

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

**RAJYA SABHA**  
**STARRED QUESTION NO. 194**  
TO BE ANSWERED ON 12/3/2021

**PROVIDING LEGAL FORCE TO MSP**

\*194. SMT. CHHAYA VERMA:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

- (a) whether Government would legislate to provide legal force to Minimum Support Price (MSP) for various crops as per C2 formula recommended by Swaminathan Commission which includes comprehensive cost plus 50 per cent and to provide for penal action under criminal law to those private entities/companies which buy/procure foodgrains below for MSP;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE  
**( SHRI NARENDRA SINGH TOMAR )**

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

**STATEMENT IN RESPECT OF PARTS (a) TO (c) OF THE RAJYA SABHA STARRED QUESTION NO. 194 FOR 12.3.2021 REGARDING PROVIDING LEGAL FORCE TO MSP.**

(a) to (c): The National Commission on Farmers (NCF) under the chairmanship of M.S. Swaminathan in its report has not given any recommendation with respect to fixation of MSP as per C2 formula and to legalize MSP for various crops or for penal action under criminal law to those private entities/companies which buy/procure foodgrains below the MSP.

Government of India announces Minimum Support Prices (MSP) for 22 major agricultural commodities of Fair Average Quality (FAQ) each year in both the Crop seasons on the basis of recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned & other relevant factors. In addition, MSP for toria and de-husked coconut is also fixed on the basis of MSPs of rapeseed & mustard and copra respectively. While recommending MSPs, CACP considers important factors like cost of production, overall demand-supply conditions, domestic and international prices, inter-crop price, 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 in case of MSPs. Government also extends remunerative price to farmers through its various interventions schemes. Besides, the overall market also responds to declaration of MSP and Government's procurement operations which results in private procurement on or above the MSP for various notified crops.

Government extends price support for paddy and wheat through the Food Corporation of India (FCI) and State Agencies. Under this policy, whatever food grains are offered by farmers within the stipulated period & conforming to the specifications prescribed by Government are purchased at Minimum Support Price (MSP) by the State Government agencies including FCI for Central Pool. It aims to service the National Food Security Act (NFSA) and other welfare schemes of the

Government so that subsidized food grains are supplied to the poor and needy, and to build up buffer stocks of food grains to ensure food grain security. Further, different types of nutri-cereals and maize are procured by State Governments itself in consultation with FCI to the extent that the concerned State Government may utilise the same for distribution under Targeted Public Distribution System (TPDS) as well as Other Welfare Schemes (OWS).

Oilseeds, pulses and copra of Fair Average Quality (FAQ) are procured from registered farmers under Price Support Scheme under Umbrella Scheme of Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA), as per its prescribed guidelines at MSP in consultation with the concerned State Government as and when market price of these produce fall below the MSP. Under PM-AASHA, States / UTs are offered to choose either Price Support Scheme (PSS) or Price Deficiency Payment Scheme (PDPS) in a given procurement season with respect to particular oilseeds crop for the entire State. Further, States have the option to roll out Private Procurement and Stockist Scheme (PPSS) on pilot basis in district / selected APMC(s) of district involving the participation of private stockist for oilseeds. Cotton and Jute are also procured by Government at MSP through Cotton Corporation of India (CCI) and Jute Corporation of India (JCI) respectively.

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