VOLUME 6 | ISSUE 2

INTERNATIONAL JOURNAL OF ADVANCED LEGAL RESEARCH

MINIMUM SUPPORT PRICE POLICIES AND FOOD SECURITY IN INDIA: A CRITICAL ANALYSIS

- Sonam[1]

Abstract

Food security in India is intrinsically linked to the functioning of agricultural pricing systems, particularly the Minimum Support Price (MSP) mechanism, which has served as a cornerstone of agrarian policy since the Green Revolution. Designed to offer farmers a guaranteed remunerative price and insulate them from market fluctuations, MSP simultaneously supports the procurement needs of the Public Distribution System and contributes to the country's buffer stock capacity. This abstract critically examines the relationship between MSP policies and India's broader food security objectives, highlighting both their strengths and persistent structural limitations. While MSP has been effective in boosting cereal production and ensuring stable grain availability for welfare schemes, its benefits remain unevenly distributed across regions and farmers due to limited procurement outreach, crop-specific focus, and the absence of statutory enforceability. The disproportionate emphasis on rice and wheat encourages monocropping, ecological stress, and regional disparities, which undermines sustainable food production and nutritional security. Fiscal burdens associated with large-scale procurement, storage inefficiencies, and buffer stock surpluses further complicate the long-term viability of MSP-centric food security strategies. At the same time, climate change and emerging market reforms necessitate a comprehensive reassessment of existing policies. The abstract concludes that reforming MSP through diversification, regional expansion, sustainability-driven incentives, and stronger policy integration is crucial for aligning agricultural pricing with the long-term demands of a resilient and inclusive food security framework in India.

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Keywords: Minimum Support Price, Food Security, Public Distribution System, Agricultural Procurement, Crop Diversification

1. Introduction

Food security has long been a central pillar of India's socio-economic planning, shaped by the country's historical experiences of famine,[2] chronic food shortage, and volatile agricultural markets. Defined by the FAO as a condition in which all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food, food security in India is not merely a matter of production but of equitable distribution, affordability, and long-term sustainability. In this context, the agricultural pricing system—particularly the Minimum Support Price (MSP)—has played an indispensable role in stabilising farm incomes and ensuring the continuous availability of food grains for public welfare programmes.[3] MSP was introduced in the mid-1960s as a policy response to severe food crises, low productivity, and high dependence on foreign imports. As part of the Green Revolution strategy, it aimed to give farmers a guaranteed floor price for their produce, thereby incentivising investments in new technologies, hybrid seeds, and high-yielding varieties. Over time, MSP has evolved from a procurement-linked mechanism for a few crops to a central feature of India's agricultural and food security architecture.

The role of MSP in securing India's food system must be understood in light of its dual objectives. First, MSP seeks to protect farmers from market volatility, middlemen exploitation, and sudden price crashes, ensuring a minimum level of livelihood security. Second, it enables the government to procure adequate quantities of food grains to maintain buffer stocks and operate the Public Distribution System (PDS), which supplies essential grains at subsidised rates to millions of vulnerable households.[4] This dual-purpose structure makes MSP unique among global agricultural policies, combining elements of price support, food distribution, and social welfare.

[2] Meena, Rajendra Prasad. "An Analysis of the Minimum Support Price in India: A Systematic Literature Review."
[3] Varma, Poornima, Jannet John, and Anar Bhatt. "Impact of minimum support price policy and national food security mission on the production of pulses in India." (2019).
[4] Bhattacharya, Shrayana, Vanita Leah Falcao, and Raghav Puri. "The public distribution system in India." *The 1.5 billion people question* (2017): 43.

Despite its foundational role, MSP continues to be the subject of intense policy debate and academic scrutiny. Supporters argue that MSP provides essential income stability in a predominantly smallholder economy where over half the population depends on agriculture for livelihood. They emphasise its contributions to increasing cereal production, achieving self-sufficiency, and insulating the nation from global food supply shocks. Critics, however, highlight structural inefficiencies such as limited procurement coverage, crop bias toward rice and wheat, regional imbalances, and large fiscal burdens associated with procurement and storage. The concentration of MSP benefits in states like Punjab, Haryana, and parts of Western Uttar Pradesh reflects deep systemic inequalities, leaving farmers in eastern, central, and southern India with inadequate access to procurement infrastructure.

The impact of MSP on environmental sustainability is another critical concern. The policy's narrow focus has encouraged monocropping, excessive groundwater extraction, high chemical fertilizer usage, and declining soil health.[5] These ecological stresses have long-term implications for India's food security, as climate change further intensifies risks of crop failure, extreme weather events, and unpredictable rainfall patterns. Food security can no longer be assessed merely by grain availability; it must also address nutritional security, crop diversification, and resilience of agro-ecosystems.

In recent years, MSP has re-entered national discourse due to farmers' protests, demands for legal guarantee of MSP, and broader agricultural market reforms.[6] The controversies surrounding the now-repealed farm laws brought MSP policies to the forefront, raising questions about whether the mechanism should continue in its current form, be legally mandated, or transformed into a more diversified and efficient price assurance framework. These debates underscore the need to re-evaluate MSP in the context of contemporary challenges—urbanisation, dietary transitions, climate change, and the growing role of private markets and agri-tech platforms.

