



JUTE MSP: ECONOMY

NEWS: Cabinet raises raw jute MSP by 6% to ₹5,650/per quintal

WHAT'S IN THE NEWS?

The Cabinet has approved an increase in the **Minimum Support Price (MSP)** of raw jute to ₹5,650 per quintal for the 2025-26 season, aiming to provide fair compensation to farmers and ensure their income security. Additionally, the government is implementing initiatives under the **National Jute Development Program (NJDP)** to promote sustainable jute cultivation, innovation, and market diversification.

1. What is Minimum Support Price (MSP)?

- **Definition:** MSP is the assured price at which the government procures agricultural produce from farmers to protect them against market price fluctuations.
- **Purpose:**
 - **Price Stability:** Ensures farmers receive fair compensation regardless of market volatility.
 - **Income Security:** Safeguards farmers' incomes and shields them from production cost uncertainties.
 - **Encourages Crop Cultivation:** Provides incentives for farmers to grow specific crops, contributing to food security and industrial needs.
- **Crops Covered:**
 - MSP is fixed for **22 crops**, divided into:
 - **Kharif Crops:** Paddy, jowar, bajra, ragi, maize, tur, moong, urad, groundnut, sunflower seed, soybean, sesamum, nigerseed, and cotton.
 - **Rabi Crops:** Wheat, barley, gram, masur, rapeseed, mustard, and safflower.
 - **Other Crops:** Copra (milling and ball) and raw jute.
- **Setting MSP:**
 - The **Commission for Agricultural Costs & Prices (CACP)** recommends MSP annually after evaluating:
 - Cost of production.
 - Demand-supply dynamics.
 - Market trends and international prices.



- Inputs from state governments and relevant central ministries are considered.

MINIMUM SUPPORT PRICES (MSP) OF Raw Jute for Marketing season 2025-26

CABINET DECISION - 22-01-2025

- Cabinet approves MSP of Raw Jute for Marketing season 2025-26 at **Rs.5,650/- per quintal**
- This ensures return of **66.8%** over all India weighted average cost of production
- This price is an increase of **₹ 315/- per quintal** over previous Marketing season 2024-25
- Government has increased MSP of Raw jute from ₹ 2400 per quintal in 2014-15 to **₹ 5,650 per quintal** in 2025-26, registering a **2.35 times increase**

2. Government's Efforts for Jute Sector Development

Jute Packaging Material Act, 1987

- Ensures mandatory use of jute for packaging commodities:
 - **100% reservation** for food grains.
 - **20% reservation** for sugar.
- Promotes eco-friendly packaging and reduces reliance on synthetic alternatives like plastics.

National Jute Development Program (NJDP)

A government umbrella scheme (2021-22 to 2025-26) that aims to boost jute cultivation, processing, and market expansion. The NJDP includes the following sub-schemes:

1. **Improved Cultivation and Advanced Retting Exercise (Jute ICARE):**
 - Encourages scientific jute farming methods for better productivity.
 - Improves retting practices to enhance the fiber quality of raw jute.
2. **Jute Resource cum Production Centre (JRCPC):**
 - Trains artisans and promotes diversification of jute products to meet modern consumer demands.
3. **Jute Raw Material Bank (JRMB):**



- Supplies raw jute to MSMEs and artisans at mill-gate prices to reduce production costs for Jute Diversified Products (JDPs).
4. **Jute Design Resource Centre (JDRC):**
 - Develops innovative, market-worthy designs for jute products.
 - Assists exporters and manufacturers in upgrading their product portfolio.
 5. **Production Linked Incentive (PLI) Scheme:**
 - Supports jute mills and MSMEs in manufacturing and exporting JDPs.
 - Aims to make Indian jute products globally competitive.
 6. **Market Development Activities:**
 - **Jute Mark Logo:** Certifies quality of jute diversified products.
 - **Awareness Campaigns:** Promotes the use of jute in domestic and international markets.

Jute Corporation of India (JCI)

- **Founded:** 1971 as a government-owned price support agency.
- **Objective:** Ensures procurement of raw jute from farmers at MSP to protect their livelihoods.
- **Social Mission:**
 - Not focused on profit-making but on safeguarding the interests of over 4 million jute farming families.
 - Addresses challenges like fluctuating jute prices and market demand.

3. Impact of the Increased MSP on Raw Jute

- **Farmer Welfare:** The increase in MSP to ₹5,650 per quintal provides better income stability for jute farmers.
- **Boost to Jute Cultivation:** Encourages farmers to grow more jute, reducing dependency on synthetic fibers for packaging.
- **Sustainability Promotion:** Aligns with India's commitment to eco-friendly practices by promoting biodegradable and renewable materials like jute.
- **Industrial Growth:** Strengthens the jute manufacturing sector and supports MSMEs engaged in jute production.

Source: <https://www.thehindu.com/news/national/cabinet-raises-raw-jute-msp-by-6-to-5650per-quintal/article69127168.ece>