Should Minimum Support Price be legalised?

Demand for Legalizing MSP

Farmers are demanding legalizing MSP (Minimum Support Price) for several reasons:

- **Low and Unstable Prices:** Farmers often receive abysmally low and unpredictable prices for their crops, making it difficult to cover their production costs, pay their debts, and earn a decent living. MSP would act as a safety net, ensuring a minimum guaranteed price for their produce, irrespective of market fluctuations. This would provide them with some financial security and stability.
- **Neglect of Agriculture**: They believe that agriculture, the backbone of the Indian economy, has been chronically neglected by the government, leading to a crisis in the sector. This neglect manifests in various ways, such as inadequate investment in irrigation, lack of access to quality seeds and fertilizers, and poor rural infrastructure. Legalizing MSP would be a step towards addressing these issues and recognizing the importance of agriculture to the nation's well-being.
- **Shift from Food Security to Nutrition Security:** Proponents of legalizing MSP argue that it can help achieve both food security and nutrition security. Food security ensures the availability of sufficient food to feed the population, while nutrition security ensures that people have access to a balanced and nutritious diet. By incentivizing the production of a diverse range of crops, including fruits, vegetables, and pulses, MSP can help address nutritional deficiencies that are prevalent in many parts of India.

Legalizing MSP

Legalizing MSP would mean that the government would be legally obligated to buy crops from farmers at the MSP if market prices fall below that level. This would provide assurance to farmers that they will not face excessive losses even if market prices crash due to factors beyond their control, such as weather fluctuations or overproduction.

However, legalizing MSP also comes with its own set of challenges:

- **Logistical Challenges:** The government would need to establish a robust procurement system with adequate storage facilities and transportation networks to handle the large quantities of crops that could potentially be procured at MSP. This would require significant investment in infrastructure and logistics.
- **Financial Burden:** The cost of procuring all 23 crops at MSP could be very high for the government, especially if market prices fall significantly below the MSP. This could put a strain on the government's budget and potentially lead to fiscal imbalances.

Government Procurement

It is unlikely that the government would be able to procure all 23 crops at MSP due to the following reasons:

- **Logistical Challenges:** As mentioned earlier, managing the storage and transportation of such a large quantity of diverse crops would be a massive logistical undertaking requiring significant resources and infrastructure.
- **Financial Burden:** The cost of procuring all crops at MSP could be prohibitively expensive for the government. The government would have to bear the storage costs until the produce is sold, which could take months or even years depending on the crop. Additionally, there is the risk of spoilage and wastage during storage, further adding to the financial burden.

Therefore, it is more likely that the government would focus on procuring a few key crops, such as rice and wheat, for which it already has established procurement mechanisms. For other crops, the government might explore alternative support mechanisms such as direct income transfers to farmers or market intervention schemes.

C2 and A2+FL Cost Calculation

These methods are used to calculate the cost of production for crops, which is a crucial factor in determining MSPs. However, there are concerns that the current methods do not accurately reflect the true cost of production, leading to low MSPs that do not adequately compensate farmers for their efforts.

- **C2 Cost**: This method considers the actual paid-out cost incurred by farmers, including rent, land revenue, family labor, hired labor costs, input costs (seeds, fertilizers, pesticides, etc.), maintenance costs (for machinery and equipment), and interest on loans.
- **A2+FL Cost:** This method includes the C2 cost plus a fixed markup for profit and risk. This markup is supposed to represent a reasonable return on investment for farmers and compensate them for the risks associated with agriculture, such as weather fluctuations and pest attacks.

Criticisms of the current methods:

- **Underestimation of Costs:** Critics argue that both methods underestimate the true cost of production. They point out that the C2 method often excludes implicit costs such as the value of the farmer's own labor and the opportunity cost of land. Additionally, the A2+FL method is criticized for using an arbitrary fixed markup that may not accurately reflect the actual risks and uncertainties faced by farmers.
- **Regional Variations:** The cost of production can vary from one region to another .

Impact on Inflation and Consumer-Farmer Binary

Impact on Inflation:

Legalizing MSP could potentially lead to higher food prices for consumers in several ways:

- **Increased Procurement Costs**: If the government has to buy and store large quantities of crops at MSP, the associated storage and management costs can be passed on to consumers through higher retail prices.
- **Market Disruptions**: Legalizing MSP might disrupt the normal functioning of agricultural markets, leading to supply shortages and price hikes for certain commodities. This could be because farmers might hold onto their crops in anticipation of higher MSP prices, leading to temporary shortages in the market.
- **Spillover Effects:** An increase in MSP for certain crops could indirectly lead to price increases for other crops as well. This is because farmers might shift their production towards crops with higher MSPs, leading to reduced supply of other crops and consequently, higher prices for consumers.

