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# Reforming Agrarian India: MSP, Farmer Debt, and Legal Pathways to a Self-Reliant Rural Economy

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VENKATESH PRAMOD GAIKWAD<sup>1</sup>

## ABSTRACT

*India is an agrarian economy where more than 50% of the population is dominated by agriculture. India is an agrarian economy where more than 50% of the population is dominated by agriculture. India's vision of Atmanirbhar Gramin Bharat is mostly seen in the form of Minimum Support Price. The M.S. Swaminathan's Commission initially discussed MSP and its importance for the wellbeing of the farmers of the nation due to the rising number of farmer suicides in the country in 2004. While MSP is intended to ensure fair prices for farmers, there remains a persistent mismatch between state-proposed and centrally-approved prices of MSP. This has left many farmers selling below the actual cost of the crop. This paper, through a socio-legal study of Maharashtra explores how the current system of Minimum Support Price (MSP) which is designed to safeguard rural incomes has become a source of agrarian distress. While state governments propose MSPs based on real costs and fair profit margins, central approvals often fall far short, which raises many concerns for the farmers. This gap between policy and price reality pushes farmers into debt, which leads to loss of land through Non-Performing Assets, and has contributed to alarming suicide rates. The paper particularly studies regions like Vidarbha and Marathwada where alarming suicides have occurred due to this pertaining issue. The lack of enforceable MSP laws and the absence of institutional redressal mechanisms undermine rural sustainability. The study proposes legal and policy reforms to ensure pricing justice, reduce farmer dependency, and enable true rural self-reliance. It shall be the vision of India for building a sustainable, self-reliant rural Bharat rooted in justice, dignity, and human values.*

## I. INTRODUCTION

Agricultural policy in India has long promised minimum support prices (MSPs) as a safety net for farmers.<sup>2</sup> MSPs are announced annually for 23 crops, ostensibly to ensure farmers can sell

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<sup>2</sup> Aditya, K. S., Subash, S. P., Praveen, K. V., Nithyashree, M. L., Bhuvana, N., & Sharma, A., *Awareness about Minimum Support Price and Its Impact on Diversification Decision of Farmers in India*, 4 Asia & Pac. Pol'y Stud. (2017).

at least at that price.<sup>3</sup> In practice, however, the MSP mechanism lacks legal enforceability and covers only limited procurement (largely rice and wheat). M.S. Swaminathan's Commission famously recommended  $MSP = \text{cost of production} + 50\% \text{ profit}$ , but central MSPs typically use a narrower cost base (A2+FL) and neglect the full C2 cost.<sup>4</sup> Many states (notably Maharashtra) demand higher MSPs based on realistic costs, but the Centre often approves much lower prices. This state-central MSP mismatch is central to agrarian distress in Maharashtra, which is India's most suicide-afflicted farming state. The existing data projects how this price gap causes farmer losses, debt, NPAs, and suicides, within India's legal framework. However, a fundamental contradiction emerges when examining the practical application of the MSP system. Despite its foundational role in the vision of rural self-reliance, the current MSP mechanism has, in many instances, become a primary catalyst for agrarian distress rather than a safeguard against it.<sup>1</sup> When farmers are consistently forced to sell their produce at prices below their actual cost of cultivation, the very economic foundation of their self-reliance is eroded. This persistent challenge directly undermines the national objective of a self-reliant rural India, revealing a critical disconnect between policy aspirations and the lived economic realities of millions of farmers. The systemic failures within the MSP framework thus pose a significant impediment to achieving the broader national development goals.