This research paper critically analyses the intersection of MSP policies and India's food security goals. It examines the historical evolution of MSP, its legal and institutional frameworks, and its

[5] Bhattacharya, Shrayana, Vanita Leah Falcao, and Raghav Puri. "The public distribution system in India." *The 1.5 billion people question* (2017): 43.
[6] Haag, Leonora. "Sowing Dependency Conditions of World Bank Agricultural Lending to Egypt and India 1970s-2020s." (2024).

effectiveness in shaping food availability, affordability, and accessibility. It also explores regional disparities, environmental implications, and the broader socio-economic consequences of MSP-centric agricultural strategies. By assessing both achievements and limitations, the paper seeks to propose balanced, evidence-based recommendations for reforming MSP to enhance India's long-term food security, ensure sustainability, and strengthen farmer welfare across diverse agro-climatic regions.

2. Historical Evolution and Objectives of Minimum Support Price in India

The origins of the Minimum Support Price (MSP) policy in India are rooted in the economic uncertainties and agrarian vulnerabilities that characterized the post-independence era.[7] In the decades following independence, India faced acute food shortages, low agricultural productivity, and excessive dependence on food imports under PL-480.[8] These challenges made the need for a structured price support mechanism urgent, culminating in the establishment of the Agricultural Prices Commission (now the Commission for Agricultural Costs and Prices—CACP) in 1965. MSP emerged as a key policy tool to ensure fair returns to farmers while safeguarding national food security.

The Green Revolution of the late 1960s fundamentally reshaped MSP's role. With the introduction of high-yielding varieties of wheat and rice, irrigation expansion,[9] and increased use of fertilizers, India required a stable pricing environment to encourage farmers to adopt these technologies. MSP served as a risk-mitigating instrument, assuring farmers that they would receive a minimum remunerative price even if market prices collapsed. This assurance facilitated increased cultivation of wheat and rice, transforming India from a food-deficit nation to a food-surplus economy by the late 1970s.

Over the decades, MSP expanded from just two crops (wheat and paddy) to include 23 crops today, covering cereals, pulses, oilseeds, and commercial crops. However, despite this broad list,

[7] Harsana, Pawan. "Minimum support price conundrum and sustainable farming: a study of the impact of the socio-economic factors on sustainable agriculture." *Vantage: Journal of Thematic Analysis* 3.1 (2022): 103-122.
[8] Harsana, P. (2022). Minimum support price conundrum and sustainable farming: a study of the impact of the socio-economic factors on sustainable agriculture. *Vantage: Journal of Thematic Analysis*, *3*(1), 103-122.
[9] Harsana, Pawan. "Minimum support price conundrum and sustainable farming: a study of the impact of the socio-economic factors on sustainable agriculture." *Vantage: Journal of Thematic Analysis* 3.1 (2022): 103-122.

effective procurement is still largely concentrated in rice and wheat, while other MSP crops often fail to receive substantial government procurement. This discrepancy highlights one of the central historical challenges of MSP: its uneven implementation across crops and regions.

Institutionally, the MSP system is based on the recommendations of the CACP, which conducts cost surveys, analyzes demand-supply trends, and considers price parity before submitting its recommendations to the central government.[10] The MSP is then announced prior to the sowing season to allow farmers to make informed crop decisions. Although MSP is advisory and not legally enforceable, it has become deeply embedded in India's agricultural policy framework, influencing cropping patterns and investment decisions across multiple states.

The primary objective of MSP has been to provide a safety net to farmers against price volatility. Agriculture in India remains highly risky due to unpredictable monsoon patterns, pest attacks, and fluctuating international markets. MSP assures farmers a floor price, reducing their dependence on exploitative intermediaries and protecting them from distress sales. In regions where procurement is active, MSP has significantly contributed to stabilizing farm incomes and improving rural livelihoods.

Another major objective of MSP has been the creation of buffer stocks to ensure national food security. Through the Food Corporation of India (FCI), the government procures grains at MSP and maintains strategic reserves for emergencies, welfare programmes, and the Public Distribution System (PDS).[11] MSP-driven procurement has enabled successful implementation of key welfare schemes such as the National Food Security Act (2013), Mid-Day Meal Scheme, and Integrated Child Development Services. These programmes rely heavily on stable supplies of rice and wheat procured through MSP.[12]

Historically, MSP has also been used as a policy lever to encourage crop diversification. For instance, higher MSPs for pulses and oilseeds aimed to reduce import dependence and promote

[10] Roy, Ranjana. "The Effectiveness, Accessibility, and Feasibility of Price Policy Mechanism in India: Evidence from the Situation Assessment Survey 2018–2019." *Agrarian South: Journal of Political Economy* 12.3 (2023): 352-389.

