

INCREASE IN MINIMUM SUPPORT PRICE (MSP) FOR RABI CROPS IN INDIA

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India is a nation where farming comprises one of the major sources of income. Growing up one is always taught that the farmer is the main contributor of the economy. In this article, we have analyzed farmers awareness about Minimum Support Price (MSP), What is MSP for Farmers?? Minimum Support Price (MSP) in agriculture directs the intervention by the Government of India. It gives assurance and long term financial stability to farmers. In case of price drop due to bumper production, the government agencies purchase the entire quantity of agro products at the announced minimum support price. Based on the recommendation made by the Commission for Agricultural Costs and Prices (CACPC), every year, at the beginning of the sowing season. The Department of Agriculture and Co-operation, Government of India declares the minimum support prices (MSP) for certain crops. The objective of the MSP is thus to ensure remunerative prices to the growers for by encouraging higher investment and production. MSP is the floor price provided by the government to procure farmers produce. It also becomes applicable in cases when the prices fall, then the government procures the produce at MSP.

MINIMUM SUPPORT PRICE (MSP) CROPS IN INDIA

Under the MSP ordinance, there are 22 MSP crops, 14 of those mandate crops are in the Kharif season, 2 commercial crops and 6 rabi crops. On the basis of the minimum price of rapeseed/ mustard and copra the MSPs if de-husked coconut and toris are fixed. Following is the list of crops under MSP India:

- Cereals (7) - paddy, wheat, barley, jowar, bajra, maize and ragi
- Pulses (5) - gram, arhar/tur, moong, urad and lentil
- Oilseeds (8) - groundnut, rapeseed/mustard, toria, soyabean, sunflower seed, sesamum, safflower seed and niger seed
- Raw cotton
- Raw jute
- Copra
- De-husked coconut
- Sugarcane (Fair and remunerative price)
- Virginia flu cured (VFC) tobacco

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Rabi crops for marketing season 2021-22. This increase in MSP is in line with the recommendations of Swaminathan Commission.

In view of nutritional requirements and changing dietary pattern and to achieve self-sufficiency in pulses and oilseeds production, the Government has fixed relatively higher MSP for these crops.

Crops	MSP for RMS 2020-21 (Rs/quintal)	MSP for RMS 2021-22 (Rs/quintal)	Cost of Production 2021-22 (Rs/quintal)	Increase in MSP (Rs/quintal)	Return over cost (in per cent)
Wheat	1925	1975	960	50	106%
Barley	1525	1600	971	75	65%
Gram	4875	5100	2866	225	78%
Lentil (Masur)	4800	5100	2864	300	78%
Rapeseed & Mustard	4425	4650	2415	225	93%
Safflower	5215	5327	3551	112	50%

**Includes all paid out costs*

The highest increase in MSP has been announced for lentil (Rs.300 per quintal) followed by gram and rapeseed & mustard (Rs. 225 per quintal each) and safflower (Rs. 112 per quintal). For barley and wheat, an increase of Rs. 75 per quintal and Rs 50 per quintal respectively has been announced. The differential remuneration is aimed at encouraging crop diversification.

After an increase of Rs 50, MSP of wheat is now Rs 1975 per quintal, MSP of Chana (Gram) has been increase by Rs 225 per quintal to Rs 5100. MSP of Masur (Lentil) has been fixed at Rs 5100 per quintal after increase Rs 300. MSP of Sarson (Mustard) has been hiked by Rs 200 to Rs 4050 per quintal. MSP of

Barley has increase by Rs 75 to Rs1600 per quintal, after increase of Rs 112, MSP of Safflower is now Rs 5327 per quintal.

The increase in MSP for Rabi Crops for marketing season 2021-22 is in line with the principle of fixing the MSPs at a level of at least 1.5 times of the All-India weighted average Cost of Production as announced in Union Budget 2018-19. The expected returns to farmers over their cost of production are estimated to be highest in case of Wheat (106%) followed by rapeseed & mustard (93%), gram and lentil (78%). For barley, return to farmers over their cost of production is estimated at 65% and for safflower, it is 50%.

