

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:4009

ANSWERED ON:15.12.2009

SUPPORT PRICE FOR AGRICULTURAL PRODUCE

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Will the Minister of AGRICULTURE be pleased to state:

- (a) the objectives of declaring Minimum Support Price (MSP) for agriculture products;
- (b) whether there is a wide gap between the MSP and the prevailing market price of agricultural products in the country but the benefits of rising prices do not reach the farmers;
- (c) if so, the details thereof and reasons therefor;
- (d) the criteria for fixing MSP alongwith the suggestions received for reviewing the same; and
- (e) the steps taken for providing remunerative price to farmers and improving their living condition?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (c): The Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encouraging higher investment and production, and also to safeguard the interest of consumers by making available supplies at reasonable prices. The prevailing market prices of many of the agricultural commodities for which MSP is fixed are generally ruling above the respective MSPs.

MSP is in the nature of a minimum guaranteed price for the farmers offered by the Government for their produce in case the market prices fall below that level. If the market offers higher price than the MSP, the farmers are free to sell at that price.

(d): The Government decides on the Minimum Support Price for various agricultural commodities, inter-alia, taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of concerned State Governments and Central Ministries/Departments and other relevant factors which are considered important for fixation of Minimum Support Prices.

The CACP, while formulating its recommendations on price policy considers, inter-alia, a number of factors which include cost of production, changes in input prices, input/output price parity, trends in market prices, demand and supply situation, inter-crop price parity, effect on industrial cost structure, effect on general price level, effect on cost of living, suggestions received from farmers/others, international market price situation and parity between prices paid and prices received by the farmers etc.

(e): In addition to the announcement of Minimum Support Prices, various schemes are being implemented by the Government such as Rashtriya Krishi Vikas Yojana (RKVY), National Food Security Mission (NFSM), National Horticulture Mission (NHM) etc. with a view to increasing agricultural productivity and production and in the overall interests of the farmers.