The origins of India's agricultural price policy are rooted in the severe food shortages and famines that plagued the nation in the 1960s, notably the Bihar famine of 1966–1967.<sup>2</sup> In response to this pressing need for increased food production, the Jha Committee on Foodgrain Prices laid the groundwork for a structured agricultural pricing strategy in 1964.<sup>2</sup> This initiative led to the establishment of the Agricultural Prices Commission (APC) in January 1965, which promptly recommended the first Minimum Support Prices for paddy in August of the same year, marking a pivotal moment in India's agricultural policy.<sup>2</sup> The APC was later reconstituted as the Commission for Agricultural Costs and Prices (CACPC) in March 1985, with an expanded mandate to ensure a balanced and integrated price structure across various crops.<sup>2</sup> Subsequent reports, such as the S.R. Sen Committee's 1980 "Cost of Cultivation" and the C.H. Hanumantha Rao report in 1990, further refined the methodologies for assessing agricultural costs and pricing.<sup>2</sup>

Initially conceived as a strategic tool to incentivize increased productivity during the Green

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<sup>3</sup> Suyash Tiwari, *MSP and Public Procurement*, THE PRS BLOG (Dec. 9, 2020), <https://prsindia.org/theprsblog/msp-and-public-procurement>. last accessed 10th June 2025

<sup>4</sup> National Commission on Farmers, *Swaminathan Report: National Commission on Farmers* (Reports 2004-2006), PRS Legislative Research, <https://prsindia.org/policy/report-summaries/swaminathan-report-national-commission-farmers>.

Revolution, MSP's role underwent a significant transformation by the early 2000s. As the agricultural sector faced escalating distress, marked by a disturbing rise in farmer suicides, MSP began to be viewed less as a mere production incentive and more as a crucial market intervention and income support mechanism for farmers.<sup>1</sup> This shift in the perceived purpose of MSP underscores a growing recognition that market forces alone were insufficient to guarantee profitable and sustainable livelihoods for farmers, even with increased productivity. The National Commission on Farmers (NCF), chaired by M.S. Swaminathan, critically examined this agrarian crisis. In its seminal 2006 report, the Commission made a landmark recommendation: MSP should be set at "cost of production (C<sub>2</sub>) + 50% profit" to genuinely ensure the economic well-being and dignity of farmers.<sup>1</sup> This recommendation aimed to provide a remunerative price that covered all costs, including imputed values, and offered a fair profit margin, thereby addressing the deep-seated issues of farmer profitability and distress.

Recent developments in MSP policy include the Shanta Kumar Committee Report of 2015, which advocated for enhanced price support for pulses and oilseeds and emphasized the need for MSPs to be competitive with import prices.<sup>2</sup> In 2018, the Union Finance Minister announced a policy to fix MSP for Kharif crops at 50% more than the production cost.<sup>2</sup> More recently, the widespread farmers' protests of 2020–2021 brought the demand for a legal guarantee for MSP to the forefront of national discourse, highlighting the persistent calls for greater price security for farmers.<sup>2</sup> The core objectives of MSP remain to ensure a definite income for farmers, prevent distress sales, promote adequate crop production, bolster national food security, and maintain stability in agricultural prices.<sup>5</sup>

## II. LEGAL FRAMEWORK

### A. MSP Determination:

The Commission for Agricultural Costs & Prices (CACP) advises MSP based on input costs.<sup>6</sup>

1. **A<sub>2</sub> (Actual Paid-out Costs):** This is the most fundamental and narrowest measure of production cost. It encompasses all direct, out-of-pocket expenses that a farmer incurs in cash and kind for cultivating a specific crop. These include tangible expenditures such as the cost of purchasing seeds, fertilizers, pesticides, hired labor, fuel for farm machinery, and irrigation charges.<sup>1</sup> Essentially, A<sub>2</sub> represents the explicit, verifiable monetary outlays made by the

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<sup>5</sup> Annu Gahlawat & Rajendra Prasad Meena, An Analysis of the Minimum Support Price in India: A Systematic Literature Review, 11 J. Research in Agric. & Anim. Sci. 1 (2024). Available at *Journal of Research in Agriculture and Animal Science*, Volume 11, Issue 12, pp. 1–6; DOI 10.35629/9459-11120106

<sup>6</sup> Comm'n for Agric. Costs & Prices, *Commission for Agricultural Costs & Prices (CACP)*, Dep't of Agric. & Farmers Welfare, Ministry of Agric. & Farmers Welfare, Gov't of India, <https://cacp.da.gov.in/Default.aspx> (last visited June 11, 2025).

farmer.

