

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:1755

ANSWERED ON:22.07.2014

REMUNERATIVE PRICE FOR AGRICULTURAL PRODUCE

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**Will the Minister of AGRICULTURE be pleased to state:**

(a) whether the Government is committed to implement the recommendations of Swaminathan Commission for fixation of Minimum Support Price (MSP) of various agricultural produces;

(b) if so, the steps taken by the Government in this regard;

(c) the names of the crops covered at present under the MSP;

(d) whether the National Commission on Farmers has suggested that the MSP should be extended to cover all crops of importance in order to provide income security to small farmers;

(e) if so, the details thereof; and

(f) the details of the action taken by the Government to make agriculture a profitable profession so that farmers get adequate price for their produce and to protect them from the clutches of middlemen?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FOOD PROCESSING INDUSTRIES (DR. SANJEEV KUMAR BALYAN)

(a) & (b): National Commission on Farmers (NCF) under the Chairmanship of Dr. M.S. Swaminathan recommended that Minimum Support Price (MSP) should be at least 50% higher than weighted average cost of production.

This recommendation of NCF was not accepted by the Government as MSP is recommended by the Commission of Agricultural Costs and Prices (CACP) on objective criteria, considering a variety of relevant factors and prescribing an increase of at least 50% of cost of production may distort the market. A mechanical linkage between MSP and cost of production may be counter productive in some cases.

The policy under the regime of MSP recommended by CACP seeks to achieve the objective of assuring fair and remunerative prices to the farmers and not the levels of margins. CACP takes into account cost of production, overall demand supply, prices in domestic and international markets, inter-crop price parity, likely impact of increase in MSP on consumers, terms of trade between agricultural and non-agricultural sectors etc.

Since the cost of production varies in different States, CACP uses the all India weighted average cost of cultivation while making recommendations for MSP for any commodity. However, CACP ensures that all paid out costs including family labour are covered in the MSP recommended by them.

(c) to (e): National Commission on Farmers (NCF) had inter-alia given the recommendation that CACP may have the mandate to recommend remunerative prices for the principal agricultural commodities of both dry farming and irrigated areas. Currently CACP is mandated to advise on the price policy of 23 commodities i.e. paddy, wheat, maize, sorghum, pearl millet, barley, ragi, gram, tur, moong, urad, lentil, groundnut, rapeseed, mustard, soyabean, sesamum, sunflower, safflower, copra, sugarcane, cotton and raw jute.

(f): National Policy for Farmers approved by the Government in 2007 provides for direct marketing by farmers for getting remunerative price for their produce. State Governments have also been persuaded to amend their APMC Act on the lines of Model APMC Act, 2003 for eliminating the middlemen and facilitating farmers to sell their agricultural produce directly to bulk-buyers, processors, exporters, bulk-retailers etc. at remunerative prices.

Other measures taken by the Government to make agriculture a profitable profession include higher public investment in agriculture & allied sectors for increasing production and productivity, supplementation of farmer's income by promoting activities such as livestock, poultry, dairying, bee-keeping, fisheries etc., promoting on-farm water use efficiency through sprinklers/drip irrigation, improving soil health, setting up of warehouses and cold storages, cold chains, refrigerated vans etc. for post harvest storage of agricultural produce, provision for institutional loan at concessional interest rate, interest subvention for timely repayment of loan, post harvest loan for six months for eliminating distress sale of agricultural produce by farmers etc.

