

‘CENTRE HAS ADOPTED MSP, BUT STATES MUST FACILITATE CROP SHIFT’

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

There is an urgent need for crop diversification in view of the severe water stress in areas where paddy, wheat and sugarcane are grown as well as to increase oil seed production and reduce dependency on imports of cooking oil, the Department of Economic Affairs said in the annual Economic Survey released on Monday.

While the Centre had adopted minimum support prices (MSP) for farm produce as a key tool to encourage crop diversification, the onus was on States to take coordinated action to facilitate a shift towards crops with higher value and lower water consumption, the department said.

However, there was no mention of the MSP committee which the Prime Minister had promised to set up in November to draft a policy on all these issues.

The survey also completely ignored what was arguably the biggest development in agricultural policy over the last year — the repeal of three agrarian reform laws in the wake of widespread, year-long protests by farmers.

The survey urged for an increase in funding for agricultural research rather than farm subsidies, noting that “every rupee spent on agricultural research and development yields better returns compared to returns on money spent on subsidies or other expenditures on inputs.”

The government noted that agriculture continued to be a major driver of the economy in the pandemic era, with the sector’s growth rate rising from 3.6% in 2020-21 to 3.9% in 2021-2022.

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