**2. A2+FL (Actual Paid-out Costs + Imputed Value of Family Labor):** Building upon A2, this cost concept adds an imputed value for the labor contributed by the farmer's own family members. In Indian agriculture, family labor constitutes a significant, yet often unmonetized, input. By including an imputed value for this unpaid family labor, A2+FL aims to provide a more realistic assessment of the direct and indirect human effort invested in cultivation.<sup>1</sup> This acknowledges that even if no cash is paid, the family's time and effort represent a real economic cost.

**3. C2 (Comprehensive Costs):** This is the most exhaustive and holistic cost concept, designed to capture the full economic cost of production. C2 includes all components of A2+FL and further incorporates the imputed rental value of owned land and the imputed interest on owned fixed capital assets (OFCA), such as farm machinery or buildings.<sup>1</sup> The inclusion of rental value for owned land accounts for the opportunity cost—the income the farmer could have earned by leasing out their land instead of cultivating it themselves. Similarly, imputed interest on owned capital accounts for the potential returns if that capital were invested elsewhere. C2, therefore, represents the true economic cost, including both explicit and implicit costs, and provides a more accurate picture of the farmer's overall investment in the crop.

The National Commission on Farmers (NCF), chaired by M.S. Swaminathan, made a landmark recommendation in 2006, proposing that the Minimum Support Price (MSP) should be set at "C2 plus 50% profit". The core rationale behind this recommendation was to ensure that farmers not only recovered all their comprehensive costs, including the opportunity costs of their land and capital, but also received a remunerative price that provided a reasonable profit margin. This approach aimed to make farming a truly viable and sustainable livelihood, addressing the deep-seated issues of agrarian distress and farmer suicides.<sup>7</sup>

However, the Indian government has historically and predominantly fixed MSP based on the lower A2+FL formula, rather than the more comprehensive C2.<sup>1</sup> While the Union Budget for 2018-19 announced a policy to set MSP at least 1.5 times the All-India weighted average cost of production, this calculation has largely been applied to the A2+FL cost.<sup>2</sup> This divergence between the recommended comprehensive cost and the implemented cost base is a significant point of contention and a primary driver of farmer dissatisfaction.

This means that MSP often does not cover the actual full cost of farming, leaving farmers with

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<sup>7</sup> Rahul Kumar, A Policy Mechanism for Agricultural Stability, *J. Institutional & Regulatory Research* 20 (Sept. 2024)

little or no profit.<sup>8</sup> Thus, the Centre's MSP formula often leaves no real profit for the farmers at large which is the reason it is difficult for the farmers to sustain.<sup>9</sup>

### **B. Essential Commodities Act, 1955:**

This impugned legislation empowers the Centre to regulate “production, supply, distribution...of essential commodities” and to *control prices*. For instance, Section 3(2)(c) allows fixing the maximum sale price, and 3(2)(f) enables requisitioning farmers' produce.<sup>10</sup> In practice, however, ECA orders have focused on stock limits and exports. The 2020 amendments narrowed ECA powers, restricting intervention to crises (war, famine, price spikes).<sup>11</sup> Thus while ECA could be a tool to enforce MSP (or limit predatory imports), its use has not guaranteed remunerative farm prices.

### **C. Agricultural Produce Market Committee Acts:**

State Agricultural Produce Market Committee (APMC) Acts are designed to govern the functioning of regulated agricultural markets, commonly known as 'mandis,' across India. The primary objective of these acts is to safeguard farmers from exploitation by intermediaries and ensure fair trade practices by providing a structured and regulated environment for the sale of agricultural produce. However, a significant limitation of the existing APMC framework is that it does not explicitly guarantee the Minimum Support Price (MSP) for farmers' produce. While APMCs aim to facilitate transactions, they do not inherently ensure that farmers receive the declared MSP, particularly when market prices fall below this threshold.