Consumer-Farmer Binary:

The debate around MSP often creates a false dichotomy between farmers and consumers, portraying them as having opposing interests. Proponents of legalizing MSP argue that it can benefit both groups by:

- **Ensuring Fair Prices:** By providing a safety net for farmers, MSP can help stabilize food prices and prevent them from falling excessively. This can be beneficial for consumers, especially those from low-income households who spend a significant portion of their income on food.
- **Reducing Volatility:** Legalizing MSP can help reduce price volatility in the agricultural markets, which can benefit both farmers and consumers. Farmers are less vulnerable to sudden price drops, and consumers are less likely to face unpredictable fluctuations in food prices.

However, it's important to acknowledge that striking a balance between the interests of farmers and consumers is crucial. While ensuring fair prices for farmers is essential, it shouldn't come at the expense of excessive burdening consumers, especially vulnerable populations.

Failure of Agricultural Market

The current agricultural market system is seen as flawed due to several factors:

- **Weak Mandi System:** The Agricultural Produce Market Committees (APMC) system, which is supposed to regulate agricultural markets and ensure fair prices for farmers, is dysfunctional in many states. This is due to factors like poor infrastructure, lack of transparency, and the presence of powerful intermediaries who exploit farmers.

- **Power of Intermediaries:** Small and marginal farmers often have to sell their produce to middlemen (arthiyas) at low prices due to their lack of bargaining power and limited access to markets. These middlemen often exploit farmers' desperation and limited market knowledge, buying their produce at significantly lower prices than market value.
- **Lack of Market Information:** Many farmers lack access to real-time market information about prices and demand for different crops in various markets. This lack of information makes them vulnerable to exploitation by intermediaries who can easily manipulate them.

These factors contribute to an unequal and exploitative agricultural market system that disadvantages farmers and hinders the overall growth and efficiency of the agricultural sector.

Cooperatives and FPOs as a Solution

Cooperatives:

- **Potential Benefits:** Cooperatives are farmer-owned businesses that can help farmers improve their bargaining power and access better market opportunities. By aggregating their produce and negotiating collectively, cooperatives can secure better prices for their members. Additionally, they can provide other benefits like access to credit, inputs, and storage facilities.
- **Challenges**: Cooperatives have faced challenges in the past, including corruption, mismanagement, and lack of participation from farmers. To be successful, they need to be well-organized, professionally managed, and genuinely represent the interests of their farmer members.

FPOs (Farmer Producer Organizations):

- Similar to cooperatives, **FPOs aim to empower farmers** through collective action. They help farmers pool resources, access better inputs and services, and improve their marketing capabilities.
- **Newer and evolving model**: While FPOs have the potential to address some of the issues faced by farmers, they are a relatively newer model compared to cooperatives. They need support from the government in terms of capacity building, infrastructure development, and creating an enabling regulatory environment.

Both cooperatives and FPOs can play a role in improving the situation for farmers and enhancing the efficiency of the agricultural sector. However, their success relies on several factors, including strong governance, effective management, and active participation from farmers themselves.

Understanding the world of the informal waste picker

Context:

- **International Waste Pickers Day:** Every year on March 1st, the world acknowledges the contributions and struggles of informal waste pickers. This year, the focus is on highlighting their often-forgotten and hyper-marginalized status despite their indispensable role in the waste management ecosystem.

Background:

- **Informal Sector Definition:** The International Labour Organization (ILO) defines the informal sector in waste management as individuals or small and micro-enterprises that operate outside of formal registration and legal frameworks. These workers are not formally recognized or contracted by municipalities or waste management companies.
- **Crucial Yet Invisible Role:** Despite their informality, waste pickers play a critical role in waste management and resource efficiency. They collect, sort, trade, and sometimes even reintroduce discarded materials back into the economy, contributing significantly to recycling efforts.

Status of Informal Waste Pickers:

- **Data Challenges:** Obtaining reliable data on the number of informal waste pickers is difficult due to the informality of their work. However, estimates from the Centre for Science and Environment suggest that globally, the informal waste economy employs between 0.5% and 2% of the urban population.
- **Vulnerable Demographics:** Many waste pickers are among the poorest of the urban poor, facing discrimination and social exclusion. They often include women, children, and the elderly, many of whom may also have disabilities.
- **Hazardous Working Conditions and Health Risks:** Waste pickers typically work long hours (8-10) collecting large quantities of waste (60-90 kg/day). They often lack proper safety equipment and face exposure to hazardous materials, leading to various health issues such as respiratory problems, skin diseases, and regular injuries. Their precarious work situation further adds to their vulnerabilities.

