

## UPSCprep Free Daily Answer Writing Initiative

**Subject:** GS 3

**Syllabus:** Indian Economy and Agriculture

### Questions

Q1. Explain the concept of Minimum Support Price (MSP) and its role in Indian agriculture. Do you think MSP should be abolished? (150 words) 10

Q2. Food processing is an important sunrise industry which can help address the issue of food wastage. Discuss the significance of food processing and the schemes launched by the government to promote it. (150 words) 10

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### Model Structures

**Q1. Explain the concept of Minimum Support Price (MSP) and its role in Indian agriculture. Do you think MSP should be abolished? (10 Marks)**

#### Introduction

- Introduced in the 1960s to overcome India's food deficit, MSP is the minimum price that the government considers remunerative for agricultural production and hence deserves support. In the event of a fall in prices of notified agricultural commodities, the government provides price support by procuring the farm produce at MSP. **(Historical Context) OR**
- MSP is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices. **(General)**
- The minimum support prices are announced by the Government of India at the beginning of the sowing season for certain crops based on the recommendations of the Commission for Agricultural Costs and Prices (CACP).

## Main Body

### Role of MSP in Indian Agriculture

1. Safety net or insurance and higher investments in agriculture and adoption of technology.
2. Protection from fluctuation in global markets and food security is achieved.
3. Alleviation of Rural poverty prevents rural-to-urban migration for jobs.
4. Ensures remunerative income and helps to make informed decisions.
5. Acts as a benchmark for private buyers and counters price volatility of agricultural commodities.
6. Improve economic access to food to people (through procurement and distribution).
7. Crop Diversification: There are slightly higher increases in the MSP for pulses, oilseeds and coarse cereals, which helps in achieving the motive of diversifying crops.
8. Forward Chain: The MSP leads to higher farm profits which encourages farmers to spend more on inputs, technology etc.

### Should MSP be abolished?

1. Given its relevance for farmer welfare and food security, **MSP cannot be abolished without implementing an alternative and robust market-oriented system.**
2. The government should aim for an inclusive agricultural marketing system, where MSP continues to exist as a safety net for farmers, but alongside, more robust and transparent market linkages are created.
3. The NITI Aayog in its Three-Year Action Agenda, suggested a **Price Deficiency Payment System**. Under PDPS, Farmers are compensated for the difference between MSPs (for select crops) and prevailing market prices via subsidy.

### Conclusion

- Policymakers must strive to find a balanced and inclusive approach to agricultural pricing and marketing that ensures farmer welfare, consumer interests, and fiscal sustainability.

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**Q2. Food processing is an important sunrise industry which can help address the issue of food wastage. Discuss the significance of food processing and the schemes launched by the government to promote it. (10 marks)**

### Introduction

- Food processing industry is a labor intensive sector involving value addition, preservation, fermenting and manufacturing of raw ingredients into finished products which enhance shelf life and quality of the final product.

## Main Body

- Food processing involves two processes, viz. manufacturing of raw materials into food and value addition like preservatives which increase durability of product.
- **This industry is significant because**
  - More than 50% of the population is engaged in agriculture and development of this sector can go a long way in **doubling farmers income**.
  - It is a labor intensive industry which means that for a certain investment, it can provide large **employment** opportunities which is ideal for a growing population.
  - Processed food has better shelf life which means **food availability** improves and there is also **enhancement in food quality and nutrition**.
  - There are better returns for processed food and it can also be **exported** as per market demand. This can help improve foreign exchange and also reduce import dependency of processed food.
  - India is the largest producer of many food items but ranks poorly in the global hunger index. Food processing can help address this by **reducing wastage and ensuring that food is made available** to the target population in better quality.
- To ensure these benefits are reaped, the government has launched many **schemes** in the past few years. Some of them are
  - National Mission on Food Processing to decentralize implementation of food processing related schemes.
  - Scheme for cold chains and preservation infrastructure aims to improve shelf life of products before reaching the final consumer.
  - 100% FDI allowed in the Food Processing sector.
  - Mega Food Park scheme which aims to link production areas to processing facilities and markets thus ensuring better value addition and minimizing wastage.
  - Agri Export zones are set up for a better export scenario.

## Conclusion

- India is a growing economy with record production of food grains, fruits and vegetables. This presents an opportunity to not only process food for domestic consumption and address issues of hidden hunger but also to export high quality and valued added products to earn foreign exchange and supplement farmers income.

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