

# ENHANCING FARMERS' INCOME THROUGH MINIMUM SUPPORT PRICE: ANALYSIS AND RECOMMENDATIONS

Mr. K. Ramakrishna<sup>1</sup>  
Prof. B. Lilly Grace Eunice<sup>\*\*</sup>

**Corresponding Author:** Research Scholar, Dept. of Economics, College of Arts & Commerce, Andhra University, Visakhapatnam -530003, AP, India. Email: koyya.ramakrishna4@gmail.com

## ABSTRACT

The Minimum Support Price (MSP) is a critical policy tool designed to ensure a fair and stable income for farmers in India by providing a guaranteed price for select crops. Despite its potential to enhance farmers' income and reduce market risks, its implementation has faced numerous challenges. MSP benefits are largely concentrated among farmers with access to procurement centers, leaving many small and marginal farmers excluded due to inadequate infrastructure, lack of awareness, and logistical hurdles. The limited crop coverage of MSP unfairly impacts farmers who grow non-MSP crops in remote areas. Market inefficiencies, delayed payments, and a lack of direct linkage between MSP and market dynamics also reduce the scheme's intended impact. This article critically analyzes the role of MSP in improving farmers' welfare, focusing on its effectiveness, existing loopholes, and areas for reform. It also advocates for a region-specific approach to address disparities and ensure fair access for small and marginalized farmers. This article offers a comprehensive understanding of its role in enhancing farm income and identifies actionable strategies to address its shortcomings. It aims to contribute to improving sustainable agricultural policies and ensuring sustainable livelihoods for farmers in India.

**Keywords:** Minimum Support Price, Marginal farmers, Market inefficiencies, Sustainable agricultural policies.

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<sup>1</sup> Research Scholar, School of Economics, College of Arts & Commerce, Andhra University, Visakhapatnam - 530003, AP, India.

<sup>\*\*</sup> Professor, School of Economics, College of Arts & Commerce, Andhra University, Visakhapatnam – 530003, AP, India.

# 1.INTRODUCTION

The agricultural sector in India plays a crucial role in the country's economy, providing livelihood to a significant portion of the population. However, the sector has faced several challenges in recent years, including declining incomes for smallholder farmers (Kumar, C. P. 2021). One policy solution proposed to address this issue is the enhancement of the minimum support price for agricultural commodities, with the aim of ensuring that farmers receive a fair price for their produce and a reasonable profit margin. (Jibran & Mufti, 2019)

The minimum support price is a policy instrument implemented by the Indian government to protect farmers from price fluctuations and ensure a minimum level of income. While this approach can be beneficial, it is important to consider the broader implications and potential limitations of this strategy.

One of the primary challenges faced by the agricultural sector in India is the lack of sufficient and reliable income for farmers, particularly smallholders. (Kumar, C. P. 2023) This issue is exacerbated by the increasing costs of agricultural inputs, such as fertilizers, pesticides, and fuel, which can erode the profit margins of farmers. (Havinal, 2020) To address this challenge, the government has implemented various initiatives, including the Pradhan Mantri Fasal Bima Yojna, the Approval of Blue Revolution, and the Kalia Yojna, among others. (Dash et al., 2020)

The Minimum Support Price (MSP) is a market intervention initiative by the Government of India designed to shield agricultural producers from sharp declines in farm prices. It is announced at the start of the sowing season for specific crops based on recommendations from the Commission for Agricultural Costs and Prices (CACP). MSP ensures farmers receive a predetermined price for their produce, safeguarding them against significant price drops during years of surplus production. It serves as a guaranteed price offered by the government to prevent distress sales by farmers and to facilitate food grain procurement for public distribution. If market prices fall below the set MSP due to overproduction or market saturation, government agencies step in to purchase the entire stock from farmers at the declared minimum price.

## 1.2 Evolution of the Minimum Support Price (MSP)

The government's Price Support Policy aims to safeguard agricultural producers against significant drops in farm prices. To achieve this, minimum guaranteed prices are established as a floor, ensuring market prices do not fall below a certain level. Until the mid-1970s, the government introduced two types of administered prices: **Minimum Support Prices (MSP):**

These served as a price floor, providing long-term assurance to producers for their investment decisions. This guarantee ensured that commodity prices would not dip below the MSP, even in cases of surplus harvests. **Procurement Prices** were the prices at which public agencies, such as the Food Corporation of India (FCI), procured kharif and rabi cereals for distribution through the Public Distribution System (PDS). Procurement prices were typically set higher than the MSP but lower than the prevailing open market prices and were announced shortly after the harvest began.

