

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE & FARMERS WELFARE  
DEPARTMENT OF AGRICULTURE & FARMERS WELFARE

**LOK SABHA**  
**UNSTARRED QUESTION NO. 779**  
TO BE ANSWERED ON THE 25<sup>TH</sup> JULY, 2023

**MSP OF KHARIF CROPS**

**779. SHRI MANICKAM TAGORE B:**

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

- (a) whether it is a fact that farmers across the country were unhappy with the hiked Minimum Support Price (MSP) for Kharif 2023;
- (b) whether it is also true that the new MSPs were not linked to the real expenses of farming;
- (c) whether it is also true that the new-announced MSP for kharif crops is nowhere near the C2+50% formula proposed by the Swaminathan Commission;
- (d) whether it is also true that the cost of production estimates given by the Government are faulty and underrated and thus the MSP figures are also very unsatisfactory; and
- (e) if so, whether the Government is considering making a rethink on MSP?

**ANSWER**

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (e): Government has notified Minimum Support Prices (MSP) for 14 mandated Kharif Crops for Marketing Season 2023-24, on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP), views of State Governments and Central Ministries/Departments concerned.

While recommending MSP, CACP considers important factors like overall demand-supply conditions, cost of production, 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 land, water and other production resources and a minimum of 50 percent as the margin over cost of production.

The Cost of production is one of the important determinants of MSP and its estimation is based on the methodology recommended by Expert Committees from time to time. CACP projects cost for ensuing marketing season on the basis of actual paid out costs and imputed value of family labour and Composite Input Price Index (CIPI) which is based on latest prices of major inputs like human labour, bullock labour, machine labour, fertilisers and manures, seeds, pesticides and irrigation.

National Commission on Farmers (NCF), constituted under the Chairmanship of Prof. M.S. Swaminathan in 2004, had, inter alia, recommended that MSP should be at least 50 percent more than the weighted average cost of production. To give effect to this recommendation, Government, in its Union Budget for 2018-19, had made an announcement to keep MSP at a level of one and half times of the cost of production as a pre-determined principle. Accordingly, MSPs for all mandated Kharif, Rabi and other commercial crops have been fixed with a margin of at least 50 per cent over all India weighted average cost of production since the year 2018-19

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