



New MSP — Maximum Support Policy

This editorial is based on the article [The MSP that rural India needs: Maximum support policy](#) which was published in The Indian Express on 24/11/2021. It talks about the issues associated with the Minimum support price and suggest ways for maximum support policy.

Even after the historic withdrawal of the three farm Acts, the issue of [“minimum support price” \(MSP\)](#) for key agricultural commodities has been a persistent sticking point in the negotiations between the government and the farmers.

The movement’s leaders have demanded the legalisation of MSP, increasing this support price and extending it to all crops while the government has stonewalled such demands. While the issue of MSP relates primarily to cost-effective pricing and is understandably the fulcrum on which agriculture should be assessed as an enterprise, business, or means of livelihood, it may be important to go beyond it.

Much of rural India has largely been neglected economically while also being manipulated for votes. It may, therefore, be time to seek a package of [“maximum support policies”](#).

Maximum Support Policies

- The policy must emanate from the recognition that mere pricing, marketing and distribution of agricultural products cannot be the panacea for the ailments inflicted on rural India by the larger political economy of the country.
- Only holistic policies that address the structural inequities, institutional and administrative deficits and political distortions of rural India will provide it a new lease of life.

Issues With the MSP (Minimum Support Price)

- **No MSP For Allied Sector:** The scope for augmenting farmers’ incomes is going to be more from allied sectors like rearing animals (including fisheries). It is worth noting that there is no minimum support price (MSP) for products of animal husbandry or fisheries and no procurement by the government.
 - It is demand-driven, and much of its marketing takes place outside APMC mandis.
- **Inadequate Storage System:** Those who believe that farmers’ income can be increased by continuously raising the MSP of grains and government procurement.
 - However, the fact that grain stocks with the government are already overflowing and more than double the buffer stocking norms.
- **MSPs in Favour of Paddy and Wheat:** Skewed MSP dominated system of rice and wheat leads to overproduction of these crops.
 - Further, it discourages farmers to grow other crops and horticulture products, which has higher demand and subsequently could lead to increase in farmers income.
- **Economically Unsustainable:** The economic cost of procured rice comes to about Rs 37/kg and that of wheat is around Rs 27/kg. However, market prices of rice and wheat are much lower than the economic cost incurred by the [Food Corporation of India \(FCI\)](#).

- Due to this, the FCI's economic burden is touching Rs 3 lakh crore.
- This amount eventually will have to be borne by the Union government and may subsequently lead to divergence of funds from being invested in agriculture infrastructure.
- **Loopholes in the Implementation of MSP Scheme:** The Shanta Kumar Committee, formed to suggest restructuring of the Food Corporation of India (FCI) in 2015, in its report, had stated that only 6% of the MSP could be received by the farmers, which directly means that 94% of the farmers in the country are deprived from the benefit of the MSP.
- The **MSP-based procurement system** is also dependent on **middlemen, commission agents and APMC officials**, which smaller farmers find difficult to get access to.

Way Forward - Maximum Support Policy

- **Adopting Natural Farming:** A substantial and phased withdrawal from the Green Revolution model of promoting subsidised agriculture that's based on the use of industrial chemicals must be initiated.
 - A shift to "sustainable" agriculture via "zero-budget natural farming" is possible but it will not be apt to have a single model of "natural farming" for India's diverse agro-climatic cultural zones.
 - A combination of regionally evolved and established sustainable agro-cultures, that can be tweaked to rid them of their social inequities (such as bonded labour and tenancies) and made amenable to the new climatic trends, is required.
- **Equitable Distribution of Resources:** Policies to ensure equitable distribution of resources — land as well as water — and access to a range of alternative economic practices and support structures must also be framed.
 - Instead of subsidies (that largely go to non-rural beneficiaries), moratoria on loans and populist pay-outs just before elections, it is imperative that payments be made to promote the spread of "restorative agriculture" — one that regenerates our soil and water resources and promotes seed and agro-biodiversity
- **Promoting Climate Change Mitigation Strategies:** A comprehensive programme should enable not only a transition to sustainable agriculture but also enable people to develop climate change mitigation and adaptation strategies.
 - Supporting farmers to form collectives in which resources, labour, skills and knowledge are pooled for production, value addition and marketing could go a long way in correcting the multiple ways in which they are excluded from profits or gains.
- Democratisation and decentralisation of agricultural planning can be linked to revitalising ecologically suitable cultivation, facilitating local collection and distribution and sustaining local food cultures that can alleviate malnutrition.
 - A new seed policy, which focuses on enabling local seed banks, can help farmers circumvent the problematic commercial seed industry.
- The divide between the rural and agrarian, on the one hand, and the urban and industrial, on the other, is not tenable today. Promoting small-scale industries and processing centres that help rural areas to retain resources and skills along with providing employment is the answer to the vexed issue of unemployment and migration.
 - Rural India requires a new economic deal that addresses past mistakes and heals the wounds caused by years of neglect in healthcare, education and other avenues that enhance the quality of life.
- Public institutions such as panchayats, anganwadis, schools and primary health centres require urgent reforms that de-bureaucratise state-citizen transactions and ensure that rural residents are treated as citizens, and not supplicants.
 - Instead of the band-aid approaches that seek to alleviate a range of problems caused by structural inequities and disadvantages, we need policies to address caste, ethnic, gender and class inequities.

Conclusion

It is being said that tractors have won over the tanks in this year-long stand-off between farmers and the state. Such a victory via non-violent means must enthuse us to intensify our solidarity towards a range of "maximum support policies" for rural and agrarian India.

Our first effort should be to petition our respective MPs so that the forthcoming parliamentary session does not see just a recall of the three farm Acts but also paves the way for projects to realise the best for rural India.

Drishti Mains Question

Minimum support price (MSP) is not enough for the betterment of farmers. It may, therefore, be time to seek a package of “maximum support policies”. Discuss.

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