

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE AND FARMERS WELFARE  
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

**LOK SABHA**  
**UNSTARRED QUESTION NO.622**  
TO BE ANSWERED ON THE 19<sup>TH</sup> DECEMBER, 2017

**MSP FOR AGRICULTURAL PRODUCE**

622. SHRI HARIOM SINGH RATHORE:  
SHRI SATYAPAL SINGH:  
SHRIMATI KAMLA DEVI PAATLE:  
SHRI NAGENDRA KUMAR PRADHAN:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether there is any institutional mechanism in place for deciding minimum support price for agricultural produce (items);
- (b) if so, the details thereof and the criteria fixed for deciding minimum support price;
- (c) whether the Government takes into account the increasing cost of agriculture inputs including price of land, cost of cultivation, irrigation, farmers labour before deciding on the minimum support price of agricultural produce and if so, the details thereof;
- (d) whether the farmers' organisations and farmer representatives are consulted while fixing minimum support prices of crops, if so, the details thereof;
- (e) whether the Government proposes to increase the minimum support price for various agricultural produces and if so, the details thereof;
- (f) whether the minimum support price for paddy is likely to be fixed by the Government at Rupees twenty five hundred per quintal this year, if so, the details thereof and if not, the reasons therefor; and
- (g) the various steps taken by the Government to provide adequate remunerative prices to farmers?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI GAJENDRA SINGH SHEKHAWAT)

(a) & (b): The Commission for Agricultural Costs & Prices (CACP) is an attached office of the Ministry of Agriculture and Farmers Welfare, Government of India. It came into existence in January 1965 and prior to 1985 it was known as the Agricultural Prices Commission. It is mandated to recommend Minimum Support Prices (MSPs) for major agricultural produce.

While recommending MSPs, CACP takes into account the cost of production, overall demand-supply conditions, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of productive resources like land and water.

(c): Cost of production is one of the important factors taken into account in fixing the MSPs. The cost of production (A2+FL) includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, diesel/electricity for operation of pump sets etc. and imputed value of family labour.

(d): CACP holds consultations with various stakeholders including State Governments and farmers' organisations/representatives before finalizing its recommendations. Government fixes Minimum Support Prices (MSPs) for 22 major agricultural crops and Fair & Remunerative Price (FRP) for Sugarcane on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), after obtaining the views of State Governments and Central Ministries/Departments and other relevant factors.

(e): Government has increased the MSPs of various agricultural produces for 2017-18 season. Details are at **Annexure**. There is no further proposal for this year in this regard.

(f): No. Government has fixed for the year MSP of paddy at Rs. 1550 per quintal for common variety and Rs. 1590 per quintal for Grade 'A' variety for 2017-18. The MSP fixed by Government provides adequate returns of 38.8% for common variety and 42.3% for Grade 'A' variety over weighted average cost of production including family labour (A2+FL).

(g): Government has taken several steps to ensure MSP for agricultural produce which *interalia*, includes setting up of procurement centres keeping in view the potential in the areas; creating awareness among the farmers of the MSP operations; encouraging decentralized procurement; adopting e-procurement system; engaging private players in certain States to participate in procurement operations, implementing e-National Agriculture Market (e-NAM), promoting Farmer Producer Organizations (FPOs) etc.

Government also implements Market Intervention Scheme (MIS) for procurement of agricultural and horticultural commodities not covered under the MSP on the request of State/UT Government. The MIS is implemented in order to protect the growers of these commodities from making distress sale in the event of bumper crop when the prices tend to fall below the economic level/cost of production. Losses, if any, incurred by the procuring agencies are shared by the Central Government and the concerned State Government on 50:50 basis (75:25 in case of North-Eastern States).

In addition, Government has taken several initiatives to increase agricultural production and productivity and to enhance income of farmers which include National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojana (RKVY), Soil Health Cards (SHC), Pradhan Mantri Krishi Sinchai Yojana (PMKSY), Paramparagat Krishi Vikas Yojana (PKVY), National Mission for Sustainable Agriculture (NMSA) and a Committee of the Government has been set up for recommending policies for doubling the farmers' income by 2022.

## Annexure

**Annexure referred to in reply to part (e) of Lok Sabha Unstarred Question No. 622 due for reply on 19.12.2017.**

### **Minimum Support Prices (MSPs) and increase in MSP**

(Rs. per quintal)

Sl. No.	Commodity	Variety	2016-17	2017-18	(#) increase in MSP 2017-18 over 2016-17
<b><u>KHARIF CROPS</u></b>					
1	PADDY	Common	1470	1550	80(5.4)
		Grade 'A'	1510	1590	80(5.3)
2	JOWAR	Hybrid	1625	1700	75(4.6)
		Maldandi	1650	1725	75(4.5)
3	BAJRA		1330	1425	95(7.1)
4	MAIZE		1365	1425	60(4.3)
5	RAGI		1725	1900	175(10.1)
6	ARHAR(Tur)		5050^^	5450^	400(7.9)
7	MOONG		5225^^	5575^	350(6.7)
8	URAD		5000^^	5400^	400(8)
9	COTTON	Medium Staple	3860	4020	160(4.1)
		Long Staple	4160	4320	160(3.8)
10	GROUNDNUT IN SHELL		4220*	4450^	230(5.5)
11	SUNFLOWER SEED		3950*	4100*	150(3.8)
12	SOYABEEN		2775*	3050^	275(9.9)
13	SESAMUM		5000^	5300*	300(6)
14	NIGERSEED		3825*	4050*	225(5.9)
<b><u>RABI CROPS</u></b>					
15	WHEAT		1625	1735	110(6.8)
16	BARLEY		1325	1410	85(6.4)
17	GRAM		4000^	4400@	400(10.0)
18	MASUR (LENTIL)		3950@	4250*	300(7.6)
19	RAPESEED/MUSTARD		3700*	4000*	300(8.1)
20	SAFFLOWER		3700*	4100*	400(10.8)
21	TORIA		3560		
<b><u>OTHER CROPS</u></b>					
22	COPRA	Milling	5950	6500	550(9.2)
	(Calender Year)	Ball	6240	6785	545(8.7)
23	DE-HUSKED COCONUT (Calender Year)		1600	1760	160(10)
24	JUTE		3200	3500	300(9.3)
25	SUGARCANE\$		230.00	255	25(10.9)

# Figures in brackets indicate percentage increase.

\$ Fair and remunerative price.

\* Including Bonus of Rs. 100 per quintal.

^ Including Bonus of Rs. 200 per quintal.

^^ Including Bonus of Rs. 425 per quintal.

@ Including Bonus of Rs. 150 per quintal

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