

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

LOK SABHA
STARRED QUESTION NO. 135
TO BE ANSWERED ON THE 12TH FEBRUARY, 2019

CALCULATION OF MSP

*135. SHRI BALABHADRA MAJHI:

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

- (a) the criteria adopted for calculating the input cost in agriculture in the country;
- (b) the clause adopted for calculation of the MSP;
- (c) the details of MSP of various farm produce during the last year; and
- (d) whether it is in conformity with the MS Swaminathan Committee's recommendation for giving 1.5 times input cost to the farmers and if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री

(SHRI RADHA MOHAN SINGH)

(a) to (d): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA
STARRED QUESTION NO. 135 DUE FOR REPLY ON 12TH FEBRUARY, 2019.**

(a): The Government of India is implementing a scheme “Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops in India” (CS Scheme), through grants-in-aid to 16 Agricultural Universities/ Institutions in 20 States. Under this scheme input-wise and total cost of cultivation/production estimates are generated in respect of 25 selected crops namely paddy, wheat, jowar, bajra, maize, ragi, barley, moong, urad, arhar, gram, masur, groundnut, rapeseed and mustard, nigerseed, safflower, soyabean, sunflower, sesamum, cotton, jute, sugarcane, onion, potato, and coconut. These crops are selected for a block period of three years.

The sampling design of the scheme is a three stage stratified random sampling design with tehsil as the first stage unit, village/cluster of villages as the second-stage unit and operational holdings as the third and ultimate stage unit.

The Scheme envisages collection of representative data on inputs and outputs in physical and monetary terms on a comparable and comprehensive basis following uniform methodology which is designed by an Expert Committee and is reviewed from time to time. The field data is collected based on the Cost Accounting Method by 16 General/Agricultural Universities/ Institutions (Implementing Agencies) spread over 20 states. Under the scheme, daily entries of debit/credit for the expenditure/income are made in order to assess the total cost /benefit incurred/accrued to each farmer covered under the scheme.

The input cost estimates generated under CS Scheme include all paid-out cost, i.e., cost incurred in cash and kind, like value of hired human labour, hired and owned bullock and machine labour, value of seeds, insecticides, pesticides, manure, fertilizer, irrigation charges, land revenue, cesses & other taxes, interest on working capital, miscellaneous expenses, rent paid for leased land; and imputed value of family labour.

Based on the crop-wise and state-wise cost estimates generated under the CS Scheme, CACP projects crop-wise all India weighted average cost of production for the ensuing season to arrive at the recommendations of Minimum Support Price (MSP) of major agriculture commodities.

(b) & (c): The Government of India declares the MSPs of mandated agricultural crops, including kharif and rabi crops, based on the price policy recommendations of Commission for Agricultural Costs & Prices (CACP), after ascertaining the views of State Governments and Central Ministries/Departments concerned and other relevant factors. While recommending MSPs for crops, CACP keeps in mind the cost of production and other important factors, such as demand and supply situation, trends in domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors and the likely impact of MSP on consumers and overall economy along with rational utilization of scarce natural resources like land and water. The methodology adopted by CACP is based on the recommendations of different expert committees on the 'methodology of cost of production'. Based on the latest three years actual cost estimates provided by the Directorate of Economics & Statistics, Ministry of Agriculture and Farmers Welfare, CACP undertakes crop-wise, state-wise cost projection exercise for the ensuing season under certain implicit assumptions by utilizing statistical techniques. These projected estimates of cost of production are factored into the formulation of price policy recommendations by the CACP. The detail of MSP of various agricultural crops during last year is given at Annexure I.

(d): National Commission on Farmers (NCF), headed by Dr. M.S. Swaminathan, has recommended that the MSP should be at least 50 percent more than the weighted average cost of production. However, when the National Policy for Farmers, 2007 was finalized by the

then Government, this recommendation of providing 50 per cent return over cost of production was not included. Dr. M. S. Swaminathan in his Report on NCF had discussed different dimensions of fixing MSPs, but while finalizing National Policy on Farmers, the then Government had accepted the current established methods.

Government has increased the MSPs for all notified Kharif & Rabi Crops and other commercial crops for the season 2018-19 with a return of atleast 50 percent over the all-India weighted average cost of production. Cost of production varies in different States on account of difference in the yield of crops and owing to the levels of irrigation, resource endowment, farm mechanisation, land holding size etc. As such, returns over cost of production may vary across States for MSP crops.

Annexure- I

Annexure referred to in reply to part (b) & (c) of Lok Sabha Starred Question No. 135 due for reply on 12.02.2019.

Minimum Support Prices (MSPs) of major agricultural crops during last year:

			Rs. /quintal
Sl. No.	Commodity	Variety	2018-19
	<u>KHARIF CROPS</u>		
1	PADDY	Common	1750
		Grade 'A'	1770
2	JOWAR	Hybrid	2430
		Maldandi	2450
3	BAJRA		1950
4	MAIZE		1700
5	RAGI		2897
6	ARHAR(Tur)		5675
7	MOONG		6975
8	URAD		5600
9	COTTON	Medium Staple	5150
		Long Staple	5450
10	GROUNDNUT IN SHELL		4890
11	SUNFLOWER SEED		5388
12	SOYABEEN		3399
13	SESAMUM		6249
14	NIGERSEED		5877
	<u>RABI CROPS</u>		
15	WHEAT		1840
16	BARLEY		1440
17	GRAM		4620
18	MASUR (LENTIL)		4475
19	RAPESEED/MUSTARD		4200
20	SAFFLOWER		4945
21	TORIA		4190
	<u>OTHER CROPS</u>		
22	COPRA	Milling	7511
	(Calender Year)	Ball	7750
23	DE-HUSKED COCONUT (Calender Year)		2030
24	JUTE		3700
25	SUGARCANE\$		275

\$ Fair and remunerative price.

* Including Bonus of Rs. 100 per quintal.

** Including Bonus of Rs. 75 per quintal .

^ Including Bonus of Rs. 200 per quintal.

^^ Including Bonus of Rs. 425 per quintal.

@ Including Bonus of Rs. 150 per quintal
