



ECOHOLICS

MINIMUM SUPPORT PRICE (MSP)

Minimum Support Price (MSP) is a price at which government is supposed to procure the farm produce if the market falls below it.

ANNOUNCED BY



Government of India at the beginning of the sowing season

RECOMMENDED BY

Commission for Agricultural Costs and Prices (CACP).



DETERMINING FACTORS OF MSP

- Cost of production
- Changes in input prices
- Input-output price parity
- Trends in market prices
- Demand and supply
- Inter-crop price parity
- Effect on industrial cost structure
- Effect on cost of living
- Effect on general price level
- International price situation
- Parity between prices paid and prices received by the farmers.

MSP is determined for **22** crops

14 Kharif, 6 Rabi and two commercial crops

MSP is based on a calculation of at least one-and-a-half times the cost of production incurred by the farmers.