A significant challenge within the APMC system is the frequent dominance of powerful trader lobbies within these regulated markets. This concentration of power can lead to price manipulation and the suppression of competitive bidding, effectively hindering farmers from realizing remunerative prices for their produce. The now-repealed central farm laws of 2020 sought to create a parallel trading ecosystem outside the traditional APMC mandis, aiming to provide farmers with alternative selling channels and potentially better prices.<sup>24</sup> However, these proposed reforms were met with widespread apprehension among farmers. There was a strong concern that such deregulation would incentivize large agribusinesses to bypass the APMC system entirely, thereby exposing farmers to an unregulated marketing environment devoid of

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<sup>8</sup> Supra 6

<sup>9</sup> Shagun, *MSP calculations still continue with old formula & not on comprehensive cost*, DOWN TO EARTH (Oct. 19, 2023, 7:15 AM), <https://www.downtoearth.org.in/agriculture/msp-calculations-still-continue-with-old-formula-not-on-comprehensive-cost-92402> (last visited June 11, 2025).

<sup>10</sup> Essential Commodities Act, 1955, No. 10, Acts of Parliament, 1955, § 3(2)(c) (India).

<sup>11</sup> P.D.T. Achary & Ashish Sharma, *Comparison of the 2020 Central Farm Laws with the Amendments Proposed by States*, THE PRS BLOG (Nov. 16, 2020, 10:14 AM), <https://prsindia.org/theprsblog/comparison-of-the-2020-central-farm-laws-with-the-amendments-proposed-by-states> (last visited June 11, 2025).

even the limited protections offered by the mandi system. This fear, stemming from the potential for greater corporate control and reduced bargaining power, was a major catalyst for the extensive farmer protests. This situation illustrates a dilemma where farmers are caught between an imperfectly regulated market (APMCs) that often fails to ensure fair prices and the perceived risks of a completely unregulated market that could lead to even greater exploitation.

#### **D. Constitutional Provisions**

State APMC Acts govern mandi markets, but they do not guarantee MSP. Absence of MSP definition in law means courts have little to enforce. The constitution guarantees livelihood (Article 21), but without explicit MSP rights, farmers cannot litigate.<sup>12</sup> In short, policy promises MSP support, but law offers no guaranteed remedy when MSP falls short. In the context of agriculture, which supports the livelihoods of approximately 50% of India's population, the right to livelihood under Article 21 holds immense significance. Farmers are particularly vulnerable to unpredictable factors such as extreme weather, crop failures, and market price volatility, all of which directly threaten their income and ability to sustain themselves. While Article 21 broadly guarantees the right to a dignified life and livelihood, the absence of explicit legal provisions defining MSP as a fundamental right or an enforceable entitlement leaves farmers in a precarious position. Without such explicit rights, farmers currently lack the legal standing to directly litigate for pricing justice when market prices fall below MSP or when procurement mechanisms fail. This gap means that despite constitutional guarantees for livelihood, the policy promises of MSP support often lack a guaranteed legal remedy, leaving farmers' economic security vulnerable and their fundamental rights potentially unrealized in practice.<sup>13</sup>

#### **E. Absence of Explicit MSP Laws in India**

A deficiency in India's agricultural policy framework is the absence of a direct, legally binding Minimum Support Price (MSP) law. While MSPs are announced annually for 23 crops, and the government aims to ensure farmers can sell at least at this price, the mechanism largely operates as a policy promise rather than a legally enforceable right.

The current system means that MSP is not mandatory for purchases by private traders or companies; it primarily serves as a reference price for government procurement agencies. That, when market prices fall below the announced MSP, private buyers are not legally obligated to

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<sup>12</sup> INDIA CONST. art. 21.

<sup>13</sup> Circle of Rights, Justiciability of ESC Rights – the Indian Experience, in *Circle of Rights: Economic, Social and Cultural Rights Activism: A Training Resource – International Human Rights Internship Program & Asian Forum for Human Rights and Development* (Univ. of Minn. Hum. Rts. Library), available at *Is the Non-Justiciability of Economic and Socio-Cultural Rights ... the Indian Experience*, Univ. of Minnesota Human Rts. Resource Centre (HrLib., 2019) (module), available at <http://hrlibrary.umn.edu/edumat/IHRIP/circle/justiciability.htm> .

adhere to it, often leading to farmers being forced into distress sales at unremunerative rates.<sup>1</sup> This situation renders the terms "minimum" and "support" meaningless in practice, as farmers are left without a guaranteed floor price for their produce.<sup>1</sup>

