

## CORPORATE OFFICE

### Delhi Office

706 Ground Floor Dr. Mukherjee  
Nagar Near Batra Cinema Delhi -  
110009

### Noida Office

Basement C-32 Noida Sector-2  
Uttar Pradesh 201301

# CURRENT AFFAIRS

**Date:** 17 February 2024

## FARMERS' PROTEST FOR MINIMUM SUPPORT PRICE (MSP)

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS OF "MINIMUM SUPPORT PRICE". THIS TOPIC IS RELEVANT IN THE "AGRICULTURE AND INDIAN ECONOMY" SECTION OF THE UPSC CSE EXAM.

### WHY IN THE NEWS?

A prominent demand of the farmers protesting in Delhi is the passage of legislation to ensure minimum support prices (MSP) for all crops, as proposed by the Dr M S Swaminathan Commission.

### WHAT ARE THE DEMANDS OF FARMERS?

- **Granting Legal Standing to MSP:** The introduction of legislation to confer obligatory legal status to Minimum Support Price (MSP) in accordance with the recommendations put forth by the MS Swaminathan Commission.
- **Debt Relief:** Complete forgiveness of debts for farmers and labourers;
- **Implementation of the Land Acquisition Act of 2013:** Including provisions necessitating written consent from farmers prior to acquisition and compensation at a rate four times the collector rate;
- **Exit from WTO:** Advocating for India's withdrawal from the World Trade Organization (WTO) and a cessation of all free trade agreements;
- **Pension Assistance:** Provision of pensions for both farmers and farm labourers;
- **Employment under MGNREGA:** Amplifying the employment tenure under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to 200 days annually (as opposed to 100), with a daily wage of Rs 700, and interlinking the scheme with agricultural activities.

### WHAT IS THE MINIMUM SUPPORT PRICE?

- MSP is a **form of governmental intervention**, crafted to safeguard farmers from significant declines in the pricing of their produce and to help them prevent financial losses.
- The Indian government establishes MSP for **24 different commodities** biannually, with the aim of shielding farmers from price drops during favourable crop years. When the market price falls below the declared MSP, the government commits to purchasing the entire quantity from

farmers at the MSP, serving as a protective measure. This strategy encourages agricultural production, ensuring a consistent supply of essential food grains in India.

- MSPs not only establish a benchmark for prices in the specified commodities but also **influence pricing in alternative crops**. A genuine MSP involves government intervention whenever market prices dip below a predetermined level, particularly in instances of surplus production, oversupply, or price collapses influenced by global factors.
- Beyond its role in stabilizing prices, MSP serves as an incentive for the cultivation of various crops crucial for nutritional security. This includes coarse cereals, pulses, and edible oils, where India relies on imports, emphasizing the multifaceted utility of the MSP mechanism.

### HOW IS THE MINIMUM SUPPORT PRICE (MSP) CALCULATED?

- The determination of the **Minimum Support Price (MSP)** involves the **consideration of both explicit and implicit costs** borne by farmers. Explicit costs encompass expenditures such as chemicals, fertilizers, seeds, and hired labour, while implicit costs include factors like family labour and rent. These variables are denoted as **A2, FL, and C2**.
- **A2 signifies the costs associated with inputs** like chemicals, fertilizers, seeds, and hired labour for the growth, production, and maintenance of crops.
- **A2 + FL** encompasses both actual and implicit costs, incorporating family labour. C2 comprises A2 + FL along with fixed capital assets and rent paid by farmers.
- In addition, the **Commission for Agricultural Costs and Prices (CACP)** takes various other factors into account:
  1. Crop costs and cultivation costs per hectare vary by region.
  2. Cost of production per quintal and regional disparities.
  3. Market prices of relevant crops and their variations.
  4. Other production and labour costs, along with associated fluctuations.
  5. Prices of commodities bought or sold by farmers and any price fluctuations.
  6. Information on product supply, such as area, imports, yield, exports, production, and stockpiles, is shared with governmental authorities or industries.
  7. Demand information across regions, encompassing total and per capita consumption, trends in the processing industry, and capacity.

