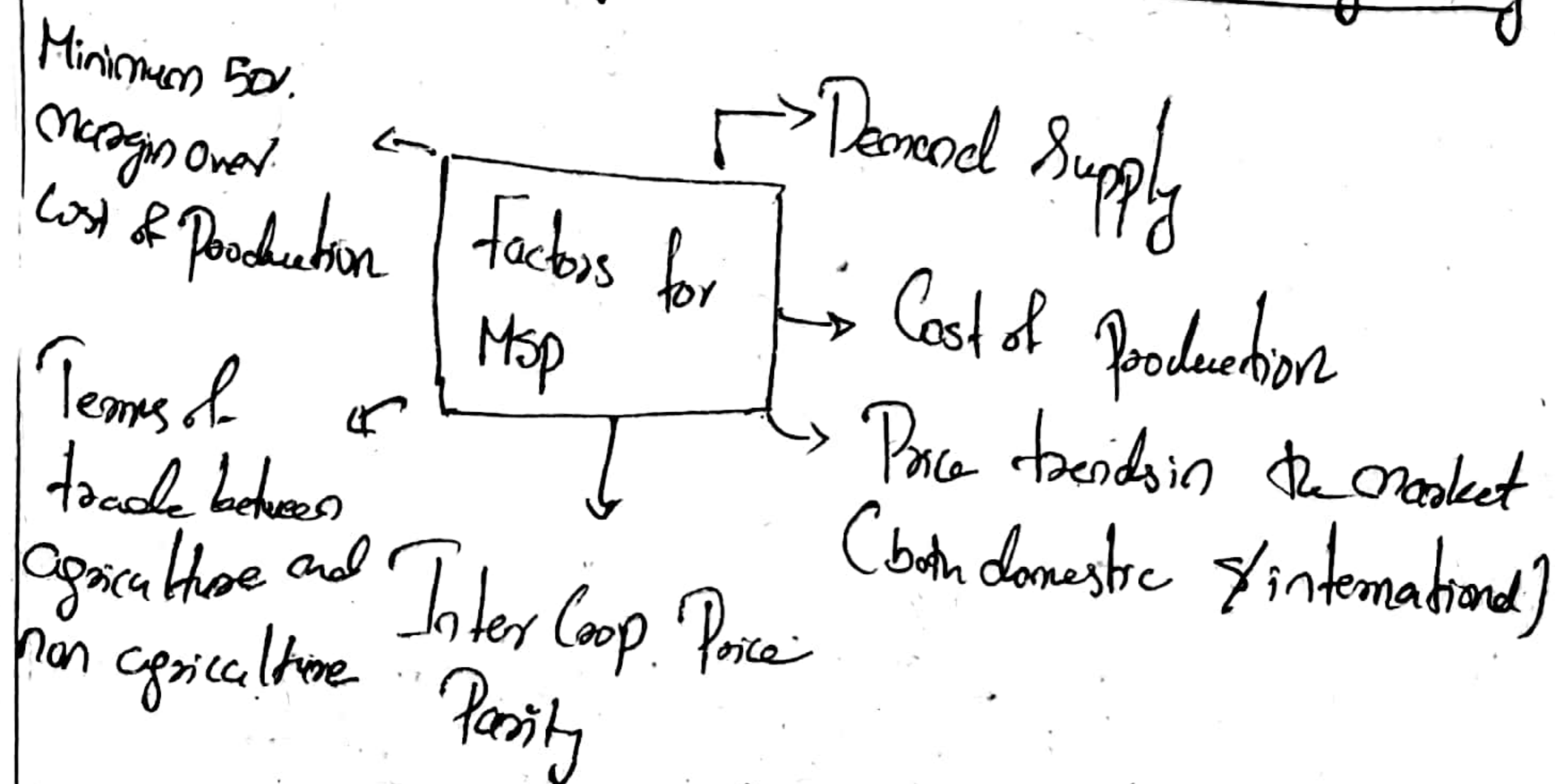


Q1)

Despite various benefits, the idea of Minimum Support Price need to be revisited and made flexible to adapt to dynamic changes happening in the country. Critically Analyse

Minimum Support Price is the rate at which government buys grains from farmers to counter price volatility of agricultural commodities due to variations in their supply, lack of market integration and information asymmetry.



Basis of this Factors Commission for Agricultural Costs and Prices (CACAP) recommends. Cabinet Committee on Economic Affairs (CCEA) finally decide over MSP. Food Corporation of India nodal agency of Procurement along with other state agencies.

# Current Scenario of MSP in India

- 1) MSP only covers limited crops, then farmers more prefer these crops than others, it leads infertility of soil, the crops like rice and sugarcane consume more water than others
- 2) Only 6% of farmers benefited due to MSP
- 3) Hiking the MSP without investing in infrastructure is just a short term play
- 4) MSP is national wide single price policy, but actual cost of production and market values varies from state to state

## Way forward

- 1) Need to adopt More Scientific Approach invest more on infrastructure development
- 2) More <sup>needed</sup> focus on Price Deficiency Payment Scheme, it does not need godowns & reduce leakage
- 3) Swaminathan Commission highlighted that main reasons for agriculture agony in India due to nonimplementation of land reforms, water scarcity, etc, then more focus need on these areas.

Market Prices should really never fall below  
MSP, if they fall below MSP the farmer sell it to  
Government, but prices below MSP is normally ideal  
in nature. Indian farmers need the infrastructure  
and service support more than the simply  
financial support like MSP, it reduces the efficiency  
of farmers and agricultural land.