Contribution to Recycling:

- **Significant Waste Collection:** Waste pickers are responsible for collecting a substantial portion of recyclable materials, contributing significantly to resource recovery and waste diversion from landfills.
- **Challenges and Marginalization:** However, private sector involvement in waste management, with its focus on efficiency and cost-cutting, can marginalize waste pickers by:
  - Offering competitive rates to waste generators, making it difficult for pickers to compete.
  - Employing machinery and technology, reducing the need for manual labor.
  - Pushing pickers towards collecting hazardous waste from dumpsites, further worsening their health risks and lowering their social status.

Concerns:

- **Extended Producer Responsibility (EPR)**: While EPR aims to hold producers accountable for the waste they generate, it might unintentionally displace informal waste pickers from the waste management system by:
  - **Redirecting waste** away from the informal sector towards large-scale recycling facilities.
  - **Failing to integrate waste pickers** or their representative organizations into the EPR framework.
- **Exclusion from Policy and Legal Frameworks**: Current policies like the Solid Waste Management Rules 2016 and EPR Guidelines 2022 often exclude waste pickers, neglecting their vital role and failing to address their marginalization and lack of legal protection.

Way Forward:

- **Just Transition in the UN Plastic Treaty:** As the UN negotiates a global plastic treaty, it is crucial to ensure a just transition for informal waste pickers, protecting their livelihoods and integrating them into the formal waste management system.
- **Strengthening EPR with Waste Picker Integration:** Rethinking EPR norms and integrating the knowledge and expertise of waste pickers can strengthen the system and ensure its effectiveness and inclusivity. This could involve:
  - Providing training and support to waste pickers to comply with EPR requirements.
  - Formalizing their roles within the waste management system and recognizing their contribution to recycling.
  - Establishing fair compensation mechanisms for their work.
- **Addressing the Data Gap:** Investing in comprehensive data collection is crucial to understand the scale and impact of the informal waste picking sector and inform policy decisions.

Conclusion:

Informal waste pickers are essential yet invisible actors in the waste management ecosystem. Recognizing their contributions, addressing their vulnerabilities, and integrating them into formal systems are critical steps towards creating a just, sustainable, and inclusive approach to waste management. By acknowledging their expertise and addressing the challenges they face, we can build a more equitable and efficient waste management system for the future.

On cross-voting in Rajya Sabha elections

Context:

- Recent Rajya Sabha elections in Uttar Pradesh, Himachal Pradesh, and Karnataka witnessed cross-voting, raising concerns about election integrity.

Background:

- Rajya Sabha elections, governed by **Article 80 of the Constitution**, involve indirect election of representatives by State Legislative Assembly members.
- Until 1998, elections were typically uncontested; however, cross-voting emerged as an issue after the 1998 Maharashtra elections.

Cross Voting:

- Cross-voting refers to MLAs voting against party directives in Rajya Sabha elections.

Open Ballot System:

- Amendment to the Representation of the People Act, 1951, in 2003 introduced an open ballot system for Rajya Sabha elections.
- MLAs must show their ballot to their party's authorized agent; failure to do so disqualifies the vote.
- Independent MLAs are prohibited from revealing their ballots.

Tenth Schedule:

- Introduced by the 52nd constitutional amendment in 1985, the Tenth Schedule addresses anti-defection.
- Members defying party instructions or voluntarily leaving the party face disqualification.
- Not applicable to Rajya Sabha elections, clarified by the Election Commission in July 2017.
- No party whip for Rajya Sabha elections.

Court Rulings:

- The Supreme Court, in the Kuldip Nayar case (2006), upheld the open ballot system, emphasizing transparency.
- Elected MLAs voting against their party's candidate don't face Tenth Schedule disqualification; disciplinary actions possible.
- The court, in Ravi S. Naik case (1994), clarified voluntary defection is not limited to formal resignation.

Disqualification of Six Congress MLAs:

- The six Congress MLAs in Himachal Pradesh cross-voted, defying party whip and being absent during the Budget passage.
- Disqualified under the Tenth Schedule.