The implications of this legal void are far-reaching. Without explicit MSP rights enshrined in law, farmers cannot seek institutional redressal mechanisms or litigate effectively when they are exploited by unfair pricing practices or when government procurement falls short.<sup>1</sup> This creates a significant power imbalance between farmers and market intermediaries, exacerbating farmer vulnerability to price volatility and exploitation.<sup>7</sup> The absence of a legal guarantee also contributes to the ambiguity surrounding MSP, making it a target of incessant debates regarding its adequacy in assuring farmers a guaranteed income and the overall welfare of agricultural markets.<sup>42</sup> While states like Punjab and Rajasthan have attempted to pass bills to prohibit sales below MSP, these legislative efforts have faced challenges and are still awaiting assent, highlighting the complexities of legalizing MSP at the state level. The demand for a legal guarantee for MSP has intensified during recent farmer protests, underscoring the deep-seated desire among farmers for assured income stability and a clear legal framework to protect their livelihoods.

### III. ECONOMIC IMPACT OF THE MISMATCH OF MSP

There exists ample evidence which documents the divergence between the estimated calculated MSP by the state and the actual amount approved by the centre. The Following Table 1 (below) illustrates this gap for 2013–14 in. For every crop listed, Maharashtra's proposed MSP was far higher than the Centre's MSP. For example, in 2013–14 Maharashtra sought ₹2,609/qlt for rice versus the central MSP of ₹1,310file-hp7pukzncjosg58qhuiznd. Cotton MSP disparity was even starker: ₹7,135 vs ₹3,700. On average, central MSPs ran 30–40% below actual costs.<sup>14</sup>

Crop	Maharashtra Proposed MSP (2013–14)	Central MSP (2013–14)
Rice	₹2,609	₹1,310
Jawar (sorghum)	₹2,244	₹1,500
Bajra (millet)	₹2,363	₹1,310
Toor (pigeon pea)	₹4,546	₹4,300

<sup>14</sup> See Ajay Talhar, KRUSHI KALYAN: Rashtra Kalyan, Justice Equity and Prosperity p no. 30 (2015)

Crop	Maharashtra Proposed MSP (2013–14)	Central MSP (2013–14)
Groundnut	₹5,268	₹3,900
Cotton	₹7,135	₹3,700
Wheat	₹2,308	₹1,350

**Table 1: MSP proposed by Maharashtra vs. MSP announced by Centre (2013–14)**

The declared MSP often fell below farmers' production cost which led to a loss in their agricultural production. That, the government's response is that farmers can sell above MSP as disingenuous, since open-market prices are suppressed by imports or gluts. That, the farmers were exploited as input costs rose while MSP "remained far behind", contributing to suicides. In Maharashtra markets, average farmgate prices have indeed traded well below MSP. For instance, in Dec 2024 average jowar prices at Jalna were ₹2,456 vs MSP ₹3,371 (a ₹915 loss), and soybean prices in Oct–Dec 2024 were ~₹4,076–4,148 vs MSP ₹4,892. In short, the MSP often functions as a *ceiling* rather than a *floor*.<sup>15</sup>

When MSP is less than the actual cost, farmers are left with no other choice but to sell their yield at a loss and they are forced to borrow from financial institutions to cover inputs. Over time this leads to mounting debt.<sup>16</sup> Indeed, by FY2018 farm loan defaults in India hit ₹83,153 crore (38% increase).<sup>17</sup> While not all defaults are due to MSP, economists agree that inadequate prices are a root cause. This chronic unprofitability has driven rural migration.<sup>18</sup> Those unable to find alternative livelihoods face extreme distress.

#### IV. AGRARIAN DISTRESS AND FARMER SUICIDES

The human cost of MSP failure is starkly evident in Maharashtra's suicide statistics. Table 2 compiles data on farmer suicides (1995–2013). After rising through the late 1990s, suicides in Maharashtra peaked in 2006 at 4,453. Although the annual count dipped somewhat in the 2010s, it remains severe. According to NCRB data, Maharashtra recorded 3,786 farmer suicides in

<sup>15</sup> P. Chidambaram, *Why guaranteeing MSP is essential for farmers and India*, INDIAN EXPRESS (Dec. 10, 2023, 10:14 AM), <https://indianexpress.com/article/opinion/columns/why-guaranteeing-msp-is-essential-for-farmers-and-india-9744404/> (last visited 12<sup>th</sup> June 2025.)