[11] Gulati, Ashok, Ralph Cummings, and A. Ganesh Kumar. "Foodgrains policy and management in India: Responding to today's challenges and opportunities." (2012).

[12] Sharma, Priyanka. *Impact of mid day meal scheme on household food security in Punjab*. Diss. Punjab Agricultural University, Ludhiana, 2022.

nutritional security. However, the absence of effective procurement mechanisms for these crops limited the success of diversification efforts. As a result, farmers continued to prioritize rice and wheat, where government procurement was assured, leading to long-term ecological challenges such as groundwater depletion, soil degradation, and excessive use of chemical inputs.

The historical evolution of MSP is also intertwined with political economy. In states like Punjab and Haryana, where procurement infrastructure is strong, MSP has become central to rural socio-economic structures. This political entrenchment has made MSP reform a sensitive and contentious issue. The national debate during the farmers' protests of 2020–2021 highlighted deep anxieties about market reforms and the perceived threat of dismantling MSP.

Despite its limitations, the historical trajectory of MSP reveals its critical role in achieving food self-sufficiency, stabilizing rural incomes, and supporting the country's food distribution network. Yet, as India enters a new phase marked by climate change, nutritional transitions, and shifts in global trade, the historical objectives of MSP must be revisited and aligned with emerging realities.

3. Legal, Institutional, and Economic Framework of MSP Policies

The Minimum Support Price (MSP) system in India operates within a complex legal, institutional, and economic framework that has evolved over several decades. Although MSP is widely regarded as one of the most significant agricultural support mechanisms in India, it is important to note that it is not backed by explicit statutory status. Instead, MSP functions as an administrative policy decision of the central government, guided by institutional mechanisms such as the Commission for Agricultural Costs and Prices (CACP),[13] procurement agencies, and budgetary allocations.

Legally, MSP derives its operational authority primarily from executive notifications rather than legislative mandate. While there is no law obligating the government to purchase crops at MSP, procurement is undertaken under the Essential Commodities Act, 1955, the National Food

[13] Sharma, Priyanka. *Impact of mid day meal scheme on household food security in Punjab*. Diss. Punjab Agricultural University, Ludhiana, 2022.

Security Act (NFSA), 2013, and various foodgrain management[14] policies overseen by the Food Corporation of India (FCI). These laws and regulations collectively empower the central government to procure food grains to maintain buffer stocks, ensure price stability, and supply subsidised food to vulnerable populations. The NFSA is particularly significant because it mandates the procurement of sufficient quantities of rice and wheat to meet the food entitlements of two-thirds of the population. As a result, MSP has become indirectly linked to statutory obligations under the NFSA, strengthening the system's relevance to national food security.

Institutionally, CACP plays a central role in the MSP process. Established in 1965, the CACP is tasked with recommending support prices for 23 crops based on an extensive analysis of cost of cultivation, market trends, price parity, and inter-crop balance. The commission uses multiple cost concepts—A2, A2+FL, and C2—reflecting varying levels of input valuation. While the government currently considers A2+FL as the main basis for MSP announcements,[15] farmer organisations strongly advocate for MSP to be fixed at least 50% above the comprehensive C2 cost, in line with the Swaminathan Commission's recommendations. The methodology and transparency of CACP recommendations have been subjects of debate, particularly regarding the adequacy of cost calculations and the extent of stakeholder consultation.[16]

The economic framework of MSP procurement involves several agencies, with FCI being the most prominent.[17] FCI undertakes procurement, storage, and distribution of food grains under central pool operations. It works in coordination with state procurement agencies and maintains a nationwide network of warehouses and depots. However, procurement operations are uneven across states, with Punjab, Haryana, and parts of Uttar Pradesh accounting for the bulk of rice and wheat procurement**.**[18] This geographical imbalance reflects disparities in infrastructure, institutional capacity, and state-level policy support. States such as Bihar, Odisha, and West

[14] Saini, Shweta, and Ashok Gulati. "Price distortions in Indian agriculture." (2017).
[15] Das, Arghyadeep, Neela Madhav Patnaik, and Shruti Mohapatra. "Chapter-1 What is Minimum Support Price (MSP) and Does it Really Benefit Farmers?." *DOUBLING FARMERS'INCOMES* (2020): 1.
[16]Sengupta, Priyam, and Kakali Mukhopadhyay. "Economic and environmental impact of national food security act of India." *Agricultural and Food economics* 4.1 (2016): 5. Ganesh-Kumar, A., Ashok Gulati, and Jr Ralph Cummings. "Foodgrains policy and management in india." (2007).
[17] Tanksale, Ajinkya, and J. K. Jha. "Implementing national food security act in India: issues and challenges." *British Food Journal* 117.4 (2015): 1315-1335.

Bengal, despite being significant producers, lack robust procurement systems, resulting in limited MSP realization for farmers.