This dual pricing system persisted with some modifications until 1973-74 for paddy and was discontinued for wheat in 1969, only to be briefly revived in 1974-75. However, due to increasing demands for higher MSPs, a revised approach was adopted in 1975-76. Under this new system, a single price was announced for paddy, other kharif crops, and wheat procured for buffer stock operations.

### **1.3 Crops covered under MSP**

MSP is the guaranteed amount paid to farmers when the government buys their produce. Government announces MSPs for 22 mandated crops and fair and remunerative price (FRP) for sugarcane. The mandated crops are 14 crops of the kharif season, six rabi crops and two other commercial crops. In addition, the MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed/mustard and copra, respectively. MSP is based on the recommendations of the Commission for Agricultural Costs and Prices (CACP), which considers various factors such as cost of production, demand and supply, market price trends, inter-crop price parity, etc. CACP is an attached office of the Ministry of Agriculture and Farmers Welfare, Government of India. It came into existence in January 1965. The Cabinet Committee on Economic Affairs (CCEA) chaired by the Prime Minister of India takes the final decision (approve) on the level of MSPs. The MSP is aimed at ensuring remunerative prices to growers for their produce and encouraging

### **1.4 Methodology**

The methodology for this article is based on a qualitative analysis of the Minimum Support Price (MSP) system in India. The study primarily uses secondary data obtained from the Commission for Agricultural Costs and Prices (CACP) website, which provides MSP prices for the past ten years. By examining these historical price trends, the study aims to identify patterns and fluctuations in MSP across various crops. Additionally, relevant literature reviews were studied to gain insights into the challenges and issues surrounding the MSP system. The paper also explores the issues farmers face in relation to MSP and provides policy suggestions and strategies for reforming the MSP framework in India. No statistical tools were employed in the analysis, as the focus was on trend identification and literature synthesis.

## 1.5 Objectives of the Study

- To Analyze the Trends and Fluctuations in MSP Prices
- To Identify the Challenges and Issues Faced by Farmers in the MSP System
- To Propose Policy Suggestions and Reform Strategies for the MSP System

## 2.1 REVIEW OF LITERATURE

Research by **Gulati and Sharma (2001)** highlights MSP's role in stabilizing agricultural prices and ensuring farmers' incomes during price volatility. The study emphasizes the dual function of MSP: safeguarding farmers' interests and maintaining food security through public distribution systems. However, the research identifies challenges such as regional disparities and over-reliance on certain crops like wheat and rice. **Chand et al. (2011)** analyze the influence of MSP on crop patterns, showing that it incentivizes the cultivation of water-intensive crops, especially in Punjab and Haryana. The study concludes that while MSP ensures price stability, it inadvertently hampers crop diversification, thereby affecting long-term sustainability and resource use efficiency. A study by **Acharya (2009)** explores the link between procurement infrastructure and MSP effectiveness. It reveals that inadequate procurement centers and poor storage facilities limit the benefits of MSP to farmers in remote and non-irrigated areas. The paper suggests policy interventions to address these gaps. **Satyasai and Viswanathan (2015)** examine the uneven implementation of MSP across regions. Their findings indicate that northern states benefit disproportionately due to better procurement networks, while farmers in eastern and southern states are often forced to sell below MSP.

A critical analysis by **Singh and Singh (2020)** evaluates the feasibility of giving MSP a legal guarantee. While such a framework could protect farmers, the study highlights potential risks, including reduced participation of private players and market distortions. **Kumar and Kumar (2018)** assess the ecological consequences of MSP policies, focusing on groundwater depletion and soil degradation due to overproduction of paddy and wheat. The paper calls for incentivizing sustainable crops like millets and pulses under MSP to address these concerns. **Dasgupta and Sinha (2016)** investigate MSP's impact on farmer welfare, showing that while it has improved incomes for farmers with marketable surpluses, small and marginal farmers have largely been excluded due to low production volumes and limited awareness. **Bansal and Raj (2019)** analyze the fiscal burden of MSP procurement on government finances. The study highlights inefficiencies in the Food Corporation of India (FCI) and calls for reforms to make MSP procurement more cost-effective. **Patil et al. (2021)** explore how digital tools like e-NAM and mobile applications can improve farmers' access to MSP. The study finds that digital platforms can increase transparency, reduce corruption, and empower farmers to make informed decisions. **Sharma (2022)** compares India's MSP system with agricultural support policies in other countries like the US and EU. The paper argues for integrating market-based instruments with MSP to improve efficiency and ensure farmer profitability.

