

## Cabinet Committee on Economic Affairs (CCEA)

### Increase in Minimum Support Prices (MSP) for Rabi Crops for marketing season 2021-22

September 21, 2020

Relevant to M&M- FES, FAAS

Minimum Support Prices for all Rabi crops for marketing season 2021-22

Crops	MSP for RMS 2020-21 (Rs/quintal)	MSP for RMS 2021-22 (Rs/quintal)	Cost* of production 2021-22 (Rs/quintal)	Increase in MSP (Rs/quintal)	Return over cost (in per cent)
Wheat	1925	1975	960	50	106
Barley	1525	1600	971	75	65
Gram	4875	5100	2866	225	78
Lentil (Masur)	4800	5100	2864	300	78
Rapeseed & Mustard	4425	4650	2415	225	93
Safflower	5215	5327	3551	112	50

*\*Includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc, miscellaneous expenses and imputed value of family labour.*

(Source : <https://pib.gov.in/PressReleasePage.aspx?PRID=1657423>)

### Why?

- In view of nutritional requirements and changing dietary pattern and to achieve self-sufficiency in pulses and oilseeds production, the Government has fixed relatively higher MSP for these crops
- In the case of cereals, Food Corporation of India (FCI) and other designated state agencies would continue to provide price support to the farmers
- Government has set up a buffer-stock of pulses and domestic procurement of pulses is also being done under Price Stabilization Fund (PSF)

### COVID-19 pushed the change in prices

- Despite global COVID-19 pandemic and consequent nationwide lockdown, timely intervention made by Government has led to an all-time record procurement of wheat at about 39 million tonnes for Rabi Marketing Season 2020-21

- Around 43 lakh farmers benefitted under procurement operations period which is 22 percent higher than the RMS 2019-20. In 2019-20, 390 lakh tonnes of wheat, 15 lakh metric tonnes of pulses and 18 lakh metric tonnes of oilseeds is estimated to be procured under MSP

### **Increase in prices, details**

- Wheat MSP has been increased by Rs 50 per quintal to Rs 1,975 per quintal and that for barley has been hiked by Rs 75 per quintal to Rs 1,600 per quintal
- The highest increase in MSP has been announced for lentil by Rs 300 per quintal
- The increase in MSP for Rabi Crops for marketing season 2021-22 is in line with the principle of fixing the MSPs at a level of at least 1.5 times of the All-India weighted average Cost of Production as announced in Union Budget 2018-19

### **For Further Study**

1. <https://www.thestatesman.com/india/cabinet-approves-msps-rabi-crops-marketing-season-2021-22-1502925290.html>
2. <https://www.cnbctv18.com/agriculture/cabinet-may-decide-on-increasing-msp-of-rabi-crop-today-6970721.htm>
3. <https://pib.gov.in/PressReleasePage.aspx?PRID=1657423>
4. <https://ruralmarketing.in/industry/agriculture/cabinet-approves-msp-for-rabi-marketing-season-2021-22>