Economically, the MSP system imposes a substantial fiscal burden on the government. The cost of procurement includes not only the MSP paid to farmers but also handling charges, transportation, storage costs, and distribution expenses. In addition, the food subsidy bill—driven largely by the gap between procurement costs and the subsidised price at which grains are issued under NFSA—has been rising continuously.[19] This growing fiscal pressure has sparked discussions on the long-term sustainability of the MSP-centric procurement model. Critics argue that the system distorts market signals, encourages excessive production of rice and wheat, and crowds out investments in alternative crops and climate-resilient agriculture.

The MSP framework is also influenced by international commitments under the World Trade Organization (WTO). Under the Agreement on Agriculture, India must report its domestic support, including MSP, and ensure that it does not breach prescribed limits. Many countries have challenged India's high level of procurement and large public stockholding, arguing that it amounts to trade-distorting support. India, however, maintains that its policies are essential for ensuring food security in a developing economy and has consistently advocated for a permanent solution on public stockholding.

In summary, the legal, institutional, and economic framework of MSP reveals a system deeply embedded in India's agricultural governance but burdened with structural imbalances and fiscal stresses. While it plays a crucial role in supporting farmers and ensuring food security, the framework requires substantial reform to enhance efficiency, reduce inequalities, and align agricultural incentives with sustainability and nutritional needs.

4. MSP and Its Impact on Food Availability, Accessibility, and Affordability

The relationship between Minimum Support Price (MSP) policies and food security in India is multidimensional, involving issues of production, market access, and distribution.[20] Food

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[20] Varma, Poornima, Jannet John, and Anar Bhatt. "Impact of minimum support price policy and national food security mission on the production of pulses in India." (2019).

security, as defined by international frameworks and national policy objectives, rests on three essential pillars—availability, accessibility, and affordability. MSP influences each of these pillars differently, creating both strengths and inherent limitations. This section critically examines how the MSP system contributes to or hinders India's pursuit of comprehensive food security.

In terms of food availability, MSP has historically played a pivotal role in ensuring stable production of essential food grains. The guarantee of a minimum price encourages farmers to invest in crop cultivation, adopt new technologies, and increase productivity. The surge in wheat and rice production since the 1970s is directly linked to MSP-backed incentives.[21] These gains enabled India to transition from a food-deficient nation to one with sizable buffer stocks. Today, the Food Corporation of India (FCI) regularly procures millions of tonnes of rice and wheat at MSP, replenishing central pool stocks and supporting the National Food Security Act (NFSA). Thus, MSP-driven procurement ensures continuous availability of food grains for public welfare schemes, including the Public Distribution System (PDS), Mid-Day Meal Scheme, and Integrated Child Development Services (ICDS).[22] However, this availability remains skewed toward cereals, whereas pulses, oilseeds, and nutritional crops receive inadequate procurement support. This imbalance contributes to persistent nutritional gaps despite surplus grain production.

Food accessibility, the second pillar of food security, refers to the ability of individuals to physically and economically obtain sufficient food. MSP contributes to accessibility indirectly through the PDS, which delivers subsidised grains to eligible households. As long as procurement remains strong under MSP, the government is able to maintain large public stocks and supply grains to ration shops nationwide at low prices. In this sense, MSP acts as a backbone for social protection schemes aimed at combating hunger and poverty. Yet, a major limitation lies in the uneven regional reach of MSP procurement. States such as Punjab, Haryana, and parts of Uttar Pradesh receive greater procurement benefits due to well-developed mandi systems, infrastructure, and policy support. Farmers in states like Bihar, Odisha, and West Bengal often

[21] Kishore, Prabhat, Pratap S. Birthal, and Shivendra Kumar Srivastava. "The Dilemma of Agricultural Price Policy Reforms: Balancing Food Security, Farmers' Interests, and Sustainability of Natural Resources." (2025).
[22] Chathukulam, Jos, and Manasi Joseph. "Nurturing Young: Fifty Years of Integrated Child Development Services (ICDS) in India." *Indian Public Policy Review* 6.4 (2025): 91-116.

sell to private traders at prices below MSP because procurement centres are inadequate or non-functional. This inequality affects food accessibility not only by limiting farmer incomes but also by reducing local procurement and creating regional disparities in food distribution networks.

Affordability, the third pillar, concerns consumers' purchasing power relative to food prices. MSP influences affordability in two contrasting ways. On one hand, MSP-backed procurement enables the government to subsidize food grains for millions of people, keeping consumer food prices under control. As demonstrated during the COVID-19 pandemic and subsequent economic disruptions, buffer stocks procured at MSP allowed the government to implement large-scale food relief programmes,[23] ensuring food affordability at a time of widespread job losses. On the other hand, critics argue that repeated MSP increases can contribute to inflationary pressures, particularly for crops where private markets operate without direct procurement. Rising MSPs may lead traders and retailers to increase prices, affecting affordability for consumers who are not covered under NFSA. However, such inflationary effects are generally mild for cereals due to strict price controls and extensive government distribution.