### 3. TRENDS IN MSP OF DIFFERENT CROPS SINCE 2015-16 to 2024-25

#### 3.1 Trends of MSP for Cereals

The Minimum Support Price (MSP) data for various cereals from 2015-16 to 2024-25 shows a consistent upward trend across all crops. From 2015-16 to 2024-25, the MSP for Paddy (Common) increased from ₹1410 to ₹2300, while Paddy (Grade A) rose from ₹1450 to ₹2320. Among the cereals, **Ragi** experienced the most significant rise, with its MSP increasing from ₹1650 in 2015-16 to ₹4290 in 2024-25, reflecting a remarkable increase of ₹2640. This sharp rise indicates the government's efforts to support the cultivation of Ragi, likely in response to its nutritional value and its role in food security. Additionally, crops like **Jowar (Hybrid)** and **Maize** saw substantial price hikes, with **Jowar (Hybrid)** increasing from ₹1570 to ₹3371, and **Maize** rising from ₹1325 to ₹2225, signaling enhanced support for these crops as well. Overall, the trend demonstrates the government's commitment to improving farmers' income and promoting crop diversity through steady MSP increases.

**Table – 1: Trends of MSP for Cereals**

Crop	(Price per quintal)									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Paddy (Common)</b>	1410	1470	1550	1745	1815	1868	1940	2040	2183	2300
<b>Paddy (Grade 'A')</b>	1450	1510	1590	1770	1835	1888	1960	2060	2203	2320
<b>Jowar (Hybrid)</b>	1570	1625	1700	2430	2550	2620	2738	2970	3180	3371
<b>Jowar (Maldandi)</b>	1590	1650	1725	2450	2570	2640	2758	2990	3225	3421
<b>Bajra</b>	1275	1330	1425	1950	2000	2150	2250	2350	2500	2625
<b>Maize</b>	1325	1365	1425	1700	1760	1850	1870	1962	2090	2225
<b>Ragi</b>	1650	1725	1900	2895	3150	3295	3377	3578	3846	4290

**Source:** Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India.

Across all crops, the Minimum Support Price (MSP) has shown a consistent upward trend over the years from 2015-16 to 2024-25. Ragi experienced the highest MSP increase, particularly in 2018-19 and 2024-25, indicating a strong focus on promoting millet cultivation. Paddy (Grade 'A') consistently has a slightly higher MSP than Paddy (Common), reflecting quality differentiation. Jowar (Hybrid and Maldandi) showed a sharp increase, especially post-2018-19, highlighting emphasis on coarse cereals.

### 3.2 Trends of MSP for Pulses

The Minimum Support Price (MSP) for all pulses (Tur/Arhar, Moong, and Urad) has steadily increased from 2015-16 to 2024-25, reflecting government support for pulse cultivation. Moong saw the highest MSP in 2021-22, rising sharply to ₹6,975, indicating efforts to promote its production. MSP values for 2022-23 to 2024-25 show stabilization for all three pulses, suggesting market equilibrium. The trends highlight the government's focus on supporting pulses due to their nutritional importance and contribution to soil health.

**Table – 2: Trends of MSP for Pulses**

Year	(Price per quintal)		
	Tur (Arhar)	Moong	Urad
2015-16	4425	4650	4425
2016-17	4625§	4850§	4625§
2017-18	4625	4800	4575
2018-19	5050€	5225€	5000€
2019-20	5250	5375	5200
2020-21	5450§	5575§	5400§
2021-22	5675	6975	5600
2022-23	5675	6975	5600
2023-24	5800	7050	5700
2024-25	5800	7050	5700

**Source:** Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India.

**Note:** €: Indicating Bonus of ₹425 per quintal.

§: Indicating Bonus of ₹200 per quintal

From 2015-16 to 2024-25, the Minimum Support Prices (MSP) for **Tur (Arhar)**, **Moong**, and **Urad** have shown consistent growth, reflecting the government's commitment to ensuring fair returns for farmers and protecting them from market volatility. The MSP for Tur (Arhar) increased from ₹4425 to ₹5800, a growth of 31.05 per cent, with notable adjustments in 2016-17 (₹4625) and 2018-19 (₹5050€), highlighting interventions during surplus production seasons. Moong saw the highest growth, rising from ₹4650 to ₹7050 (51.61 per cent), with a significant jump in 2021-22 to ₹6975, reflecting increased demand. For Urad, the MSP grew from ₹4425 to ₹5700 (28.80 per cent), with key adjustments in 2018-19 (₹5000€) and steady increases thereafter. These upward trends in MSP signify the government's efforts to ensure farmers' income security and encourage diversification in crop production, with targeted interventions during market instability or bumper crop years.

