

FROM PADDY TO PULSES: IS INDIA'S MSP SIGNAL CHANGING?

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1. Introduction

For several decades, India's agricultural policy has emphasised cereals, especially paddy and wheat. This focus has contributed to improving domestic food security, following the Green Revolution. Later, regular procurement, the existing system of public distribution, the expansion of irrigation and support for inputs all served to boost cereal production in various areas. The same production system is now giving rise to increasing concerns regarding resource sustainability. In regions where paddy and wheat rotation is the main cropping pattern, intensive groundwater extraction through pumping, nutrient imbalances, and a decline in resource-use efficiency have become major issues for policymakers. At the same time, India must still meet a significant domestic demand for pulses and edible oils. Crop diversification, therefore, involves more than just asking farmers to change the crops they grow. Since farmers take into account expected returns, production risk, market access, the terms of procurement, and the availability of storage and processing facilities, MSP is only one element of this incentive structure and can therefore serve as a starting point for assessing whether the relative price environment has changed. When official MSP data are compared over a period of more than five decades, the policy situation has changed a great deal; in recent years, several pulses, oilseeds, and nutri-cereals have had considerably greater nominal increases in their MSP than traditional cereal crops.

2. From Ensuring Food Supply to Promoting Diversification

• The Green Revolution Era

In the mid-1970s, agricultural price policy was closely linked to an increase in foodgrain production; in the marketing season of 1975-76, paddy and coarse cereals were supported at about ₹74 per quintal, while wheat received a support price of ₹105 per quintal. According to historical government records, gram had a minimum support price of ₹95 in 1976-77, and tur and moong joined the minimum support price scheme at prices of ₹155 and ₹165 respectively in 1978-79. A policy structure was then developed to ensure foodgrain availability in central pool procurement through the Food Corporation of India (FCI) and state agencies. Wheat and paddy became two of the most important foodgrain crops central pool procurement.

• The 1990s and 2000s

In the decades that followed, the minimum support prices for most major crops increased by policymakers by taking into account changes in cost of production. Nevertheless, the effectiveness of a minimum support price depends not just on the announced price but also on whether farmers have reasonable access to procurement. It is important to make this distinction when considering crop diversification. Although a farmer might receive a higher announced MSP for a pulse or oilseed, if procurement is geographically restricted, the crop still carries more market risk than one with existing procurement arrangements.

3. The realignment of the structure, 2014-15 to 2026-27

The period from 2014 to 2015 offers a particularly useful point of comparison; official figures indicate considerable rises in MSP for cereals, pulses, oilseeds and nutri-cereals, although the extent of these increases varies greatly between crops.

Table 1: Commodity group wise comparative growth of MSPs, 2014-15 – 2026-27

Crop Group	Crop	MSP 2014-15 (₹/q)	MSP 2026-27 (₹/q)	Absolute Increase (₹/q)	Percentage Increase
Cereals	Paddy (Common)	1,360	2,441	1,081	79.50%
	Wheat	1,450	2,585	1,135	78.30%
	Maise	1,310	2,410	1,100	84.00%
	Ragi	1,550	5,205	3,655	235.80%
Pulses	Tur (Arhar)	4,350	8,450	4,100	94.30%
	Gram	3,175	5,875	2,700	85.00%
	Masur (Lentil)	3,075	7,000	3,925	127.60%
Oilseeds	Rapeseed/Mustard	3,100	6,200	3,100	100.00%
	Sesamum	4,600	10,346	5,746	124.90%
	Soyabean (Yellow)	2,560	5,708	3,148	123.00%

Source: Ministry of Agriculture and Farmers' Welfare, Government of India; the Commission for Agricultural Costs and Prices; and the historical MSP data.

Note: The figures for 2014-15 are taken from the official government records, whereas those for 2026-27 are based on the most recent approved MSPs.

In the first place, several types of pulses and oilseeds have shown a faster rate of nominal MSP growth than the main foodgrains; Masur rose by 127.6%, Sesamum by 124.9%, Soyabean by 123.0%, and Rapeseed/Mustard by 100.0%. This is a much higher increase than the 79.5% for Paddy (Common) and the 78.3% for wheat. Furthermore, nutri-cereals have seen significant price increases. The MSP for ragi has risen from ₹1,550 to ₹5,205 per quintal, which is an increase of 235.8%. This demonstrates the growing policy focus on millets due to their nutritional value and climate resilience. Third, a higher minimum support price does not necessarily result in higher returns at the farm level. The minimum support price is a nominal price signal, and the economic benefit to farmers will depend on cost of production, the probability of securing the minimum support price, transaction costs, and the availability of buyers.