A crucial concern is whether MSP supports long-term nutritional security. While MSP ensures the affordability of rice and wheat, it does little to encourage the production of millets, pulses, and oilseeds unless supported by strong procurement.[24] Nutritional deficiencies, particularly protein-energy malnutrition, persist partly because farmers lack incentives to diversify into nutrient-rich crops. This challenge highlights the need to rethink MSP as not only a foodgrain support mechanism but also a tool to promote balanced diets and healthier consumption patterns.

Another dimension of MSP's impact concerns climate resilience and ecological sustainability. MSP's influence on crop availability has been double-edged. While it has ensured ample grain stocks, it has also encouraged monocropping and groundwater-intensive cultivation, especially in Punjab and Haryana. Such practices compromise long-term food availability by depleting natural resources and reducing agro-ecological diversity. Sustainable food security requires that

[23] Escap, U. N. "COVID-19 and South Asia: national strategies and subregional cooperation for accelerating inclusive, sustainable and resilient recovery." (2020).

[24] Shashidhar, Achakkagari, and S. Alekhya. "Examining the Impact of MSP on Agricultural Production with Reference to Millets." *Responsible Production and Consumption*. CRC Press, 2024. 199-205.

availability be supported by environmentally sound agricultural practices—an area where MSP has had limited positive impact so far.

In summary, MSP significantly enhances India's food security by strengthening food availability, enabling accessibility through welfare schemes, and contributing to affordability for vulnerable citizens. Yet, its benefits are unevenly distributed and disproportionately concentrated on cereals. Addressing these structural constraints is essential to align MSP with the country's nutritional needs and long-term food security objectives.

5. Regional Imbalances, Crop Distortions, and Sustainability Challenges under MSP

The Minimum Support Price (MSP) system, while central to India's agricultural and food security framework, has produced a range of structural distortions that manifest across regions, cropping patterns, and environmental sustainability. These distortions are not accidental; rather, they are the outcome of historical policy choices, procurement-driven incentives, and uneven state capacities. The consequences are far-reaching, influencing farmer welfare, ecological health, and long-term food system stability. This section critically examines three interrelated dimensions: regional disparities, crop distortions, and sustainability challenges.

A primary structural concern is the regional imbalance in MSP implementation. Although MSP is announced for 23 crops and intended for farmers across the country, effective procurement is concentrated in a few states—primarily Punjab, Haryana, western Uttar Pradesh, and parts of Telangana and Andhra Pradesh.[25] These states have well-developed procurement infrastructure, dense networks of Agricultural Produce Market Committees (APMCs), and strong state support mechanisms. Farmers in these regions benefit from assured purchase of rice and wheat at MSP,[26] leading to relatively stable incomes and reduced price risks. Conversely, states such as Bihar, Odisha, West Bengal, Jharkhand, and the North-Eastern states lack adequate procurement centres, storage facilities, and logistical support. This forces farmers to sell produce to private traders at prices often below MSP, undermining the purpose of the policy itself. The regional

[25] Singh, Amarjeet. "Paradox in MSP and Market Infrastructure for Agricultural Produce Procurement in India."
[26] Mishra, Ayush, and Seema Kujur. "Beyond MSP: Rethinking India's Age-Old Procurement Policy." *Scientific Reports* 5.1: 10-16.

concentration of procurement not only creates unequal benefits but also leads to uneven contributions to the central pool of food grains, resulting in geographic disparities in rural development and agricultural income levels.

These regional disparities have historical roots. The Green Revolution was concentrated primarily in Punjab, Haryana, and western Uttar Pradesh due to irrigation[27] availability and favourable state policies. Procurement infrastructure was developed in these states to support growing cereal production. Over time, MSP-driven procurement became institutionalized in these regions, creating a self-reinforcing cycle in which governments invest more in areas with high procurement, while low-procurement states struggle to expand their footprint. This uneven development has significant implications for inter-state equity, as farmers in less developed regions often perceive MSP as a policy that benefits only a privileged segment of the agricultural population.

Closely linked to regional imbalances are crop distortions induced by MSP. Although MSP is declared for a wide range of crops—including pulses, oilseeds, millets, cotton, and commercial crops—actual procurement is overwhelmingly focused on rice and wheat. This disproportionate emphasis stems from the procurement requirements for the Public Distribution System (PDS) and the National Food Security Act (NFSA), which prioritize cereals. As a result, farmers have strong incentives to grow rice and wheat regardless of agro-climatic suitability. For instance, Punjab and Haryana, traditionally coarse cereal-growing regions, shifted almost entirely to paddy-wheat cycles due to assured MSP procurement. This led to extensive monocropping, reduced crop diversity, and vulnerability to pests and diseases.[28]

The lack of meaningful procurement for pulses and oilseeds has constrained India's progress toward nutritional security. India remains heavily dependent on imports of edible oils and often struggles to maintain self-sufficiency in pulses. These outcomes reveal the mismatch between MSP declarations and actual government procurement behaviour. Farmers cultivating MSP-listed crops outside the core procurement crops frequently experience distress sales, emphasizing

