

AIR Spotlight - Minimum Support Price Hike for Kharif Crops: A Boost to Farmers

AIR Spotlight is an insightful programme featured daily on the All India Radio Newsonair. In this program, many eminent panelists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, the topic of discussion is the recently announced MSP hike for Kharif crops.

Participants:

- Harveer Singh, Agriculture Expert.
- Sanjeev Mukherjee, Journalist.

Context:

The government has raised the [Minimum Support Price](#) for all the mandated Kharif crops for the marketing year 2021-22.

Background:

- To provide relief to the farmers, the government has approved a hike in minimum support price (MSP) for several Kharif crops.
- The decision comes in the backdrop of the ongoing farmer agitation against the [three new farm laws](#). The agitation, which has been going on since November 2020 at Delhi borders, is being revived as the stalemate between the farmers and government continues.
- The farmers want all three laws to be withdrawn fearing they will lead to the end of the MSP system. The government has assured the MSP will continue.
- Reiterating the government's commitment towards the MSP, Union Agriculture Minister Narendra Singh Tomar said that the existing procurement system will continue.

Objectives behind the hike in MSP:

- The government has given a clear hint as to which crops should be sown and which crops are beneficial to them.
- This hike in MSP is mainly focused on the balancing of crops to encourage diversification so that farmers should not stick to only one crop, they can produce those crops which will give them handsome remuneration.

The increase in MSP for different Kharif crops are as follows:

Crop	Old MSP	New MSP	Increase
Paddy	1868	1940	72
Jowar	2620	2738	118

Bajra	2150	2250	100
Ragi	3295	3377	82
Maize	1850	1870	20
Tur	6000	6300	300
Urad	6000	6300	300
Niger Seed	6695	6930	235
Groundnut	5275	5550	275
Sunflower Seed	5885	6015	130
Sesamum	6855	7307	452
Cotton	5515	5726	211

- As observed from the table, the rise in MSP for paddy, maize, ragi, etc. is lower than the hike in other crops such as sunflower seed, sesamum, tur, and urad.
- The Centre has hiked paddy MSP by Rs 72 to Rs 1,940 per quintal for 2021-22 crop year from Rs 1,868 per quintal last year.
- The highest absolute increase in MSP over the previous year has been recommended for sesamum (Rs 452 per quintal) followed by tur and urad (Rs 300 per quintal each).
- In the case of groundnut and niger seed, there has been an increase of Rs 275 per quintal and Rs 235 per quintal, respectively, in comparison to last year.
- Here a question arises, why is there a lower increase in the MSP of foodgrains as compared to the rise in other crops?
- It can be said that India is seeing a surplus in the production of foodgrains. India has provided free foodgrains to the poor during the pandemic.
- Now, India has to focus on other crops such as edible oil because India still imports tonnes of edible oil and pulses. If more oilseeds are produced, India will be able to save Rs.80,000 crores which can be used for the profit of the farmers.
- The differential remuneration is aimed at encouraging **crop diversification**.

Is MSP increase the only solution to shift farmers from paddy cultivation to other crops?

- The answer to this question is NO. MSP increase is not the only solution to shift farmers from paddy cultivation to other crops because there is a range of climatic conditions in India which promote other crops over paddy cultivation.
- But, farmers have to look into the economic gains which they can receive from the production of pulses and edible oil.
- If the productivity of pulses will not go up, the variety of pulses is not up to the mark. This is because of the lack of agricultural research and focus.
- We need a package of solutions for this so that farmers will be able to take advantage of growing other crops.
- Many state governments have taken a few initiatives such as in Chhattisgarh, if farmers shift their focus from paddy to other crops, they will receive 10,000 rupees per acre as an additional incentive or subsidy. The Haryana government is also doing the same.

Do we need a procurement mechanism for pulses and oilseeds?

- The procurement of pulses has grown up in recent years but not in the proportion recommended by the [FCI](#) and state corporations.
- States should come forward in this matter because states play an important role in the agriculture sector.
- State governments should ensure that pulses and edible oil are sold at the MSP so that farmers will be encouraged to diversify their crops.

If there is a procurement mechanism for pulses and edible oil, will they be distributed under the Public Distribution System?

Pulses:

- For the poor section of society, pulses are not only foodgrains but also an important source of nutrition.
- The government has increased the coverage of pulses under the PDS system. Under the [National Food Security Act](#), not only food security is ensured but also nutritional security is promised.
- Nutritional security plays an important role in our country as it eradicates malnutrition, lack of nutrition among pregnant women, and it also reduces the expenditure on health.
- But, in recent decades, per capita pulses availability has decreased which is not a good sign for the country.

Oilseeds:

- Oilseeds require a lot of processing which is done by state agencies such as the Agricultural Marketing Federation in some states and in other states, governments do this to ensure maintenance of inflationary pressure.

Can there be Benchmark MSP for onion, potato, etc.?

- There is always a demand for benchmark MSP for onion and potato because they are very sensitive to price changes.

- MSP for all the vegetables cannot be ensured but for onion and potato, ensuring benchmark MSP would be a feasible option.
- Taking this into consideration will protect the farmers and encourage them to produce these vegetables.

Way Forward:

- State governments should take initiatives to encourage farmers for crop diversification.
- India still imports a significant amount of edible oil and pulses. Hence, heavy import duty should be imposed on them to protect the domestic producers under the flagship program of Atma Nirbhar Bharat.