Way Forward:

- Upholding free and fair elections, the court supported the open ballot for Rajya Sabha.
- Instances of cross-voting in the past decade challenge the intended transparency.
- Unlikely for further amendments to counter such unprincipled tactics.
- Supreme Court's observation in the Chandigarh Mayoral election suggests a commitment to preserving democracy.
- Potential suo moto PIL or review of previous cases might address the serious threat of cross-voting.
- Voting against the party in Rajya Sabha elections could lead to Tenth Schedule disqualification, acting as a deterrent.

Prelims Booster

India's leopard population rises to 13,874; M.P. on top

- India's leopard population has increased to 13,874, with Madhya Pradesh having the highest number of leopards at 3,907, followed by Maharashtra, Karnataka, and Tamil Nadu. This marks an 8% rise from 2018 when the population was 12,852.
- The survey covered 20 states and focused on about 70% of the expected leopard habitat, including tiger reserves and protected forest areas. This indicates that a significant portion of the leopard population resides in these areas.
- The population of leopards in the last four years has remained stable, with minimal growth, and is likely impacted by human activities in multiple use areas. This suggests that conservation efforts need to address the impact of human activities on leopard populations.
- The decline in leopard numbers in Uttarakhand is attributed to poaching and man-animal conflict, while other states like Arunachal Pradesh, Assam, and West Bengal have seen a rise in leopard numbers. This highlights the varying conservation challenges across different regions.
- Forest surveyors traveled over 6.4 lakh km to estimate carnivore signs and prey abundance, deploying camera traps at over 32,000 locations and capturing over 47 million photographs. This extensive survey provides valuable data for understanding leopard populations and their habitats.

ZSI names a newly discovered sea slug after President Murmu

The Zoological Survey of India (ZSI) has named a new marine species of head-shield sea slug with a ruby red spot, discovered from the West Bengal and Odisha coast, after President of India Droupadi Murmu.

The newly discovered species, Melanochlamys droupadi, was found in Digha on the West Bengal coast and Udaipur on the Odisha coast, and is characterized by a short, blunt, and cylindrical body with a smooth dorsal surface and two dorsal shields.

The species was confirmed through examination of morphological, anatomical, and molecular characteristics, and is a small invertebrate with a maximum length of up to 7 mm, brownish black in color with a ruby red spot in the hind end.

Melanochlamys droupadi is normally found crawling on the intertidal zone, leaving crawl marks behind them in the sandy beaches, and their reproduction apparently occurs between November and January.

According to ZSI researchers, live Melanochlamys droupadi animals continuously secrete transparent mucus to form a sheath that prevents sand grains from entering parapodial space, and they crawl beneath smooth sand to form a moving capsule where the body is rarely visible.

January core sector growth slows to 15-month low, output at 10-month high

Output growth in India's eight core sectors dropped to a 15-month low of 3.6% in January, driven by a contraction in fertilizer and refinery production along with base effects from 2023 when the core sectors had grown 9.7% in the same month.

However, in absolute terms, overall output levels were at a 10-month high, with production rising sequentially for the second straight month and 2.2% above the December 2023 levels. Fertilizer production shrank 0.6% in January, the first decline since February 2022.

The Commerce and Industry Ministry upgraded the growth rate for December 2023 to 4.9% from the 14-month low of 3.8% estimated earlier. The Index of Core Industries (ICI) constitutes a little more than 40% of the Index of Industrial Production (IIP).

Refinery products, with a 28% weightage in the ICI, dropped 4.3% in January, marking their first contraction in nine months, while electricity generation, with a 20% weightage, recovered from a mere 1.2% uptick in December to rise 5.2% in January.

Cement and steel output growth, reflective of capex, were 7% and 5.6%, respectively, despite high base effects, indicating a mixed performance in the core sectors.

Tata to build India's first fab as Cabinet approves ₹1.25 lakh cr. of chip facilities

The Union Cabinet approved three semiconductor proposals totaling ₹1,25,600 crore, with Tata Electronics Pvt. Ltd. and Tata Semiconductor Assembly and Test Pvt. Ltd. set to build facilities at Dholera and Morigaon in Gujarat, and Morigaon in Assam.

The Dholera facility will be India's first full-fledged fabrication unit with the capacity to produce 50,000 'wafer starts' per month, marking a significant milestone in India's efforts to kick-start a semiconductor ecosystem.

Powerchip Semiconductor Manufacturing Corporation (PSMC) of Taiwan will be the technology partner for the fab unit, reflecting growing pressures on global electronics supply chains to diversify away from China.

The Dholera unit will produce high-performance compute chips with 28 nanometre technology and chips for power management, catering to domestic demand and also exporting chips.

The facilities are expected to create 20,000 direct jobs and 60,000 indirect jobs, contributing to the growth of the semiconductor industry in India.