### REASONS BEHIND NO LEGALISATION OF MSP TILL NOW

Several challenges have hindered the government's willingness to provide a legal guarantee to the Minimum Support Price (MSP). These issues include:

- **Heavy Subsidy:** The current MSP system places a significant subsidy burden on the government, leading to an escalation in the fiscal deficit within the annual budget.
- **Challenges in Foodgrain Management:** The government lacks the necessary physical resources to procure, store, and market large quantities of produce. This limitation arises when there are no buyers willing to pay the MSP, creating difficulties in effective foodgrain management.
- **Consistent Increase in MSPs:** The continual rise in MSPs results in overflowing Food Corporation of India (FCI) godowns. Additionally, the elevated MSP makes it challenging for the FCI to sell its stocks in the international market at a profitable rate.
- **Sale Outside APMC:** The majority of the sales for crops covered under MSP do not occur within Agricultural Produce Marketing Committees (APMCs). Consequently, there is no recorded

information on the purchasers or seller farmers involved in these transactions. Ensuring MSP for such transactions becomes impractical, especially when small and marginal farmers sell their produce to village traders operating outside the purview of APMCs.

### **PRELIMS PRACTICE QUESTIONS**

**Q1. What does A2 + FL represent in the calculation of MSP?**

- A. Actual costs only
- B. Implicit costs only
- C. Both actual and implicit costs
- D. Fixed capital assets only

**ANSWER: C**

**Q2. Consider the following statements: (UPSC Prelims-2020)**

1. In the case of all cereals, pulses and oil seeds, the procurement at Minimum Support Price (MSP) is unlimited in any State/UT of India.
2. In the case of cereals and pulses, the MSP is fixed in any State/UT at a level to which the market price will never rise.

**Which of the statements given above is/are correct?**

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

**ANSWER: D**

### **MAINS PRACTICE QUESTION**

**Q1. Discuss the role of Minimum Support Price (MSP) and subsidies in agriculture. How do these mechanisms influence farmers' decisions, crop choices, and overall agricultural practices?**

**Q2. Examine the environmental implications of the subsidies provided in agriculture, particularly in the context of water usage, pesticide application, and land management.**

**Himanshu Mishra**

## **PUBLIC HEALTH AND ESSENTIAL MEDICINES IN INDIA: NEED FOR NEW RESEARCH**

**SOURCE - THE HINDU AND PIB.**

**GENERAL STUDIES - PUBLIC HEALTH CARE SERVICES, ESSENTIAL MEDICINES, DEVELOPMENT FINANCE INSTITUTE, HEALTH EXPENDITURE, NATIONAL MEDICAL POLICY, PRIMARY HEALTH CARE, RATIONAL DRUG USE.**

## WHY IN THE NEWS ?



- Recently a free trade agreement has been signed between India and the European Free Trade Association (EFTA).
- **The Central Government is headed by the Chairman of the 15th Finance Commission, N. Of. Singh had presented his recommendations for creating a dedicated Development Financial Institution (DFI) to invest in the health care sector.**
- One bone of contention in the free trade agreement between India and the European Free Trade Association (EFTA) is related to intellectual property rights, which has been an issue since 2008.
- Switzerland and Norway, which are key members of EFTA, also have many pharmaceutical and biotechnology companies from India underpinning the health care sector globally.
- The nature of the pharmaceutical industry is such that it costs a lot of money to discover a useful effective drug and it costs relatively little to make generic copies. Its demand is much higher than its capacity. As a result, there are constant disputes between inventors and generic drugs.
- Companies. Patenting, or reciprocal rights granting to originators an exclusive monopoly for a certain number of years and issuing directives leading to 'compulsory licensing' by governments, has led to such monopolies being maintained by global pharma in the interest of the public health industry for decades.
- New legal innovations such as data exclusivity continue to insert themselves into free trade negotiations. Under this provision, all clinical-trial data that relates to the safety and efficacy of the drug generated by the originator firm becomes proprietary and off limits for a period of at least six years.
- Permission to make a generic drug is possible only if a country's regulator can rely on the clinical trial data supplied to approve a drug. For this, generic manufacturers usually rely on the originator's published data.