[27] Singh, R. B. "Environmental consequences of agricultural development: a case study from the Green Revolution state of Haryana, India." *Agriculture, ecosystems & environment* 82.1-3 (2000): 97-103.
[28] Reddy, A. Amarender. "Transforming Indian Agriculture: Evolution of Technology, Policy Reforms, and Market Liberalization for Enhancing Farmers' Incomes." MISC, 2025.

that MSP without procurement is merely symbolic. Efforts such as the Price Support Scheme (PSS) and Price Deficiency Payment Scheme (PDPS) have attempted to address this gap, but implementation remains inconsistent and state capacity varies widely.[29]

Sustainability challenges further complicate the MSP landscape. The rice–wheat cropping system encouraged by MSP has led to severe ecological degradation. In Punjab and Haryana, water-intensive paddy cultivation has caused alarming groundwater depletion, with water tables falling annually in many districts. Similarly, the extensive use of chemical fertilizers and pesticides has degraded soil health, reduced organic carbon content, and contributed to declining productivity over time. The environmental costs of MSP-supported cropping patterns threaten the long-term viability of agriculture in regions that currently form the backbone of India's food procurement system.

Climate change exacerbates these sustainability concerns. Increasing temperatures, erratic rainfall, and extreme weather events pose risks to monoculture-dominated agriculture.[30] Paddy and wheat are particularly vulnerable to climatic variations, raising questions about the resilience of MSP-driven production models. Without diversification into climate-resilient crops—such as millets, pulses, and oilseeds—India's food security remains exposed to environmental uncertainties.[31]

Additionally, MSP-induced stubble burning has become a major environmental and public health issue in northern India. The narrow gap between paddy harvesting and wheat sowing, combined with mechanized harvesting practices, leaves farmers with little time to manage crop residues. Burning residues is the quickest option, contributing to severe air pollution episodes in Delhi and surrounding regions. Alternative solutions such as Happy Seeders and in-situ residue

[29] Abbas, F., et al. "Policy implementation gaps and institutional fault-lines in the context of social protection programs in India." *Khyber Journal of Public Policy* 4.2 (2025): 1-25.
[30] Keleş Özgenç, Emine, and Enes Özgenç. "Evaluating the problems in urban areas from an ecological perspective with nature-based solutions." *Rendiconti Lincei. Scienze Fisiche e Naturali* 35.3 (2024): 583-605.
[31] DAS, TK, et al. "Dryland agriculture of India: cropping practices and carbon sequestration potential."

management require significant financial incentives and policy support, which remain inadequate.[32]

Another sustainability challenge relates to wastage and storage inefficiencies. Massive procurement has led to situations where grains lie rotting in open storage due to insufficient warehouse capacity. This not only wastes valuable food resources but also reflects the inefficiencies of the MSP-centric procurement model. The focus on quantity rather than quality has also resulted in declining standards of grain quality entering the PDS system.

In conclusion, regional imbalances, crop distortions, and sustainability challenges reveal deep structural flaws in the MSP framework. While MSP has succeeded in securing national grain supplies, it has created uneven development, ecological stress, and nutritional limitations. Addressing these challenges requires a shift from cereal-centric procurement to diversified, regionally inclusive, and environmentally sustainable agricultural policies. The long-term stability of India's food security system depends on rethinking MSP in a manner that promotes equity, resilience, and balanced agricultural growth.[33]

6. Critical Evaluation of MSP: Achievements, Limitations, and Emerging Issues

The Minimum Support Price (MSP) system occupies a central position in India's agricultural and food security architecture, but its functioning presents a mixture of notable achievements and serious structural challenges.[34] A critical evaluation reveals that while MSP has succeeded in stabilising production and insulating farmers from extreme price volatility, it has also generated distortions, inequities, and sustainability concerns that demand deeper policy introspection. Understanding its dual nature is essential for assessing its contemporary relevance and for reshaping India's food security pathways in a rapidly evolving agrarian landscape.

[32] Chandana, Pebbeti, Y. Lavanya, and K. Kiran Kumar Reddy. "Ex-Situ and In-Situ Crop Residue Management Technologies in Tropical Countries." *Field Practices for Wastewater Use in Agriculture*. Apple Academic Press, 2021. 179-199.
[33] Reddy, A. Amarender. "Transforming Indian Agriculture: Evolution of Technology, Policy Reforms, and Market Liberalization for Enhancing Farmers' Incomes." MISC, 2025.
[34] Meena, Rajendra Prasad. "An Analysis of the Minimum Support Price in India: A Systematic Literature Review."

One of the most significant achievements of MSP lies in its success in transforming India from a chronic food-deficit nation in the 1960s to a food-surplus country.[35] By assuring farmers remunerative prices for key crops such as wheat and rice, MSP provided the confidence necessary for adopting high-yielding varieties during the Green Revolution. This led to steady increases in foodgrain production, which ultimately enabled India to establish one of the world's largest buffer stock systems and support extensive welfare schemes, including the Public Distribution System (PDS) and the National Food Security Act (NFSA). The stabilisation of cereal production also mitigated India's vulnerability to external shocks, reduced dependence on imports, and strengthened national food sovereignty.

