

News

Economic Survey: Govt using MSP as a signal to encourage crop diversification

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Along with Central funds, the government is also encouraging the Crop Diversification Programme (CDP) through the price policy

The Economic Survey released on Monday highlighted that the incentive structure provided under the MSP regime leading to variation in return over cost across crops has bearing on crop diversification.



The government is keen on crop diversification to promote sustainable agriculture, reduction in import dependence, and higher income for the farmers. The Committee on Doubling Farmers Income has already suggested that shifting some areas from staple cereals to high-value produce can lead to a sizable increase in the returns for farmers.

Government has through the MSP regime been providing a price signal for crop diversification towards the production of oilseed and the differential

remuneration is aimed at encouraging crop diversification.

Experts have raised concerns over excessive use of water and fertilizers in some States leading to the deterioration of soil health. “The existing cropping pattern is skewed towards the cultivation of sugarcane, paddy, and wheat which has led to the depletion of fresh groundwater resources at an alarming rate in many parts of our country” the Economic Survey mentioned.

Focus on original green revolution States

The government is focusing on the original green revolution States including Punjab, Haryana, and UP. The sub-scheme of Rashtriya Krishi Vikas Yojana (RKVY) is being implemented since 2013-14 in these States to shift areas under paddy cultivation. The government is encouraging farmers in these States to divert towards crops such as oilseeds, pulses, coarse cereals, nutri cereals, cotton, etc, that require less water.

The CDP also focuses on shifting areas under tobacco farming to alternative crops/cropping systems in tobacco growing States like Andhra Pradesh, Bihar, Gujarat, Karnataka, Maharashtra, Odisha, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal.

An amount of ₹ 120 crore as Central Share (₹ 110 crore to CDP in the original Green Revolution States and ₹ 10 crore to CDP for replacing tobacco farming) have been earmarked for implementation of the programme during 2021-22.

More efforts needed

The Economic Survey mentions that crop diversification towards oilseeds, pulses and horticulture needs to be given priority by addressing the core issues of irrigation, investment, credit and markets in their cultivation. “While the government has adopted the use of MSP as a signal to encourage crop diversification, there is also a need for coordinated action from the State governments” the survey mentioned. It added that this will facilitate the shift to high-value and less water consuming crops to enable realization of the objective of doubling farmers’ income in a sustainable way.

Source: <https://www.thehindubusinessline.com/news/economic-surveygovt-using-msp-as-a-signal-to-encourage-crop-diversification/article64959509.ece>