

Cabinet clears MSP hike for paddy and pulses

Kharif MSPs of key crops

(₹/quintal)	2012-13	2013-14	2014-15	2015-16	2016-17	Increase (%) compared with 2015-16
Paddy *	1,250	1,310	1,360	1,410	1,470	4.3
Maize	1,175	1,310	1,310	1,325	1,365	3
Tur (arhar)	3,850	4,300	4,350	4,625 (includes 200 bonus)	5,050 (includes 425)	9.2
Moong	4,400	4,500	4,600	4,850 (includes 200 bonus)	5,225 (includes 425 bonus)	7.7
Urad	4,300	4,300	4,350	4,625 (includes 200 bonus)	5,000 (includes 425 bonus)	8.1
Groundnut	3,700	4,000	4,000	4,030	4,220 (includes 100 bonus)	4.7
Soyabean yellow	2,240	2,560	2,560	2,600	2,775 (includes 100 bonus)	6.7
Cotton (long staple)	3,900	4,000	4,050	4,100	4,160	

Source: Agriculture ministry; * common variety

fe Bureau

New Delhi, June 1: The Cabinet on Wednesday approved a moderate hike in the minimum support price (MSP) of paddy by ₹60 to ₹1,470 per quintal for the 2016-17 kharif season while deciding to provide a significant rise in MSP for pulses to the farmers mainly to augment production.

The cabinet committee on economic affairs (CCEA) also approved relatively moderate hike in MSP for other kharif crops such as maize, groundnut and cotton. "The higher MSPs would increase investment and production through assured remunerative prices to farmers," an official statement said.

MSP is the rate at which government agencies like Food Corporation of India (FCI) and other state government-owned agencies procure the grain from farmers besides it also taken as benchmark prices in the market. Despite the hype surrounding MSP figures announced each year, only a tiny section of Indian farmers benefit from the price-support mechanism. According to the

HLC report, just 6% of farmers sell their produce to state-run procurement agencies.

As per the CCEA approval, MSP for the grade A variety of paddy has also been hiked by around 4.1% to ₹1,510 per quintal.

In a bid to boost pulses output, the CCEA has approved a hike in MSP of *tur* or *arhar* by 9.2% to ₹5,050 per quintal for the coming kharif season, which includes a special bonus of ₹425 per quintal. This implies that effective rise in MSP is only ₹200 per quintal. Similarly, for other pulses like *moong* and *urad*, the MSPs have been increased by more than 7% to ₹5,225 per quintal and by more than 8% to ₹500 per quintal, respectively. This also includes a bonus of ₹425 per quintal for both the pulses.

NITI Aayog member Ramesh Chand had on Tuesday said prevailing market rates of pulses like *tur*, *moong* and *urad* are substantially higher than MSP, so any increase will not have much impact. "Farmers will grow pulses taking market prices into account," he said.

For oilseeds like groundnut, the Cabinet has approved a moderate

hike of 4.7% to ₹4,220 per quintal. Even MSP for sunflower and sesam seeds have been increased by close to 4% and more than 6% to ₹3,950 per quintal and ₹5,000 per quintal, respectively. "This hike in MSP is expected to give a strong price signal to farmers to increase acreage and invest for increase in productivity of pulses and oilseeds," the statement said.

Experts say only increasing MSP is not going lead to jump in output if the government agencies do not purchase the grain from the farmers. "Hike in MSP is a welcome step. However, the quantum of hike does not compensate increase in labour cost of farmers, which has increased by around 15% to 20% because of deficient rainfall in the last two years," Ashok Gulati, former chairman, Commission for Agricultural Costs and Prices, told FE.

Sowing of kharif crops would commence with the onset of southwest monsoon in June. Paddy, pulses and oilseeds are the main crops grown during this season. Kharif output is about 50-55% of the country's annual food-grain production.

Round 26
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