### 3.3 Trends of MSP for Oilseed

The Table highlights the trends in Minimum Support Prices (MSPs) for key oilseed crops in India from 2015-16 to 2024-25, there was a steady and significant increase across all crops. Groundnut MSP began at ₹4030 in 2015-16 and saw a consistent rise, reaching ₹6783 in 2024-25, reflecting a strong upward trend in price support for this crop. Similarly, Sunflower Seed prices escalated from ₹3800 to ₹7280 over the same period, indicating a robust commitment to enhancing farmers' income from oilseeds. Soyabean Yellow showed substantial growth as well, with MSP climbing from ₹2600 in 2015-16 to ₹4892 in 2024-25, while Sesamum, known for its high-value yield, saw an impressive increase from ₹4700 in 2015-16 to ₹9267 in 2024-25, almost doubling its MSP within a decade. Niger seed, starting at ₹3650 in 2015-16, reached ₹8717 in 2024-25, marking one of the steepest growth rates among the listed crops. These trends reflect the government's focus on strengthening the economic stability of farmers by ensuring fair and incentivized pricing, particularly for oilseed crops, which play a vital role in India's agricultural economy. This progressive increase not only assures better returns for farmers but also promotes sustainable agricultural practices and aligns with the broader objective of enhancing rural livelihoods.

**Table – 3: Trends of MSP for Oilseeds**

	(Price per quintal)									
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
<b>Groundnut</b>	4030	4120	4250	4890	5090	5275	5550	5850	6377	6783
<b>Sunflower Seed</b>	3800	3850	4000	5385	5650	5885	6015	6400	6760	7280
<b>Soya bean Yellow</b>	2600	2675	2850	3390	3710	3880	3950	4300	4600	4892
<b>Sesamum</b>	4700	4800	5200	6230	6485	6855	7307	7830	8635	9267
<b>Niger seed</b>	3650	3725	3950	5860	5940	6695	7287	7287	7734	8717

**Source:** Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India.

All crops exhibit consistent growth in Minimum Support Price (MSP) over the years, with sesamum and niger seed showing the highest percentage increases. Sesamum's MSP rose sharply, more than doubling from ₹4,700 in 2015-16 to ₹9,267 in 2024-25, reflecting emphasis on promoting high-value crops. While niger seed prices surged from ₹3,650 to ₹8,717, they stabilized between 2020-21 and 2023-24. These crops showed steady price increases, indicating consistent government support for oilseed production.

### 3.4 Trends of MSP for Commercial Crops

**Table – 4: Trends of MSP for Commercial Crops**

Crop	(Price per quintal)									
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
<b>Medium Staple Cotton</b>	3800	3860	4020	5150	5255	5515	5726	6080	6620	7121
<b>Long Staple Cotton</b>	4100	4160	4320	5450	5550	5825	6025	6380	7020	7521
<b>Jute</b>	2700	3200	3500	3700	3950	4225	4500	4750	5050	5335
<b>Sugarcane <math>\Phi</math> (per Kg)</b>	230	230	255	275	275	285	290	305	315	340
<b>Copra (Milling)</b>	5950	6500	7500	9520	9960	10335	10590	10860	11160	-
<b>Copra (Ball)</b>	6240	6785	7750	9920	10300	10600	11000	11750	12000	-

**Source:** Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India.

**Note:** In the table  $\Phi$  indicates, Fair and Remunerative Price (FRP) at 9.5 per cent recovery rate for years from 2012-13 to 2017-18 and at 10 per cent recovery rate from year 2018-19 to 2021-22 and at 10.25 per cent from 2022-23

The MSP for all crops shows a consistent upward trend, with notable increases in cotton, jute, sugarcane, and copra. Both medium and long staple cotton experienced substantial growth, with MSPs surpassing ₹7,000 for long staple by 2024-25. Sugarcane MSP shows steady but slower increases, rising from ₹2.30/kg in 2015-16 to ₹3.40/kg in 2024-25. Milling and ball copra saw the most dramatic rises, emphasizing government focus on supporting coconut producers, though data for 2024-25 is incomplete.

