



A political ploy: on the hike in MSPs

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Highlights

- The Centre has cleared a hike in the minimum support prices (MSPs) for the kharif summer crop, ranging from a modest 3.7% increase for urad to as much as a 52.5% for the cereal ragi over the previous season.
- The Commission for Agricultural Costs and Prices is said to have gone by this cost-plus-50% principle, in line with the farm sector strategy announced in this year's Budget.
- On an average, the MSP hike notified for 17 kharif crops is about 25% higher and constitutes the biggest hike since 2013-14.
- Given that the MSP mechanism is primarily enforced through official procurement only for wheat and paddy, mere announcement of prices for other crops is unlikely to suffice in ensuring farmers get those returns.

Looking forward

- While rural incomes may rise from this farm-friendly gesture, concomitant reforms to free agricultural markets are vital to prevent a distortionary effect on farmers' choices on account of MSPs.
- Easing onerous stockholding limits under the Essential Commodities Act and avoiding frequent curbs on farm exports are key.

Source: [The Hindu](#)

