

F. No. 9-5/2019-FES-ES
Ministry of Agriculture & Farmers Welfare
(Department of Agriculture, Cooperation & Farmers Welfare)
Directorate of Economics and Statistics
(FE Division)

Room No. 450, Krishi Bhawan, New Delhi

Dated: 23 Dec 2020

Shri Omprakash Kashiram,

Amol Apartment,
3/16, Waldhuni, Kalyan,
District:- Thane,
Maharashtra: 421301

Subject:- Application under Right to Information Act, 2005 vide Registration No. **573005/2020/DES dated 08/12/2020.**

Dear Sir,

I am directed to refer to your RTI letter dated 08.12.2020 seeking information under RTI Act 2005. Partial information concerning this Division regarding reason for not bringing Minimum Support Price under any act of Parliament is as under.

Government fixes Minimum Support Prices (MSPs) of 22 mandated agricultural crops including Paddy on the basis of recommendation of Commission for Agricultural Costs & Prices (CACP) after considering the views of State Governments and Central Ministries/Departments concerned & other relevant factors. While recommending MSPs, the CACP considers a number of important factors likes cost of production, overall demand-supply conditions, domestic and international prices, inter crop price parity, terms of trade between agricultural and non agricultural sectors, the likely implications of MSP on consumers of that product and a minimum of 50 percent as the margin over cost of production etc.

Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and production, and to safeguard the interest of consumers by making available supplies at reasonable prices. However, farmers have the option to sell their produce to the government agencies or in the open market whichever is advantageous to them. The fixation of MSP is a matter of Government Policy and not done under any Act passed by the Govt. of India.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times of the cost of production (Details of Budget Speech 2018-19 is already in public domain and can be accessed at <https://archive.pib.gov.in/documents/rlink/2018/feb/p20182101.pdf>). Accordingly, Government had increased MSPs for all mandated Kharif, Rabi and other Commercial crops with a return of 1.5 times over all India weighted average cost of production from year 2018-19 onwards.

On the basis of above mentioned principle, Government had increased the MSPs for all mandated Kharif and Rabi crops for 2020-21 season on 1st June 2020 and 21st September, 2020 respectively.

The details of Appellate Authority for making appeal, if any, against the reply is Shri P . Sangeeth Kumar, Adviser & Appellate Authority, Room No 445A, Krishi Bhawan, New Delhi (Ph. No 011-23382236).

Yours faithfully


(Swati Singla)

Asstt. Economic Adviser
Tel: 23070283

Copy to:

- 1. Shri Rameshwar Singh, CPIO & Dy. Economic Adviser (CC), F wing Room No 119, Shastri Bhawan, New Delhi.**
- 2. RTI Cell, DAC&FW, Krishi Bhawan, New Delhi.**