The data on Minimum Support Prices (MSP) for the commercial crops from 2015-16 to 2024-25 reveals notable trends in the pricing of various crops. Medium Staple Cotton and Long Staple Cotton have shown consistent increases over the years. The price of Medium Staple Cotton rose from ₹3800 in 2015-16 to ₹7121 in 2024-25, while Long Staple Cotton prices increased from ₹4100 in 2015-16 to ₹7521 in 2024-25, reflecting a steady annual growth of around 6-8 per cent. Jute prices also saw a significant upward trend, starting at ₹2700 in 2015-16 and increasing to ₹5335 by 2024-25, marking a nearly 97 per cent rise over the period. Sugarcane prices experienced a more moderate increase, moving from ₹230 per kg in 2015-16 to ₹340 per kg in



2024-25, a growth of approximately 48 per cent. The prices for Copra (Milling) and Copra (Ball) also demonstrated consistent upward movement. Copra (Milling) prices increased from ₹5950 in 2015-16 to ₹11160 by 2023-24, while Copra (Ball) prices went from ₹6240 to ₹12000 over the same period, indicating steady growth of about 10-12 per cent annually.

The data indicates a general rise in MSP for most crops, reflecting the government's continued support for farmers and efforts to ensure fair pricing and economic stability within the agricultural sector.

### 3.5 Trends of MSP for Rabi crops:

**Table – 5: Trends of MSP for Rabi Crops**

(Price per quintal)

Crop	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Wheat</b>	1525	1625	1735	1840	1925	1975	2015	2125	2275	2425
<b>Barly</b>	1225	1325	1410	1440	1525	1600	1635	1735	1850	1980
<b>Gram</b>	3425	3800	4250	4620	4875	5100	5230	5335	5440	5650
<b>Lentil (Masur)</b>	3325	3800	4150	4475	4800	5100	5500	6000	6425	6700
<b>Rapsed/Mustard</b>	3350	3600	3900	4200	4425	4650	5050	5450	5650	5950
<b>Sunflower</b>	3300	3600	4000	4945	5215	5327	5441	5650	5800	5940

**Source:** Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India.

Lentil saw one of the highest increases, rising from ₹3,325 in 2015-16 to ₹6,700 in 2024-25, indicating significant promotion of pulse production. Wheat remains a staple with a steady MSP increase from ₹1,525 to ₹2,425, maintaining its importance in Indian agriculture. Rape/Mustard and Sunflower experienced steady increases, supporting edible oil self-sufficiency. Although the MSP for barley has increased, its growth rate is lower compared to other crops, reflecting its secondary role.

The Minimum Support Prices (MSP) of Rabi crops in India have exhibited a consistent upward trend over the years, reflecting the government's commitment to ensuring better returns for farmers and addressing rising input costs. For wheat, the MSP has steadily increased from ₹1525 in 2015-16 to ₹2425 in 2024-25, indicating a substantial rise of ₹900 over the decade. Similarly, barley saw a progressive increase from ₹1225 in 2015-16 to ₹1980 in 2024-25. Pulses such as gram and lentil (masur) have experienced significant jumps in MSP, with gram rising from ₹3425 in 2015-16 to ₹5650 in 2024-25 and lentil increasing from ₹3325 to ₹6700 during the same period, showcasing robust growth in support prices for these essential crops. Oilseeds like

rapeseed/mustard and safflower have also seen substantial hikes, with rapeseed/mustard growing from ₹3350 in 2015-16 to ₹5950 in 2024-25 and safflower climbing from ₹3300 to ₹5950 in the same timeframe. This consistent increase across all Rabi crops underscores the government's focus on providing fair remuneration to farmers, addressing market volatility, and promoting sustainable agriculture. The upward trajectory of MSPs reflects efforts to enhance agricultural profitability, stabilize rural incomes, and reduce farmer reliance on exploitative market mechanisms.

#### 4. KEY ISSUES AND CHALLENGES IN THE IMPLEMENTATION OF MSP IN INDIA

The Minimum Support Price (MSP) policy is a cornerstone of India's agricultural framework, aimed at ensuring a fair price for farmers' produce and protecting them from market fluctuations. While the policy has played a significant role in stabilizing agricultural incomes and boosting production, its implementation faces numerous challenges. From limited crop coverage and regional disparities to the dominance of middlemen and inadequate infrastructure, these issues undermine the effectiveness of MSP in achieving its intended goals. The following discussion delves into the key challenges associated with MSP, highlighting their implications for India's farmers and the agricultural economy.

