



Centre Sets Minimum Support Price for Kharif Crops

For Prelims: [Kharif crops](#), [Commission for Agricultural Costs and Prices](#), [Crop Diversification](#), [Union Budget](#), [Swaminathan Commission](#), [Precision agriculture](#), [Organic farming](#).

For Mains: [Minimum Support Price \(MSP\)](#), MSP for Kharif Crops for 2023-24,

Why in News?

The **Indian government** has approved the [Minimum Support Price \(MSP\)](#) for [kharif crops](#) for the **2023-24 season**, aiming to provide fair remuneration to farmers.

- However, concerns have been raised by farmers' organisations regarding the increase not keeping up with rising input costs.

What is Minimum Support Price?

- **MSP** is the guaranteed amount paid to farmers when the government buys their produce.
 - Government announces **MSPs for 22 mandated crops and fair and remunerative price (FRP) for sugarcane**.
 - The mandated crops are **14 crops of the kharif season, 6 rabi crops and two other commercial crops**.
 - In addition, the **MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed/mustard and copra**, respectively.
 - MSP is based on the recommendations of the [Commission for Agricultural Costs and Prices \(CACP\)](#), which considers various factors such as cost of production, demand and supply, market price trends, inter-crop price parity, etc.
 - **CACP is an attached office of the Ministry of Agriculture and Farmers Welfare, Government of India. It came into existence in January 1965.**
 - The **Cabinet Committee on Economic Affairs (CCEA)** chaired by the Prime Minister of India takes the final decision (approve) on the level of MSPs.
- The MSP is aimed at ensuring remunerative prices to growers for their produce and encouraging [crop diversification](#).

What are Kharif Crops?

- Kharif crops are the crops that are sown in the rainy season, **from June to September**.
 - Some of the major kharif crops are **paddy, maize, millets, pulses, oilseeds, cotton and sugarcane**.
- Kharif crops account for about **55% of the total foodgrain production in India**.

What is the MSP for Kharif Crops for 2023-24?

- The Centre claimed that the hike in MSP for kharif crops for 2023-24 is in line with the [Union Budget 2018-19](#) announcement of **fixing the MSP at a level of at least 1.5 times the All-India weighted average cost of production.**
 - The **MSP has been hiked for all 14 kharif crops in the range of 5.3 to 10.35 %**. In absolute terms, it has been increased by **Rs 128 to Rs 805 per quintal.**
 - **Green gram (moong)** got the highest hike of **10.4% over 2022-23** followed by [sesamum](#) that saw an increase of **10.3%.**

MINIMUM SUPPORT PRICES FOR Kharif MARKETING SEASON (INRs)



Crops	2022-23	2023-24	Increase (%)
Moong	7,755	8,558	10.35
Sesamum	7,830	8,635	10.28
Cotton (Long Staple)	6,380	7,020	10.03
Groundnut	5,850	6,377	9.01
Cotton (Medium Staple)	6,080	6,620	8.88
Jowar- Maldandi	2,990	3,225	7.86
Ragi	3,578	3,846	7.49
Jowar-Hybrid	2,970	3,180	7.07
Paddy -Common	2,040	2,183	7.01
Soybean (Yellow)	4,300	4,600	6.98
Paddy-Grade A	2,060	2,203	6.94
Maize	1,962	2,090	6.52
Bajra	2,350	2,500	6.38
Nigerseed	7,287	7,734	6.13
Tur/Arhar	6,600	7,000	6.06
Sunflower Seed	6,400	6,760	5.63
Urad	6,600	6,950	5.30

What are the Concerns of the Farmers?

- **Inadequate Cost Consideration:** They have pointed out that the **cost of production used by the CACP to calculate the MSP(A2+FL costs) does not include all the expenses incurred by the farmers such as rent of land, interest on loans, family labour, etc.**
 - They have demanded that the MSP should be based on the comprehensive **cost of production (C2) as recommended by the [Swaminathan Commission](#).**

Three Kinds of Production Cost:

- **'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.

- **Lack of Market Reflection:** They have also argued that the **MSP does not reflect the actual market conditions and the inflationary trends.**
 - They have demanded that the **MSP should be linked to the [wholesale price index \(WPI\)](#) or the consumer price index (CPI)** to ensure fair returns to the farmers.
- **Doubts over Procurement Mechanism:** They have also raised doubts over the **procurement mechanism and the availability of adequate infrastructure** and storage facilities to ensure that the farmers get the MSP for their produce.
 - They have alleged that the government often resorts to import or export policies to manipulate the market prices and undermine the MSP.
- **Regional Disparities and Crop-Specific Issues:** They have also highlighted the regional disparities and crop-specific issues in the implementation of the MSP.
 - They have claimed that the **MSP benefits only a few crops and a few states, while leaving out many other crops and regions.**
 - They have demanded that the **MSP should be extended to all crops and all states, and that there should be a legal guarantee for the MSP**

Way Forward

- **Technological Solutions:** Implementing advanced technologies like [precision agriculture](#), **IoT (Internet of Things)**, and **remote sensing** can help optimise crop yields, reduce production costs, and enhance farmers' access to information.
 - **Developing mobile applications and platforms that provide real-time market information**, weather updates, and best practices to farmers, enabling them to make informed decisions about crop selection and pricing.
- **Diversification of Crops:** Promoting crop diversification by encouraging farmers to **cultivate high-value and climate-resilient crops** can reduce their dependence on MSP for traditional crops.
 - Introducing innovative farming practices like [organic farming](#), **vertical farming**, and [hydroponics](#) can help farmers tap into niche markets and earn higher profits.
- **Public-Private Partnerships (PPPs):** Facilitating partnerships between the **government, private sector, and farmer organisations** can create market linkages, enhance value addition, and improve farmers' bargaining power.
 - Collaborative initiatives can include **contract farming, agri-logistics infrastructure development, and agro-processing units** to ensure a fair and remunerative market for farmers.

UPSC Civil Services Examination Previous Year Question (PYQ)

Q. Consider the following statements: (2020)

1. In the case of all cereals, pulses, and oil seeds, the procurement at Minimum Support price (MSP) is unlimited in any State/UT of India.
2. In the case of cereals and pulses, the MSP is fixed in any State/UT at a level to which the market price will never rise.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

Q. Consider the following statements: (2023)

1. The Government of India provides Minimum Support Price for niger (*Guizotia abyssinica*) seeds.
2. Niger is cultivated as a Kharif crop.
3. Some tribal people in India use niger seed oil for cooking.

How many of the above statements are correct?

- (a)** Only one
- (b)** Only two
- (c)** All three
- (d)** None

Ans: (c)

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