Another important achievement is MSP's role as a protective mechanism for farmers facing unpredictable markets. In an agricultural economy dominated by small and marginal farmers, volatile prices can lead to distress sales and deepened agrarian vulnerability. MSP-backed procurement has successfully insulated a section of farmers, particularly in northern states, by guaranteeing a reliable buyer in the form of government agencies. This has not only provided income stability but also helped maintain rural purchasing power, contributing to broader economic stability.

However, these achievements are accompanied by significant limitations. The most prominent is the highly uneven regional distribution of MSP benefits. Procurement is concentrated in Punjab, Haryana, parts of Uttar Pradesh, and, to a lesser extent, in Telangana and Madhya Pradesh. In contrast, states with large agricultural populations—such as Bihar, Odisha, West Bengal, and most of the Northeast—experience minimal procurement activities. As a result, a vast majority of farmers in India do not receive MSP for their produce, even when prices fall below the announced support rate. This regional skew not only exacerbates agrarian inequality but also reinforces historical patterns of agricultural development, leaving large regions underprotected.

A second major limitation concerns the crop bias inherent in the MSP system. Though MSP is theoretically announced for 22 crops, government procurement overwhelmingly targets wheat

[3535] Singh, R. B. "Towards a food secure India and South Asia: making hunger history." *URL: http://www. apaari. org/wp-content/uploads/2009/08/towards-afood-secure-india-makinghunger-history. pdf* (2009).

and rice, which are required for the PDS.[36] This narrow focus distorts cropping patterns, discourages diversification, and contributes to monoculture practices that degrade soil health and accelerate groundwater depletion. States with extensive MSP procurement have witnessed severe ecological consequences, including falling water tables in Punjab and Haryana and increased chemical input usage. Such environmental effects pose long-term threats to agricultural sustainability and food security, particularly in the context of climate change.

The financial burden associated with MSP and buffer stock management is another emerging challenge. Procurement at MSP, coupled with storage, transportation, and distribution costs under the PDS, places a substantial fiscal strain on the government. The Food Subsidy Bill has grown significantly over the years, raising concerns about the sustainability of a system dependent on heavy public expenditure. Additionally, excess buffer stocks—often far above the norms prescribed by the Food Corporation of India (FCI)—result in wastage, quality deterioration, and storage inefficiencies.

Moreover, the lack of legal enforceability of MSP remains a contentious issue. MSP is currently a price signal rather than a guaranteed right. Farmers selling their produce in open markets often receive prices lower than MSP due to inadequate procurement centres, insufficient storage, non-functioning mandis, and weak regulatory mechanisms. This has led to widespread demands for making MSP a legal entitlement. However, experts argue that legally mandated MSP could distort agricultural markets, inflate food prices, and strain government finances beyond manageable limits.[37] This tension reflects deeper structural issues in agricultural marketing, including inadequate infrastructure, limited private sector engagement, and inefficiencies in the Agricultural Produce Market Committees (APMCs).[38]

Another emerging challenge relates to the changing nature of food security. Today's food security concerns extend beyond cereal availability to include nutritional adequacy and dietary diversity. MSP-driven procurement, however, focuses heavily on cereals, leaving pulses,

[36] Mishra, Ayush, and Seema Kujur. "Beyond MSP: Rethinking India's Age-Old Procurement Policy." *Scientific Reports* 5.1: 10-16.
[37] Singh, Pritam, and Shruti Bhogal. "Interrogating the MSP regime, farm laws and agrarian future in India." *Millennial Asia* 12.3 (2021): 332-349.
[38] Selvaraj, K. N., and K. R. Karunakaran. "Agricultural marketing reforms in India–future challenges and opportunities Agricultural Marketing Reforms in India–Future Challenges and Opportunities." (2022).

oilseeds, and millets under-supported. Despite recent government efforts to promote nutri-cereals, the procurement ecosystem is still not equipped to handle diversified crops at a scale comparable to rice and wheat. This misalignment contributes to low per capita consumption of pulses and persistent nutritional deficiencies.

In light of these limitations, there is a growing recognition that MSP requires significant reform. Diversification of procurement, strengthening of decentralised storage, expansion of procurement infrastructure in underrepresented states, integration of climate-resilient cropping systems, and development of market alternatives such as price deficiency payments are widely recommended. Strengthening Farmer Producer Organisations (FPOs) and improving agri-logistics can also reduce market vulnerabilities. At the same time, enhancing transparency in MSP calculations and modernising mandis through digital platforms can improve farmers' market access.

In conclusion, a critical evaluation of MSP highlights its indispensable contributions to India's food security but also exposes severe structural imbalances and sustainability challenges. To remain effective in a rapidly changing agricultural environment, MSP must transition from a narrow procurement-led approach to a diversified, equitable, and environmentally responsive policy framework—one that ensures both farmer welfare and long-term national food security.