The MSP system in India faces **limited coverage of crops**, primarily benefiting paddy and wheat extensively procured under the Public Distribution System (PDS). Despite MSP announcements for 23 crops, such as pulses, oilseeds, and coarse grains, **actual procurement remains minimal**, leaving farmers of these crops without tangible benefits. This disparity discourages crop diversification, fostering **monoculture practices** and over-reliance on water-intensive crops like paddy, particularly in Punjab and Haryana. Farmers growing non-procurement crops endure **price volatility and low profitability**, as private buyers exploit the lack of effective government intervention. Expanding MSP to cover more crops and ensuring **robust procurement mechanisms** is essential for agricultural sustainability. The system also exhibits **regional disparities**, disproportionately benefiting farmers in states like Punjab, Haryana, and Madhya Pradesh with well-developed infrastructure, while states such as Bihar, Odisha, and West Bengal face **inadequate procurement facilities**. This uneven implementation worsens **income inequalities** and discourages farmers in underserved states from participating in the MSP regime. In these areas, farmers are often compelled to sell at **lower prices in local markets**, reducing their economic resilience. Strengthening procurement networks and ensuring **equitable access across regions** is crucial. **Exploitation by middlemen** further undermines the MSP system. Farmers often sell their produce below MSP prices due to **logistical challenges, lack of awareness**, or **payment delays** by government agencies. Middlemen exploit farmers by offering **immediate cash payments** and leveraging their dependency on informal credit, perpetuating

financial vulnerability. Addressing this requires **streamlined procurement processes, direct farmer-to-government transactions**, and greater farmer awareness of MSP benefits.

**Inadequate procurement infrastructure** significantly hampers MSP effectiveness. Many regions face **limited procurement centers, insufficient storage, and outdated logistics**, leading to delays in produce collection and payments. These issues cause **post-harvest losses**, particularly for perishables, discouraging reliance on MSP. Strengthening the supply chain, modernizing storage, and increasing procurement centers are essential steps. The MSP system's focus on water-intensive crops like paddy and wheat has caused **environmental degradation and resource overexploitation**. Declining water levels and **increased soil salinity** in states like Punjab and Haryana highlight the adverse effects of excessive irrigation and fertilizer use (Kumar, C. P. 2022). The lack of support for diversified cropping systems undermines sustainability. MSP policy must incentivize **crop diversification** and promote **sustainable farming practices**. **Inadequate awareness among farmers**, particularly small and marginal ones, prevents them from leveraging MSP benefits. This **knowledge gap** exposes them to exploitation by private traders. Farmers in remote areas lack access to accurate market information, further limiting their decision-making capabilities. Outreach programs, digital platforms, and education initiatives are critical to bridging this gap.

The MSP system imposes a **significant economic burden** on the government. High costs of procurement, storage, and distribution leading to **delayed payments** to farmers and undermining timely financial support. Reforms to improve **operational efficiency**, reduce wastage, and explore innovative financing are necessary. While MSP aims to stabilize prices, it inadvertently causes **market distortions**. Overemphasis on select crops results in **supply gluts**, depressing prices, while crops without MSP experience **supply shortages and price volatility**. Revising MSP policies to align with market realities and provide **balanced support for all crops** is necessary. A **lack of accountability and transparency** in the MSP system enables inefficiencies and corruption. Farmers face **bureaucratic hurdles, favoritism, and payment delays**, discouraging them from engaging with the system. Enhanced monitoring, digital solutions, and stricter accountability mechanisms are needed to rebuild trust. Finally, **small and marginal farmers** remain largely excluded from MSP benefits. High transaction costs, lack of surplus produce, and poor access to procurement centers push these farmers towards **informal markets**, where they face exploitation. Tailored policies such as **doorstep procurement** and aggregation through **farmer producer organizations (FPOs)** are essential to include these vulnerable groups in the MSP framework.