## INTRODUCTION TO PRIMARY HEALTH CARE :

- Primary health care health and well-being in society, which is based on the needs and priorities of individuals, families and communities. It addresses more comprehensive determinants of health and focuses on the broader and interrelated aspects of physical, mental and social health and well-being.
- It provides holistic care for health needs throughout life and not just for specific diseases. Primary health care involves the treatment, rehabilitation and palliative care of individuals as best they can, taking into account the daily needs of the individual and the wider environment.



- Primary health care is rooted in a commitment to justice and equity and recognition of the fundamental right to the highest attainable standard of health.
- According to Article 25 of the Universal Declaration on Human Rights –“Everyone has the right to an adequate standard of living for himself and his family, including food, clothing, housing and medical care and essential social services”
- Primary health care is often considered an important component of human development, taking into account economic, social and political aspects. Which is also called selective primary health care.

### **MEANING OF PUBLIC HEALTH CARE BY WORLD HEALTH ORGANIZATION:**

The World Health Organization has given a comprehensive definition of public health care based on three components. Which are as follows –

1. Meeting the health needs of people through comprehensive promotive, preventive, curative, rehabilitative and palliative care throughout a person’s life, with primary care strategically placed as central components of integrated health services. To prioritize vital health care services through and through public health actions targeted at families and populations.
2. Systematically addressing the broad determinants of health through evidence-informed public policies and actions across all sectors, including health services at the social, economic, environmental and behavioral levels of individuals. And
3. As advocates of policies that promote and protect individual and public health and well-being, as co-developers of health and social services, and as caregivers and providers of care to others to maximize health This includes empowering individuals, families and communities.

### **IMPORTANCE OF PRIMARY HEALTH CARE IN PUBLIC HEALTH SYSTEM :**



**Modernizing primary health care and placing it at the center of efforts to improve health and well-being is extremely important for the following three reasons :**

- Primary health care needs to respond to rapid economic, technological and population changes that affect the health and well-being of all. Drawing on the broad spectrum of primary health care, it examines and modifies policies to address the social, economic, environmental and occupational determinants of health and well-being. Treating people and communities as key actors in producing their own health and well-being is vital to understanding and responding to the complexities of our changing world.
- Primary health care has proven to be a highly effective and efficient approach to address the major causes and threats to health and well-being today, as well as to handle emerging challenges that threaten health and well-being in the future.

- Investing in public health has also proven to be a good value investment, as there is evidence that quality primary health care reduces total health care services costs and increases efficiency by reducing the rate of hospitalization of individuals.
- Addressing increasingly complex health problems requires a multidisciplinary approach, integrating health-promoting and preventive policies.
- Public health solutions that impact human communities and health services that are people-centered. Primary health care includes important components of health care, and is essential in improving health security and preventing health threats such as epidemics and antimicrobial resistance, through community engagement and education, prudential assessment, and necessary public health actions, such as: This is possible only through supervision.
- Developing community and public health care systems contributes to health sector sustainability, which is important for the health system to withstand shocks.
- Public health services and stronger primary health care are critical to achieving the Sustainable Development Goals and universal health coverage. It will contribute to the achievement of other goals beyond the Health Goals (SDG-3), including reducing poverty, hunger, gender equality, clean water and security, work and economic growth, inequality and climate risks.

### **WORLD HEALTH ORGANIZATION'S RESPONSE TO PUBLIC HEALTH CARE:**

**The World Health Organization recognizes the central role of primary health care in achieving health and well-being for all. WHO works closely with both developed and developing countries of the world for the following reasons:**

1. The World Health Organization recognizes the central role of primary health care in achieving health and well-being for all. WHO works with other countries to:
2. To enable countries to develop inclusive policies, country leadership based on primary health care and health systems that work to achieve the Sustainable Development Goals and universal health coverage.
3. Addressing widespread inequity and the determinants of health through multi-sector work. Key Takeaways
4. Primary health care covers most of the health needs across the lifespan, including prevention, treatment, rehabilitation and palliative care.
5. At least half the world's 730 million people do not receive full coverage of essential health services.
6. Of the 30 countries for which data are available, only 8 spend more than \$40 per American per year on primary health care.
7. A workforce qualified for the purpose is essential to deliver primary health care, yet the world has an estimated shortfall of approximately 190 million health workers.

