Right to Sell at MSP

Why in news?

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Commission for Agricultural Costs and Prices (CACP) has recommended making access to MSP of crops a legal right of farmers.

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What are the benefits?

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- The government recently approved a hike in MSP (minimum support prices) for kharif crops.
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- The objective is to offer MSP at 50% higher than the cost of production.
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- This exercise would get a legal backing with the suggestion of 'Right to Sell at MSP'.
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- It would help ensure crops are not purchased below fixed price.
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- The move would also instil confidence among farmers.
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What are the concerns to be addressed?

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- **Procurement** - Access to MSP alone would be insufficient, given the procurement system shortfalls.
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- The present open-ended procurement-based system is less likely to be the appropriate way.
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- Evidently, despite expansion, it has not reached producers satisfactorily.
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- This is an inherently loss-making mode of price support.
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- **Relevance** - It is relatively more beneficial to big farm owners with marketable surpluses.
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- The ill-effects of the system are price distortions and skewed cropping patterns.
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- Also, the piling up of stocks of food grains, such as rice, wheat and even pulses, which are difficult to offload.
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- **Marketing** - Post-harvest price crash is chiefly due to market infrastructure inadequacy and inefficiency.
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- So unless agricultural marketing is reformed, farmers would continue to be exploited by
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i. middlemen in the mandis run by the Agricultural Produce Marketing Committees (APMCs)
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ii. traders in rural haats (informal local markets)
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- **Mandis** - The network of mandis has not grown in proportion to agricultural production.
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- Nearly 80% of small and marginal farmers dispose of their produce in village haats due to absence of mandis in their vicinity.
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- This year’s Budget proposal of upgrade for 22,000 haats with proper link roads is a welcome move.
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- But it has kept them outside the purview of the APMC Acts.
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What are the alternatives?

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- CACP and NITI Aayog have proposed alternatives to procurement-based market support.
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- A better option is the price deficiency payment scheme introduced in Madhya Pradesh and few other states.
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- Under this, only the price loss is reimbursed directly to the farmer.
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- It is done without affecting rest of the market dynamics.
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- It is found to be cost-effective and has been recommended by CACP for pan-India adoption.
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Source: Business Standard

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Quick Facts

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CACP

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- The Commission for Agricultural Costs and Prices is a panel under the Ministry of Agriculture.
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- It makes recommendations for MSPs for 23 kharif and rabi crops.
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- Its suggestions are not binding on the government.
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