## **5. STRATEGIC POLICY REFORMS TO STRENGTHEN AND OPTIMIZE THE MINIMUM SUPPORT PRICE (MSP) SYSTEM IN INDIA**

Strengthening procurement infrastructure is crucial to addressing the challenges of Minimum Support Price (MSP) implementation, particularly in remote areas. **Establishing procurement**

**centers closer to farming communities** can reduce transportation costs for small and marginal farmers, enhancing accessibility. **Investments in modern storage facilities** like silos and warehouses are vital to minimizing post-harvest losses and ensuring safe storage of procured produce. **Digitizing the procurement process** can enhance transparency, reducing inefficiencies and malpractices such as delays and corruption. **Expanding the reach of the Food Corporation of India (FCI)** and other public procurement agencies to underserved regions, particularly agriculturally backward areas, can help achieve equitable MSP benefits. **Collaborating with private entities** to augment public procurement infrastructure could further improve efficiency and reduce operational costs.

MSP coverage should be expanded to include a broader variety of crops. While MSP is announced for 23 crops, its actual implementation is largely restricted to staples like wheat and paddy. **Including crops grown in rain fed and drought-prone areas** would encourage diversification, reduce reliance on water-intensive crops, and address regional income disparities. **Extending MSP benefits to pulses, oilseeds, and millets**, for example, can boost production and enhance nutritional security. Policymakers should **align MSP crop selection with regional agricultural patterns and market demand**, while **running awareness campaigns** to inform farmers about MSP for diverse crops, enabling informed planting decisions.

Providing MSP with legal enforcement is a debated but impactful policy measure to ensure farmers receive at least the announced support price. **A legal framework for MSP** would compel traders and middlemen to adhere to fair pricing norms, reducing exploitation. This requires **grievance redressal mechanisms** to address disputes and enforce penalties for violations. However, **legalizing MSP should be approached cautiously** to avoid unintended consequences, such as traders withdrawing from markets. **A phased implementation coupled with market reforms and strengthening the Essential Commodities Act**, can balance farmer protection and market stability. Farmer education and awareness are essential to improving MSP accessibility. Many farmers remain unaware of the system, its benefits, and how to access it. **Campaigns, training programs, and workshops** should be organized at the village level, involving extension officers and agricultural institutions. **Digital platforms like mobile apps and SMS alerts** can provide real-time updates on MSP announcements and procurement schedules. **Farmer Producer Organizations (FPOs) and cooperatives** can educate members and negotiate better terms. Integrating **MSP-related information into farmer education programs** will further empower farmers to secure fair prices and avoid exploitation by intermediaries.

India's fragmented agricultural marketing system undermines MSP's effectiveness, necessitating comprehensive reforms. **Creating a unified national market** by linking Agricultural Produce Market Committees (APMCs) with platforms like the **Electronic National Agricultural Market (e-NAM)** can provide farmers with better access to competitive markets. **Simplifying regulations and reducing interstate trade barriers** would enable fairer pricing for farmers.

Improved **infrastructure for transportation, grading, and standardization** can enhance the efficiency of MSP-based procurement. **Encouraging private sector participation** through public-private partnerships and **promoting direct farmer-to-consumer sales models**, such as online platforms and farmer markets, can modernize the system and reduce intermediary dependence.

The MSP framework must address environmental and sustainability concerns. Current policies often encourage overproduction of water-intensive crops like paddy and wheat, leading to ecological degradation. **Restructuring MSP to promote sustainable practices by providing higher support prices for eco-friendly crops** like millets, pulses, and oilseeds can encourage diversification. **Linking MSP with organic farming, agro-forestry, and efficient water use policies** can ensure long-term sustainability. Subsidies for sustainable techniques like **drip irrigation and bio-fertilizers** should complement these reforms. **Introducing a “green bonus” tied to MSP** for conservation practices can incentivize farmers to balance economic and environmental priorities effectively.

## 6. CONCLUSION

In conclusion, this study provides a comprehensive analysis of the Minimum Support Price (MSP) system in India, focusing on its historical trends, the challenges faced by farmers, and potential policy reforms. The examination of MSP data over the past decade reveals significant fluctuations and regional disparities, highlighting the need for a more efficient and equitable pricing system. Through a review of existing literature, the study identifies key issues such as procurement inefficiencies, delayed payments, and insufficient market access that hinder the effectiveness of MSP in supporting farmers. Based on these findings, the article proposes targeted policy suggestions and reform strategies aimed at improving the implementation of MSP, enhancing farmers' access to fair prices, and ensuring long-term agricultural sustainability. While the MSP system has played a vital role in safeguarding farmers against price volatility, addressing its limitations is essential for fostering a more robust agricultural economy in India.

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