7. Conclusion and Suggestions

The Minimum Support Price (MSP) system represents one of the most enduring pillars of India's agricultural and food security framework. Over the decades, it has shaped cropping patterns, stabilised farmer incomes, supported procurement for welfare schemes, and enhanced national food sovereignty. MSP's historical contributions—particularly in overcoming the food crises of the 1960s and enabling the PDS/NFSA architecture—form the backbone of India's efforts to ensure food availability for millions. Yet, as this research critically demonstrates, MSP in its current form faces profound structural limitations that raise questions about its long-term viability and its alignment with the contemporary demands of nutritional security, ecological sustainability, and equitable rural development.

The analysis across the previous sections establishes that while MSP has played an undeniably vital role in boosting cereal production and insulating a segment of farmers from market shocks, its benefits remain unevenly distributed. A majority of Indian farmers never receive MSP due to limited procurement operations, inadequate logistics, and dysfunctional rural markets. This regional and class-based disparity entrenches inequality in the agricultural sector. The overwhelming concentration of procurement in a few states and a few crops, especially wheat and rice, also creates systemic distortions. It encourages monocropping, discourages crop diversification, strains groundwater resources, and increases vulnerability to climate change. At the same time, the massive fiscal burden associated with procurement and storage systems raises questions about whether the current MSP-centric model can sustain itself without significant reforms.

However, completely withdrawing MSP is neither feasible nor desirable. The COVID-19 pandemic reaffirmed the critical role MSP-backed procurement plays in maintaining buffer stocks necessary for emergency responses. In moments of crisis—pandemics, droughts, inflation shocks, or geopolitical disruptions—the MSP system acts as a stabilising factor for both producers and consumers. It is therefore essential to retain MSP but reimagine it in ways that enhance inclusiveness, strengthen resilience, and align with broader food and nutrition goals.

Suggestions

1. Expand and Decentralise Procurement to Reduce Regional Inequality

To address the stark regional imbalances, the government must expand procurement infrastructure to eastern, central, and southern states where agricultural potential remains underutilised. Establishing more procurement centres, village-level aggregation points, and decentralised godowns can ensure that farmers outside Punjab and Haryana also benefit from MSP. States like Bihar and Odisha, with large agrarian populations, require urgent institutional strengthening to operationalise MSP effectively.

2. Promote Crop Diversification Through MSP-Based Incentive

A reformed MSP policy must shift away from an overreliance on wheat and rice. Providing higher MSP increments for pulses, oilseeds, millets, and climate-resilient crops can encourage diversification. Procurement targets should be revised annually, and government agencies should focus more on crops essential for nutritional security. Strengthening the procurement of millets under the International Year of Millets initiative can simultaneously address nutrition goals and reduce ecological stress.

3. Integrate Sustainability and Climate-Resilience into MSP Policy

Given the ecological degradation associated with the current MSP model, sustainability must be built into the framework. Introducing **sustainability-linked MSP bonuses** for farmers who adopt water-saving technologies (like DSR), organic methods, or biodiversity-friendly farming practices can reduce environmental stress. States overexploiting groundwater should gradually transition from paddy procurement to more sustainable crops.

4. Improve Market Infrastructure and Strengthen Mandis

The demand for legalised MSP arises largely from the absence of functional markets. Strengthening the APMC system, modernising mandis, ensuring transparent auctions, providing real-time digital price information, and preventing trader cartels can improve price realisation for farmers even outside government procurement. The integration of e-NAM with physical mandis must be deepened to create a unified and competitive national market.

5. Explore MSP Alternatives: Price Deficiency Payments and FPO-Led Marketing

International experiences show that price deficiency payment schemes (PDPS) can reduce physical procurement while still compensating farmers. India's experiment with the Bhavantar scheme, despite its flaws, offers valuable lessons. A revised PDPS, backed by strong digital verification and direct benefit transfer (DBT) systems, can provide price support without distorting markets or generating excess stocks. FPOs should be empowered with credit, infrastructure, and market linkages to negotiate better prices on behalf of farmers.

6. Enhance Transparency in MSP Calculation and CACP Methodology

Many farmer groups demand MSP based on the comprehensive cost of cultivation (C2). Even if the government continues with A2+FL-based calculations, transparency in the methodology, cost components, and assumptions used by CACP must be improved. This will reduce mistrust between farmers and policymakers and ensure more informed policy debates.

7. Align MSP with Nutritional Security Goals

Food security today is not merely about filling grain warehouses but ensuring balanced nutrition. MSP and procurement policies must support crops that address protein gaps, micronutrient deficiencies, and the nutritional requirements of children and women. Public distribution under NFSA can gradually shift toward more diversified food baskets.

Conclusion

In sum, MSP remains indispensable for millions of farmers and for India's food economy. But its rigid, procurement-heavy, cereal-centric design has outlived the conditions under which it was created. A reformed MSP—more inclusive, diversified, transparent, climate-responsive, and market-linked—is essential for building a food-secure India that meets the aspirations of both producers and consumers. The path forward is not to abandon MSP but to transform it into a modern and resilient instrument of agrarian and food policy capable of addressing 21st-century challenges.

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