<sup>16</sup> S. Aggarwal & P. Mittal, *Non-Performing Asset: Comparative Position of Public and Private Sector Banks in India*, 2 Int'l J. Bus. & Mgmt. Tomorrow (2012).

<sup>17</sup> Ministry of Finance, Government of India, *Economic Survey 2020-21* 608 (2021).

<sup>18</sup> Çağlar Özden & Frederic Docquier, *Rural-Urban Migration in Developing Countries: Lessons from the Literature* (World Bank, Policy Research Working Paper No. 9210, 2020), <https://documents1.worldbank.org/curated/en/251941620915451700/pdf/Rural-Urban-Migration-in-Developing-Countries-Lessons-from-the-Literature.pdf>. (last visited 12<sup>th</sup> June 2025.)

2012 (about 26% of all Indian farmer suicides), and 3,146 in 2013. These alarming figures reflect cumulative policy failures.<sup>19</sup>

Year	Farmer Suicides
2004	4,147
2005	3,926
2006	4,453
2007	4,238
2008	3,802
2009	2,872
2010	3,141
2011	3,337
2012	3,786
2013	3,146

Table 2: Farmer suicides in Maharashtra (1995–2013)<sup>20</sup>

In the last decade, distress has persisted. A recent study of NCRB 2022 data notes that Maharashtra led the nation with 4,248 agricultural suicides (including laborers), accounting for 38% of India’s farm suicides that year.<sup>21</sup> Agricultural Debt, crop failure, and market price collapse are the top reasons cited by families of deceased farmers. As a civil-society report concludes, hunger for legal protection and price justice fuels this crisis. “*If the government does not act when market price is below MSP, the words ‘minimum’ and ‘support’ become meaningless*”.<sup>22</sup> In Maharashtra’s most affected regions (e.g. Vidarbha), every tenth farmer killed himself on average over a decade. These figures starkly link MSP shortfall and debt

<sup>19</sup> Paul E. Norrod, Wayne T. Sanderson, Erin L. Abner, Jacqueline Seals & Steve Browning, *Farmer Suicides Among States Reporting Violent Deaths, 2003 – 2017*, 47 Rural Ment. Health 139 (2023).

<sup>20</sup> See Ajay Talhar, KRUSHI KALYAN: Rashtra Kalyan, Justice Equity and Prosperity p no. 36 (2015)

<sup>21</sup> Down To Earth Staff, *One farmer/farm labourer dies by suicide every hour in India: NCRB data*, DOWN TO EARTH (Dec. 4, 2023, 1:30 PM), <https://www.downtoearth.org.in/agriculture/one-farmer-farm-labourer-dies-by-suicide-every-hour-in-india-ncrb-data-93184> (last visited 12th June 2025.)

<sup>22</sup> Yogendra Yadav, *Farmers' demand for a legal guarantee for MSP is the bare minimum*, INDIAN EXPRESS (Jan. 7, 2025, 7:05 AM), <https://indianexpress.com/article/opinion/columns/yogendra-yadav-writes-farmers-demand-for-a-legal-guarantee-for-msp-is-the-bare-minimum-9763689/>. (last visited 12th June 2025.)

pressure to agrarian suicides.<sup>23</sup>

The underlying causes of these suicides are complex and multi-faceted, often stemming from a confluence of economic, environmental, and social factors. The most frequently cited reasons include:

