

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Indian Government Hikes Minimum Support Prices for 2023-2024 Summer Crops

**Country:** India

**Post:** New Delhi

**Report Category:** Trade Policy Monitoring, Policy and Program Announcements

**Prepared By:** Mark Rosmann, Agricultural Attaché

**Approved By:** Ronald Verdonk

**Report Highlights:**

On June 7, 2022, the Indian government announced the Minimum Support Prices (MSP) for all kharif (summer sown, autumn harvested) crops for Indian crop year (ICY) 2023/2024. As in previous years, all authorized kharif crops have significant increases in their minimum procurement prices, with paddy rice, moong bean, sesame, and cotton experiencing the largest year-on-year increase. Backed by a strong ICY 2022/23 rabi (autumn sown, spring harvested) crop performance, including wheat and rapeseed-mustard, the government's MSP announcement comes as it looks to increase farmer incomes while boosting export demand in lead up to parliamentary elections in April/May 2024.

## Executive Summary

The Cabinet Committee on Economic Affairs<sup>1</sup> on June 7, 2023, unveiled its annual MSP rates of all authorized *kharif* crops for ICY 2023/24. As in past years, the Indian government increased the MSPs for all fourteen mandated crops. The price hikes represent a 5 percent average increase from the previous crop year (Table 1) and are intended to encourage crop diversification and ensure farmer incomes.

**Table 1. Indian Government MSP for Kharif Crops**

Commodity	Net Increase	Minimum Support Price (Indian Rupees/quintal [100 kg])			
		2023/24	2022/23	2021/22	2020/21
Paddy Rice (Grade A)	143	2203	2060	1960	1888
Sorghum (Hybrid) [Jowar]	210	3180	2970	2738	2620
Pearl Millet (Bajra)	150	2500	2350	2250	2150
Maize (corn)	128	2090	1962	1870	1850
Finger Millet (ragi)	268	3846	3578	3377	3295
Pigeon Pea (tur)	400	7000	6600	6300	6000
Mung Bean	803	8558	7755	7275	7196
Black Gram (urad)	350	6950	6600	6300	6000
Cotton (long staple)	640	7020	6380	6025	5825
Peanut	527	6377	5850	5550	5275
Sunflower Seed	360	4600	6400	6015	5885
Soybean	300	4600	4300	3950	3880
Sesame Seed	805	8635	7380	7307	6855
Niger Seed	447	7734	7287	6930	7287

**Data sources:** Directorate of Economics and Statistics and Directorate of Agricultural Marketing, Government of India.

The price increases align with the government's continued policy to fix the MSP at a level of at least 1.5 times above the All-India weighted average cost of production to ensure high return rates for producers. The government's continual increase of MSPs also is intended to encourage farmers to cultivate greater acreages to increase food supply and boost exports. For paddy rice, the government raised the MSP by 7 percent to Indian rupee 2,203 per quintal (100 kg) (USD \$26.86/quintal), the highest increase since ICY 2018/19 to induce greater production following the applications of various restrictions on rice exports.<sup>2</sup> According to the Indian government, India's kharif crop production for ICY 2022/23 is estimated at 330 million metric tons, a new record.

<sup>1</sup> Charged by Prime Minister Narendra Modi, the main function of the Cabinet Committee on Economic Affairs (CCEA) is to review economic trends on a continuous basis, as well as problems and prospects, with a view to evolving a consistent and integrated economic policy framework for the country.

<sup>2</sup> See USDA GAIN – India: Grain and Feed Annual, [IN2023-0025](#).

Typically, kharif planting decisions are largely affected by the relative prices of MSP-supported crops competing against others in the region, in addition to the favorable prospect of the annual monsoon during the critical June-July planting period. FAS New Delhi (Post) expects continued high acreages of most MSP-supported crops including rice, soybeans, and peanuts, as farmers shift away from cotton and other less remunerative crops.

The full text of the MSP announcement is [accessible here](#).

**Attachments:**

No Attachments.