



# प्रयास

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## EDITORIAL

### Income, Not MSP

#### Key Points of the Article/Editorial

- Farmers, largely from Punjab, are protesting on Delhi's borders. The government must deal with them rationally - study their demands and sit down with them to resolve the problem at the earliest.
- The farmers' demands include making minimum support prices (MSPs) legally binding and fixing MSPs according to the so-called Swaminathan formula — it suggested 50 per cent profit over comprehensive cost, often referred to as Cost C2. This cost concept includes not only all the paid-out costs of farmers and imputed value of family labour (Cost A2+FL), but also imputed rent on owned land and imputed interest on owned capital.
- The farmers have some other demands including loan waivers, pension for farmers and agricultural labourers, a minimum wage rate of Rs 700/day and allowing MGNREGA workers to work on farmers' fields.
- Accepting them could have significant economic implications, including putting severe pressure on the fiscal management and raising food inflation. So, any decision on the farmers' demands needs cool headed thinking, keeping emotions and politics out of the negotiations.
- The demand for higher MSP will not be confined to 23 crops. Livestock and horticulture together constitute more than 50 per cent of agri-produce, and they have been growing without any MSP. In fact, their growth is much higher (5 to 8 per cent) than the growth in cereals (1.8 per cent) over the last two decades.
- The future of Indian agriculture's potential and farmers' incomes lies more in livestock, fisheries, and horticulture. And, these commodities need a well-integrated value chain approach like the Amul model in milk or the vertically integrated poultry sector, which is actually growing at the fastest pace.
- In the 23 crops under the MSP regime, the best way to augment farmers' incomes is to raise their productivity in a sustainable manner and enable them to access the best markets not only in India but across the world.
- The first and foremost policy action that is needed is to remove all bans on agri-exports, stocking limits on private trade, and stop unloading wheat and rice in the open market at below the economic cost of the Food Corporation of India (FCI).
- The fundamental problem of today's agri-food policies is that they are highly tilted towards consumers at the cost of farmers. This mindset needs to change, especially when the government claims that just 11 per cent of the population live under poverty.
- The entire gamut of subsidy policies needs a re-visit and reorientation where 75 per cent could be geared towards producers in the form of a price stabilization fund or policies like PM-Kisan, and only 25 per cent goes to well targeted vulnerable consumers. It is time to stop revdis (freebies), and get on with real rational policy making.