

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

LOK SABHA
UNSTARRED QUESTION NO.573
TO BE ANSWERED ON THE 25TH JUNE, 2019

MSP FOR MAIZE AND COTTON

573. DR. T.R. PAARIVENDHAR:

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

- (a) whether the Government has any proposal to fix a reasonable price/minimum price for Maize and Cotton to protect the farmers from economic burden and loss due to high input costs/production costs and low price for their products;
- (b) if so, the details thereof; and
- (c) if not, the time by which the proposal will be implemented?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (c): Government fixes minimum support prices (MSPs) of 22 mandated crops including maize and cotton for every agricultural year and fair & remunerative price (FRP) for sugarcane on the basis of recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned & other relevant factors. In addition, MSP for Toria and De-Husked coconut is also fixed on the basis of MSPs of Rapeseed/Mustard and Copra respectively.

While recommending MSPs, CACP considers important factors like cost of production, overall demand-supply situation of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sector, likely effect of price policy on rest of the economy and a minimum of 50 percent as the margin over cost of production.

Contd...2/-

Cost of production is one of the important factors in the determination of MSPs. While recommending its Price policy, the CACP considers all costs in a comprehensive manner. The costs include 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 in cash and kind on the use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc, miscellaneous expenses and imputed value of family labour. Hence the costs considered are very comprehensive and based on the methodology recommended by Expert Committees from time to time.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSP at levels of one and half times the cost of production. Accordingly, Government has increased MSPs for all mandated crops including maize and cotton with a return of at least 50 percent over all India weighted average cost of production for the season 2018-19.

Government has fixed MSP of maize at Rs. 1700/- per quintal, cotton (medium staple) at Rs. 5150/- and cotton (long staple) at Rs. 5450/- per quintal for 2018-19 season which provides a return of 50 percent over the all-India weighted average cost of production.
