

Commission for Agricultural Costs and Prices – Introduction

The Commission for Agricultural Costs and Prices (CACCP) was initially known as the Agricultural Prices Commission. It was renamed as the Commission for Agricultural Costs and Prices in 1985.

- It is a statutory panel under the Ministry of Agriculture & Farmers' Welfare, Government of India.
- The CACCP is an expert body that recommends the MSPs of the notified Kharif and Rabi crops to the **Cabinet Committee on Economic Affairs (CCEA)**.



- **The objective of the Commission:** The Commission was established to recommend Minimum Support Prices (MSPs), to motivate cultivators and farmers to adopt the latest technology in order to optimize the use of resources and increase productivity.
- However, its suggestions are not binding on the Government.

Roles and Responsibilities of CACP

The CACP plays a key role in handling market inefficiencies.

- It provides an assurance of a remunerative and stable price environment. This is important for enhancing agricultural production and productivity since the market place for agricultural produce tends to be inherently volatile.
- It helps the farmers obtain a fair price for their crops, even if the market situation is unstable, thereby preventing the farmers from falling into the vicious cycle of debt.



- The Government sets the MSPs on the basis of the recommendations given by the committee. The CACP currently recommends the MSPs for 23 commodities, which include seven grains, five pulses, seven oilseeds, and four commercial crops.

- CACP submits its recommendations to the Government in the form of **Price Policy Reports** each year. The reports consist of five categories of commodities namely Kharif crops, Rabi crops, Sugarcane, Raw Jute, and Copra.
- The CACP, while recommending support prices for a commodity takes a comprehensive overview of the entire structure of the economy of a particular commodity, and likely effects of price policy on the rest of the economy.



- The Commission also makes surprise visits to States for on-the-spot assessment of the various constraints that farmers face in marketing their products or in raising the yield of their crops.