



**KAMARAJ IAS ACADEMY**  
Only IAS Academy by Grandson of "Perunthalsivam Kamarajar"

# Minimum Support Prices

Published On: 19-10-2022

**Why is in news?** Cabinet approves Minimum Support Prices for all Rabi Crops for Marketing Season 2023-24

The **Cabinet Committee on Economic Affairs chaired by Prime Minister** has approved the increase in the Minimum Support Prices (MSP) for all mandated Rabi Crops for Marketing Season 2023-24.

Government has increased the MSP of Rabi Crops for Marketing Season 2023-24, to **ensure remunerative prices** to the growers for their produce.

The Government's priority is on **increasing production of oilseeds and pulses** and thus fulfilling the objective of Atmanirbhar Bharat

The formulated strategies are to **increase production through area expansion, productivity through High Yielding Varieties (HYVs), MSP support and procurement.**

Government is also **promoting adoption of smart farming methods** through the use of technology and innovation in the agriculture sector in the country.

**Adoption of drone technologies** is being done. To promote smart farming, the Government also **promotes Startups in the Agriculture sector** and nurtures agri-entrepreneurs.

## Minimum Support Prices:

The MSP is the **rate at which the government purchases crops from farmers**, and is based on a calculation of at least one-and-a-half times the cost of production incurred by the farmers.

MSP is a **"minimum price" for any crop that the government considers** as remunerative for farmers and hence deserving of "support".

The **Commission for Agricultural Costs & Prices (CACP)** recommends MSPs **for 22 mandated crops and fair and remunerative price (FRP) for sugarcane.**

CACP is an **attached office of the Ministry of Agriculture and Farmers Welfare.**

The mandated crops include **14 crops of the kharif season, 6 rabi crops and 2 other commercial crops.**

CACP considers **both A2+FL and C2 costs** while recommending MSP.

**'A2'**: Covers all paid-out costs directly incurred by the farmer in cash and kind on seeds, fertilisers, pesticides, hired labour, leased-in land, fuel, irrigation, etc.

**'A2+FL'**: Includes A2 plus an imputed value of unpaid family labour.

**'C2'**: It is a more comprehensive cost that factors in rentals and interest forgone on owned land and fixed capital assets, on top of A2+FL.

**Kamaraj IAS Academy**

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**