

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3692
ANSWERED ON:23.08.2004
ECONOMIC SURVEY FOR REVIEW OF MINIMUM SUPPORT PRICE SYSTEM
Suman Shri Ramji Lal

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Economic Survey of 2003-04 envisages the need to review the Minimum Support Price System;
- (b) if so, the reaction of the Government in this regard;
- (c) whether the Union Government is contemplating to introduce any other alternative system;
- (d) if so, the salient features thereof; and
- (e) by when it is likely to be implemented?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI KANTILAL BHURIA):

(a) and (b) The Economic Survey, 2003-2004 has referred to the need for rethinking on cost based MSPs. The main objective of price policy for agricultural produce is to ensure remunerative prices to the growers for their produce. With a view to encourage higher investment and production, and to safeguard the interests of consumers by making available supplies at reasonable prices, Government announces each season Minimum Support Prices (MSPs) for major agricultural commodities. The MSPs are uniform throughout the country. Since MSPs do not necessarily exceed the weighted average C2 cost (actual expenses incurred in cash and kind, rent for leased-in land and imputed value of wages of family labour, rent for owned land and interest on fixed capital) in respect of all crops/States, the price policy seeks to ensure that the A2+FL cost (all actual expenses in cash and kind incurred in production + rent paid for leased-in land + imputed value of family labour) is covered by MSP in high cost/less endowed States.

(c) to (e) An Expert Committee, under the Chairmanship of Prof. Y.K. Alagh, has been set up to examine the methodological and related recommendations of the National Seminar on Methodological and related recommendations of the National Seminar on Methodological Issue in the Fixation of Minimum Support Prices held in New Delhi in 2002.