

Business Standard

Farmers not switching to pulses as MSPs fail to keep pace with rising costs

Production of pulses jumped from 15 million tonnes in 2009-10 to 18 million tonnes in 2010-11 but has plateaued since then

Sanjeeb Mukherjee | New Delhi January 02, 2016 Last Updated at 23:02 IST



Farmers are not keen to switch to pulses despite high market prices because their minimum support prices (MSPs) over the last four years have not kept pace with their cost of production, which in absence of assured purchase makes the whole exercise ineffective.

Though on an annual basis, the pulses MSPs have been more than the All India Weighted Cost of Production since 2012-13 and the gap between the two has been narrowing, but an official data furnished few weeks ago in Parliament showed that over a four-year period it is just the opposite. Production of pulses jumped from 15 million tonnes in 2009-

10 to 18 million tonnes in 2010-11 but has plateaued since.

Data provided a few weeks ago in Parliament show the average nationwide weighted cost of production of arhar has risen by 17.07 per cent from 2012-13, but its MSP has risen by 14.93 per cent. For moong, the cost has risen by 16.41 per cent and the MSP by 5.68 per cent. For urad and gram, costs have risen by 11.37 per cent and 25.23 per cent, respectively, and their MSPs by 2.90 per cent and 14.16 per cent. The cost of producing masoor, however, rose by 4.62 per cent over this period and its MSP by 14.60 per cent.

MSPs kick in only when market prices fall, but more often than not the market prices of pulses are higher than their MSPs, making them largely ineffective, especially since their offtake is not assured by the government.

In contrast, the average nationwide cost of production of wheat has grown slower than its MSP from 2012-13 to 2015-16. For paddy and maize, the cost increase is faster than their MSPs, though lower on an annual basis.

The Centre last year raised the MSPs of masoor and gram, the major pulses grown during the winter rabi season,

PULSE RATE

Increase in all India average weighted cost of production of pulses compared with minimum support price from 2012-13 to 2015-16 in percentages

		■ Change in avg weighted cost of production (%)
		■ Change in minimum support price (%)
Arhar (tur)	17.07	
	14.93	
Moong	16.41	
	5.68	
Urad	11.37	
	2.90	
Gram	25.23	
	14.16	
Masur (lentil)	4.62	
	14.60	
Wheat	9.63	
	12.96	
Paddy	25.30	
	12.80	
Maize	15.60	
	12.76	

Source: Government's reply to a question in Parliament

by Rs 250 a quintal. It also announced a bonus of Rs 75 a quintal for both, effectively raising their prices by Rs 325 a quintal from 2014-15.

Even before this, efforts were made to raise the MSPs of pulses more than those of grain as a signal to farmers to bring more area under the crop.

The finance ministry's latest mid-year review of the economy has called for a strategy focusing on yield, insurance and prices to raise production of pulses.

There is a view within the government that merely raising MSPs will not increase output.