### **ARGUMENTS IN FAVOR OF TRANSFERRING 'HEALTH' TO THE CONCURRENT LIST:**

**Increase in responsibility of the Centre:** Moving health to the concurrent list will give the Center more scope to implement regulatory changes, provide better healthcare and strengthen the responsibilities of all parties.

**Rationalization and Simplification of Acts:** The health sector has a plethora of acts, rules and regulations and rapidly growing institutions, yet the sector is not properly regulated. Uniformity in functioning can be ensured by transferring health to the concurrent list.

**Centre's Expertise:** The central government is technologically superior to the states in the health sector as it is supported by a number of research bodies and departments dedicated to the management of public health. States, on the other hand, do not have the technical expertise to independently design comprehensive public health policies.

### **ARGUMENTS AGAINST TRANSFERRING 'HEALTH' TO THE CONCURRENT LIST :**

**Right to Health :** It is neither necessary nor sufficient to guarantee the provision of accessible, affordable and adequate health care to all. The right to health is already provided through Article 21 of the Constitution which guarantees protection of life and liberty.

**Challenges of Federal Structure :** Transferring more subjects from the State List to the Union List will weaken the federal nature of India. Trust Co-operative Federalism: The Center has to use its powers in such a way that it helps the states in fulfilling their constitutional obligations like providing adequate, accessible and affordable health care to all.

**More responsibility at the Centre :** The Center already has more responsibilities, which it struggles to deal with. Taking on more responsibilities will help neither the states nor the Center discharge their constitutional responsibilities.

**Encouraging States :** 41% of the taxes collected by the state go to the central government. The Center should encourage the states to discharge the expected responsibilities, at the same time the Center should also focus on fulfilling its responsibilities by using its own resources.



### **CONCLUSION/SOLUTION:**



- Even though health is a subject in the state list, the states should accept the Centre's constructive cooperation on it.

- NITI Aayog's health index, financial assistance through insurance-based programs (Ayushman Bharat), better regulatory environment for healthcare providers and medical education are examples that can nudge states in the right direction.
- Public health and sanitary hospitals and dispensaries are listed in the State List of the Seventh Schedule of the Constitution of India.
- State List – It contains the subjects under which the state can make laws.
- The principle of data exclusivity exists in agreements involving European countries as well as many developing countries. Had it been effective in India, it could have significantly disrupted the Indian pharmaceutical industry.
- India is also a major exporter of affordable medicines.
- Indian officials have rejected data exclusivity as a negotiating point in the FTA, although a leaked draft of the agreement suggests it is still on the table or in existence.
- India's rise in the drug manufacturing chain over the past few decades means it must invest in an ecosystem that can conduct clinical drug trials and create new clinical treatment systems in the health sector.
- The development of generic medicines in public healthcare will always be expensive and limited to Western countries or European countries.
- India also has a great need for new and sustainable research in public health services. Because India saw the development of several innovative technology approaches to develop vaccines during the COVID-19 pandemic.
- As a preparation for any future pandemic, India should invest significantly in fundamental research to develop the local pharmaceutical industry in the future. So that India can become a self-reliant country regarding generic medicines and public health services.

### **PRACTICE QUESTIONS FOR PRELIMINARY EXAM :**

#### **Q.1. Health care in India comes under which list of the Constitution?**

- (A) It is listed in the State List of the Seventh Schedule of the Constitution of India.
- (B) It is listed in the Concurrent List of the Eleventh Schedule of the Constitution of India.
- (C) It is listed in the Union List of the Ninth Schedule of the Constitution of India.
- (D) It is listed under the Fundamental Duties under the Preamble of the Constitution of India.

**Answer – A**

#### **Explanation :**

- There are mainly three lists in the Constitution of India. They are – State List, Concurrent List and Union List.
- State List – It contains those subjects under which only the concerned State Government can make laws.
- Public health and sanitary hospitals and dispensaries are listed in the State List of the Seventh Schedule of the Constitution of India. **Hence option A is the correct answer.**

### **PRACTICE QUESTIONS FOR MAIN EXAM:**

#### **Q.1. Highlighting the shortcomings in public health services in India, explain why there is a need to invest more in developing generic drugs and new research methods in public health services in India?**

**Akhilesh Kumar Shrivastava**