4. Price Signals Against Market Reality

Prices for pulses and oilseeds have increased. The key question is whether farmers can consistently receive these prices.

4.1. Procurement Access

It is especially important to have a central pool procurement system. Although the system for procuring paddy and wheat is well established, procurement varies from state to state. For pulses and oilseeds, government procurement has been increased through mechanisms such as the Price Support Scheme under PM-AASHA. Recent government decisions show this expansion. In June 2026, the government agreed to carry out, on a large scale, the procurement of pulses and oilseeds under the Price Support Scheme for the states of Gujarat, Tamil Nadu, Uttar Pradesh, and Haryana. Although such interventions can enhance the credibility of the MSP as a price floor, their effectiveness will depend on the geographical coverage, the timing of the procurement and the farmers' ability to reach the designated procurement centres.

4.2. The risks involved in production and yield

Farmers also weigh up the expected returns rather than looking just at the minimum support price. Crops such as pulses and oilseeds are subject to considerable comparative yield from different crops and production risks due to variations in rainfall and pest and disease outbreaks. As a result, a higher minimum support price does not necessarily offset the greater yield uncertainty associated with such a crop. Price incentives should therefore be supplemented by crop insurance, improved seed varieties, extension services and access to inputs at the right time.

4.3. The processing and local markets

Another limitation concerns the availability of post-harvest infrastructure. For paddy and wheat, there are well-developed systems covering procurement, storage and milling. Similarly, pulses and oilseeds need comparable local systems which include aggregation, grading, storage and processing. A farmer who lives a long way from a dal mill or an oilseed processor might have to pay higher transport and transaction costs, which in turn lowers the price he receives at the farm gate.

5. Translating Minimum Support Price Signals into Crop Diversification

Four policy measures can facilitate the translation of Minimum Support Price (MSP) signals into tangible crop diversification. First, Farmer Producer Organisations (FPOs) should be systematically integrated into procurement networks for pulses, oilseeds, and millets. FPOs can facilitate aggregation, quality testing, storage, processing, and coordination with government procurement agencies. Second, farmers transitioning from cereal-based systems to alternative crops often encounter transition costs and increased production risks. Targeted incentives, especially in regions experiencing groundwater stress, can mitigate these initial risks and promote the adoption of water-efficient crops. Third, the Agriculture Infrastructure Fund and related programmes should be leveraged to enhance village-level infrastructure for grading, storage, and primary processing of pulses and oilseeds. Local processing reduces transaction costs and enables farmers and producer organisations to capture a greater share of value beyond the farm gate. Finally, demand-side interventions are essential. Expanding the inclusion of appropriate pulses and millets in government nutrition initiatives, such as PM POSHAN and state-level food programmes, can generate more stable institutional demand. These measures would complement, rather than replace, procurement-based price support.

6. Conclusion

Over the longer term, the MSP record shows a significant shift in the nominal price incentives available to Indian farmers: from 2014-15 to 2026-27, many pulses and oilseeds saw much larger increases in their MSPs than paddy and wheat, and ragi saw a particularly large increase. The evidence does not show that MSP policy alone will result in crop diversification. Farmers are concerned with expected net returns, accounting for both production and market risks, rather than the MSP announced in isolation. The next phase of agricultural price policy should therefore focus on strengthening the mechanism that transmits the announced price into actual farm-gate returns, since decentralised procurement, aggregation through Farmer Producer Organisations, crop-risk management, local processing, and institutional demand can make higher minimum support prices more credible as incentives for diversification. India's problem is therefore not merely altering the price signal, but establishing the market institutions that enable farmers to respond to it.

FROM PADDY TO PULSES

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2014-15 → 2026-27 | Nominal MSP growth

Masur
+127.6%

Mustard
+100.0%

Ragi
+235.8%



PROCUREMENT
Assured MSP procurement
builds confidence.



RISK MANAGEMENT
Better insurance and
risk protection.



MARKETS & VALUE
Stronger markets, processing
and value addition.

Price signals matter —
procurement, risk & markets matter too.