices and suggest various factors including cost of transportation, marketing, processing, storage etc. to determine MSP. Besides, the Committee may also analyse the appropriateness of existing methods followed in imputing the value (i) family labour; (ii) rental value of land; (iii) interest on capital; (iv) depreciation on fixed items such as tractors, bullocks etc. and recommend measures for improvement so as to make them more realistic.

To examine the existing structure of tariff, taxes, credit, market etc. and to suggest various measures to make it most competitive and remunerative to the farmers in the wake of trade liberalization and globalization and also to encourage diversified agricultural growth.

To examine any other related and relevant matters that are important for improving the system.

(c) & (d): No specific date is fixed for the submission of the report. However, the Committee was requested to submit the reports as early as possible.

Since, the report is not yet submitted, the question of difficulties in implementation does not arise.

(e) & (f): Before start of each Rabi and Kharif marketing session, the government convenes a meeting of State Food Secretaries, Food Corporation of India and other stake holders to prepare a detailed action plan for making arrangements of procurement on MSP and also to discuss details of procurement centers. State Governments are encouraged to adopt Decentralized Procurement System (DCP) of procurement so as to maximize procurement and increase the reach of MSP operations. To spread awareness about MSP operations, wide publicity is given through the pamphlets, banners, sign boards, advertisement and also through print and electronic media. All the produce brought to the procurement centers by farmers are procured by government agencies. Progress of procurement is monitored periodically and remedial steps are taken to maximize the procurement.