# Target incomes, not prices

Posted at: 29/06/2018

Highlights

- Good rains, excessive sowing and the bumper harvest last year produced gluts in the market that sent the prices of many crops, and therefore farm incomes, crashing.
- None of the economic tools available for protecting farm incomes — the price support scheme, the price stabilisation fund and the market intervention scheme — was employed to the best advantage.
- Quick and precise adjustments to the export and import rules could have arrested the price fall by diverting the excess supplies to overseas markets. But the changes required were not carried out in time. Instead, inflows of imports were allowed to go on, which worsened the price situation.
- This year's Budget promised that the Minimum Support Prices (MSPs) would be at least 150% of production costs, a longstanding demand of farmers and recommendation of experts.
- Even if the market prices fall below the MSP, as they did for major kharif crops in 2017, the government will procure the produce on MSP. And if it does not procure, it will provide a mechanism to ensure payments, equal to the gap between the MSP and the market price, would reach farmers.
- The intention of assuring 50% profit margin over the cost of production is to make farming remunerative.

Please read the article for best learning as it is one of the most simplified explanation of farm distress aspects

Source: The Hindu