Farmer Protest 2.0

Why in news?

Delhi Chalo march is spearheaded where farmers from Punjab, Haryana, and Uttar Pradesh are protesting over many demands such as legalising Minimum Support Prices (MSPs).

Major demands of the protest- 12 point agenda of farmers
• Legalise MSP for all crops and to fix MSPs at least 50% higher than the cost of production of any crop based on Dr M.S.Swaminathan Commission report. • India should withdraw from the World Trade Organization (WTO) and freeze all free trade agreements. • Full debt waiver and pension for farmers and farm labourers. • 200 (instead of 100) days employment under MGNREGA per year, daily wage of Rs 700, and scheme should be linked with farming; • Implementation of the Land Acquisition Act of 2013, with provisions for written consent from farmers before acquisition, and compensation at four times the collector rate • National commission for spices such as chili and turmeric • Ensure rights of indigenous peoples over water, forests, and land. • Scrap Electricity Amendment Bill 2020. • Strict penalties and fines on companies producing fake seeds, pesticides, fertilisers; improvements in seed quality. • Compensation for the farmers who died during the 2020-2021 protests.

To know about the state of farmers in India click here

What is the response of the government?

- The Centre held negotiations with the protesting farmers and said that government agencies would buy pulses, maize and cotton at the MSP for 5 years after entering into an agreement with farmers.
- However, the farmers' union rejected the proposal and will go ahead with their march towards Delhi.

What is MSP?

- The MSP is the cost at which the government purchases crops from farmers, provides farmers with an assured income for their produce amid market uncertainties.
- **Coverage** – ***22 crops*** (Kharif, Rabi and commercial crops)
    - It includes cereals (7), pulses (5), oilseeds (7), raw cotton, raw jute and copra.
- **Announcement** – At the *beginning of the sowing season.*
- **Price value** – Based on the basis of the recommendations of the ***Commission for Agricultural Costs and Prices (CACP)***
- It is approved by ***Cabinet Committee on Economic Affairs (CCEA)***, chaired by Prime Minister of India.

Benefits of MSP	Issues with MSP
• Provides Income Security • Ensures Price Stability • Boosts Production • Ensures Food Security	• Distorted cropping patterns in Punjab • Destrction of biodiversity • Environmental and ecological problems such as groundwater depletion and soil degradation, smog in north India

- **Factors considered before fixing the price**
  - Demand and supply of a commodity
  - Cost of production
  - Market price trends (both domestic and international)
  - Inter-crop price parity
  - Terms of trade between agriculture and non-agriculture (ratio of prices of farm inputs and farm outputs)
  - A minimum of 50% as the margin over the cost of production
  - Likely implications of an MSP on consumers.



- **Cost provided** – The National Commission on Farmers, formed in 2004 under the chairmanship of Dr.M.S.Swaminathan had recommended C2+50% but the government is providing ***A2+FL+50%.***

What is the need for legalising MSPs?

- Legalising MSP would give farmers the legal right to sell their crops at the minimum price guaranteed by the government, thus protecting their interests and ensuring ***fair remuneration.***
- Legalising MSP would ensure that all farmers have equal access to government procurement at MSP rates, thereby enhancing their ***income security.***

What are the implications in legalising MSPs?

- **Constraints in procurement & storage**- The government will face challenges in procuring, storing and marketing large quantities of crops, especially during times of surplus production and low demand.
- At present, even with the limited procurement, FCI is left with a massive surplus of coarse grains.
- **Economic impact**- The high costs of procurement by the government agencies makes it difficult to guarantee MSP for all crops and farmers.
- **Quality issues** - If MSP is made mandatory, there will be difficulties regarding the quality of the crop, as the government will have to decide which quality will be procured at MSP, what will be the rate for the poor quality, and who will buy it.
- **Resistance from private traders**- Private traders oppose legalising MSP as they benefit from purchasing crops at lower prices during peak arrivals.
  - The government's attempt to enforce MSP through penalties in Maharashtra in 2018 was met with a boycott and had to be withdrawn.
- **Inflation issues** - If the Union government makes MSP a legal mandate to ensure that private players or government agencies buy the crops at least at the fixed price

anywhere in the country, there will be a price rise and increased inflation in general.
- **Crop diversity**- A guaranteed MSP policy would distort the cropping patterns and create imbalances between rainfed and irrigated regions.
- It may also undervalue crops with low yields if MSP is given for all crops.

What lies ahead?

- The MSP system needs to be fine-tuned and aligned with the market realities and consumer preferences.
- The government needs to balance the interests of the farmers and the consumers, while ensuring food security and fiscal prudence.
- Direct assistance to small and marginalized farmers through income policies or diversification packages like PM-KISAN is more efficient and beneficial approach for economically disadvantaged farmers.
- The effectiveness of direct assistance can be enhanced by integrating it with ecologically friendly farming practices such as mitigating methane emissions and minimizing stubble burning in paddy fields.

References

1. The Hindu- Why are farmers protesting again?
2. Mint- Farmers protest 0
3. PRS- National commission on farmers

SHANKAR IAS PARLIAMENT
Information is Empowering