1. **Debt Burden:** This is a pervasive factor, with farmers often resorting to borrowing from informal moneylenders at exorbitant interest rates (30-40%) due to difficulties in accessing institutional credit.<sup>45</sup> The burden of repaying these high-interest loans, especially when coupled with poor harvests or low prices, becomes unbearable.
2. **Crop Failure:** Erratic rainfall patterns, including searing droughts and unseasonal or excessive rains, consistently lead to crop losses.<sup>44</sup> Maharashtra's Marathwada region, for instance, is particularly vulnerable to drought.<sup>45</sup> Climate change is increasingly recognized as a significant exacerbating factor, with rising temperatures directly linked to increased suicide rates during growing seasons due to reduced crop yields.
3. **Market Price Collapse:** Even when crops are successful, farmers often face situations where market prices fall well below their production costs, forcing them into distress sales. The production cost for cotton, for example, can range between ₹6,500 and ₹7,000 per quintal, while market prices may hover around ₹6,800, making it challenging for farmers to even break even.
4. **Increased Input Costs:** The costs of essential agricultural inputs such as seeds, fertilizers, and pesticides have significantly increased, further squeezing farmer margins.
5. **Social and Personal Factors:** Beyond economic pressures, social and personal factors contribute to the crisis. These include expenses for medical emergencies, daughters' weddings, and other family responsibilities, which often push young men on marginal farms into deeper debt. Issues like alcohol influence and gambling can also exacerbate financial woes. The immense psychological burden, coupled with societal stigma associated with debt and failure, can drive individuals to extreme measures.<sup>24</sup>

## V. RECOMMENDATIONS

To break this cycle, both policy and legal reforms are needed:

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<sup>23</sup> PARI Staff, *Maharashtra crosses 60,000 farm suicides*, RURAL INDIA ONLINE (Nov. 28, 2017), <https://ruralindiaonline.org/article/maharashtra-crosses-60000-farm-suicides>. (last visited 12th June 2025.)

<sup>24</sup> Srijit Mishra, *Suicide of Farmers in Maharashtra* (Background Paper submitted to the Government of Maharashtra, Indira Gandhi Inst. of Dev. Research, Mumbai, Jan. 26, 2006).

1. Implementing a robust legal framework guaranteeing Minimum Support Price (MSP) as a fundamental farmer entitlement for all agricultural produce. This law should obligate the state to ensure farmers consistently receive this remunerative price, whether through expanded procurement operations, direct market intervention, or effective deficit financing mechanisms. Furthermore, the MSP calculation should be comprehensively based on C2 costs plus a fixed profit margin, such as the recommended 50%, to genuinely ensure farmer welfare and economic stability.
2. To establish an Agricultural Price Tribunal, utilizing legal provisions to address food and agricultural price disputes and so as to unfair pricing practices or instances of non-procurement of their produce.
3. To reform the enforcement mechanisms of the Essential Commodities, Act to proactively stabilize prices during periods of distress. This includes temporarily imposing stock limits or export controls when domestic prices fall below MSP, and conversely, avoiding imports of crops when local farmers are struggling to cover their costs.
4. To implement immediate debt relief and comprehensive credit reform for farmers. In the short term, this involves writing off or restructuring loans that have become Non-Performing Assets due to market failures, and linking loan recovery to actual farm profit through "harvester-friendly" contract models.
5. To develop and extend robust procurement infrastructure to cover more crops and regions. Government marketing agencies should be mandated to purchase crops where MSP demand is unmet, and states should expand agricultural markets or introduce mobile procurement units to ensure even remote farmers can sell their produce at MSP.
6. To constitute a state-level expert commission, akin to the central Commission for Agricultural Costs and Prices (CACP), to periodically assess whether MSPs accurately cover actual production costs. The findings of this commission should directly inform and influence MSP fixation to prevent cost shortfalls, particularly those arising from the use of unrealistically low labour rates in cost estimations.

## **VI. CONCLUSION**

The agrarian distress in India epitomized by chronic farmer indebtedness and suicides cannot be separated from the failures of MSP policy and its enforcement. The state and central governments together have allowed a persistent price gap. To avert further tragedy, India must

transform MSP from a marketing slogan into a legal right. Establishing Agricultural Produce Price Tribunals (as per Article 323B), enforcing MSP based on full cost, and protecting farmers' loans against losses would start to align policy with justice. Only by creating strong institutional assurances not just ad-hoc waivers can India bring its farming community back from the brink of despair.

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