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Minimum Support Price - Is it actually helping double farmer's income, or another political gimmick?

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Minimum Support Price (MSP) can be defined as the minimum price at which Government guarantees farmers to purchase their produced crops. MSP is the price fixed by Government to protect the producers against excessive price fall in market due to various determinants of market. MSP is also used as the powerful tool to ensure profitability in farming and continuity of farming. Minimum Support Prices for different agricultural crops are announced before the starting of sowing season of crop by Government of India on the recommendations of Commission for Agricultural Costs and Prices. In the year 2019-20 MSP is announced for 25 crops viz. foodgrains, oilseeds, fibre crops and cash crops including sugarcane, dehusked coconut and copra.

Minimum Support Price will definitely fulfill its specific objectives like to prevent farmers from distress sales, to procure foodgrains for public distribution system, to provide price stability in the agricultural commodities and to remove price disparities between different regions of country. In the year 2019-20 there is hike of 65 Rs. per quintal in paddy, 125 Rs. per quintal in Arhar, 311 Rs. per quintal in soybean, 85 Rs. per quintal in wheat, 255 Rs. per quintal in Gram, 225 Rs. per quintal in mustard/rapeseed etc. as compared Minimum Support Prices in 2018-19. The increment in MSP of 24 crops (excluding sugarcane) is a major step towards increasing the income of farmers. Overall success of Minimum Support Price Scheme depends upon its effective implementation on ground level.

There are some drawbacks in present Minimum Support Price Scheme which should be resolved in order to double farmer's income. As per "Evaluation Report on Minimum Support Price" published by Niti Aayog in 2016, only 21% of the farmers of the sample States expressed their satisfaction about MSP declared by the Government whereas 79% expressed their dissatisfaction due to various reasons. Presently, MSP is calculated on the basis of Cost A2 and Family Labour i.e. MSP set 50 % higher than Cost A2 and estimated

value of Family Labour in growing crop. While National Commission on Farmers headed by Dr. MS Swaminathan recommended C2 method for calculation of MSP of crops. C2 method includes wider range of cost parameters like rental value of owned land and interest on amount of owned capital invested in farming.

Various problems are faced by farmers and authority in implementation of Minimum Support Price Scheme like less number procurement centers resulting high transportation cost, lack of storage/godowns and delay in payment to farmers. All these problems leads to less procurements of crops from farmers. As per India Today report published in July, 2018 out of 111 million tonnes rice produced in year 2017, only 25.3 million tonnes rice was procured by Government on MSP and the rest was sold on market price.

Hence by the above points it very clear that success of MSP depends on its effective implementation.