

s-3  
2/12/21

Examine the various implications of legalizing MSP for various commodities.

The farmers have been demanding to legalise the minimum support price to have a statutory backing. The move to legalise MSP has both ends of the spectrum.

### Unsustainable Implications

Extending the MSP regime to all mandated 23 crops per year would cost ₹7 lakh crore to the exchequer annually. This would lead to <sup>demand of</sup> inclusion of fruits, vegetables, milk, fisheries, etc. in to the MSP further causing ~~a~~ burden.

The higher procurement prices would lead to higher inflation which universally affects the poor and marginal farmers.

It will push away the private producers during bumper harvest as market prices would be lower than government prices.

Legalising MSP would invite a red flag in the WTO. India may lose its domestic support. Moreover, the sugarcane mill owners have defaulted sugarcane farmers despite sugarcane is protected under sugarcane control order.

Sustainable implications

It could streamline the procurement with procurement as 30% of money for paddy and 52% for wheat in Punjab and Haryana. It could also remove the

middlemen activities

Government can think about insurance price realisation for the producer and implement price support schemes such as KALIA of Orissa and Bhauanker Bhuyans Yojana of Madhya Pradesh.