

# MINIMUM SUPPORT PRICES AND REALITY OF AGRICULTURAL ECONOMY IN INDIA

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**Abstract :** In this article, the researchers have analyzed farmers' awareness about Minimum Support Price (MSP) and its impact on diversification of crops grown in India with special reference to Maharashtra. We used nationally representative data collected. The data revealed that only 23.72 and 20.04 per cent of farmers in the rural agricultural households in India are aware of MSP of crops grown by them in kharif and rabi season, respectively. From the results, it is inferred that MSP needs to be backed up by effective procurement coupled with awareness creation by extension system to enable more number of farmers to take benefit of this safety net. We have also explored the relationship between farmers' awareness about MSP and decision to go for crop specialization. The study shows that farmers' knowledge of MSP had not led to specialization. And there is a need to implement the policy effectively by the side of government.

## INTRODUCTION

In India, the issue of agricultural price policy and its prices has been a burning issue for years. The rationale behind this is that India's agricultural price policy and prices needs to be better enabled to overcome the persistent drought, barrenness, lack of new research, falling prices of agricultural commodities, climate change, farmer suicides.

Ideal agricultural price policy is required to protect the interests of farmers / producers, consumers, lending institutions, marketing intermediaries, traders and exporters as well as for balanced development of the country's economy. The price policy on agricultural commodities should encourage farmers to invest more in agribusiness and protect the interests of consumers. Farmers will try to modernize their business by investing more in agriculture only if the prices of agricultural commodities are affordable to the farmers. Just as the prices of agricultural commodities need to be affordable to the farmers, those prices need to be in the interest of the consumers. Otherwise, if food prices continue to rise, the cost of living will rise,

the level of wages will rise, and consequently the cost of production of all commodities will rise and the prices of all commodities will rise, creating a cycle of inflation in the economy. In a country like India, about 70% of the total expenditure is spent on food. Therefore, food prices play an important role in such a country. (Acharya & Agrawal 1994) That is why it is important to have a proper agricultural price policy in terms of agriculture and industrial development and for the welfare of the people of the country.

## REVIEW OF LITERATURE

The Indian economy is still dependent on agriculture. Because agriculture still generates 58% of employment, it accounts for 18% of the national income. Therefore, there is a close relationship between agriculture and national income.

According to Thoms & Foot (1952) explains the nature of the value of human activity. Every stage of financial affairs is related to price. Agricultural prices play an important role in agricultural development. According to

Parthasarthy&Mudahar (1976), food prices are the key factor in increasing food production. Changes in prices also affect growth in agriculture, changes in resources and overall growth of the economy. Acharya and Agrawal (1994) explained that agricultural prices are important to the government.

According to Satish Chandra (1985), agricultural prices are subject to change for various reasons. Agricultural prices are affected by climate fluctuations. Changes in supply and demand mainly reflect reactions in agricultural production. So agriculture is not only a gamble on rain but also a gamble on price. Mellor (1968) explained that agricultural prices indicate the need for the government to invest in roads, research, and basic technological changes in agriculture. According to Shing (1983), farmers plan long-term agribusiness through agricultural pricing. To invest in long term farming, a farmer needs to know the value. Agricultural machinery, land development and irrigation construction are long term investments. It is also important to know the price of which crops to produce and how to manage them.

According to SanjeevRao (1995), the level of employment and income in the economy depends on the price level of agricultural commodities. Farmers' standard of living depends on agricultural prices. When agricultural prices rise, farmers sell large quantities of agricultural produce. If there is a large marketable surplus, then foreign exchange is earned by exporting agriculture to the international market.

### **AGRICULTURAL PRICE POLICY IN INDIA**

In the pre-independence period, the government used to intervene to control the rise in food prices. The government imposed restrictions on wheat prices in Punjab in December 1941, with effect from 1942. Accordingly, licenses were issued for the business of food grains. The department was tasked with supplying more food grains to the region. Later, there was a famine in Bengal. Since then, there has been a growing demand for the government to pay more attention to the food sector. In July 1943, the government appointed a committee under the chairmanship of Sir Theodore Gregori to suggest measures to reduce

the fluctuations in food prices. Agriculture Sub-Committee was appointed under the chairmanship of Krishnamachari (1944) to control the prices of agricultural products.

At the time of independence, there was a shortage of food in the country. Prices of almost all grains had gone up. Attempts were made at that time to control food prices. But that price has not been monitored. So his demand was gaining momentum. The Agricultural Production Rate Inquiry Committee was set up in November 1953 under the chairmanship of P. N. Thapar. It was expected that the committee would work out a solution to the problem of fixing the rate of agricultural production and to set up a uniform system everywhere.

Agricultural production rates declined during 1954-55. Due to which fluctuations in agricultural production rates were brought to the notice of all. In 1954, Agricultural Production Fluctuation Monitoring Committee was set up under the chairmanship of M. V. Krishnappa. The committee suggested measures to bridge the gap in inter-state agricultural production rates. Considering the problem of food prices, a committee was set up in July 1957 under the chairmanship of Ashok Mehta for food management and pricing. The purpose of the committee was to find out the reasons for the rise in food prices and suggest measures to reduce it. Food grain price fixing committee was appointed under the chairmanship of Jha (1964). The committee directed the permanent government to fix the rates of food grains.

The Food Policy Committee was set up in 1966 to take into account the fluctuations in food prices. After that the process of giving basic price to agricultural commodities moved forward. Accordingly, there was a need to fix the cost of agricultural produce.

The Government established the Technical Standing Committee in 1967 under the chairmanship of Ashok Mitra. The committee was expected to jointly study the expenditure incurred for various agricultural products and collect information from different regions. Accordingly, a committee was set up in 1970-71 to survey the expenditure required for major agricultural products. Initially, the committee

had set a target of four states for the study. Later it reached 12 states. The main objective of the implementing agencies, namely State Agricultural Universities or Agricultural Research Institutes, is to study the expenditure incurred on major agricultural products and submit it to the Agricultural Prices Commission.

In 1979, the government decided to increase the cost of production of major agricultural commodities. The committee was formed under the chairmanship of S. R. Sen. the committee classified the cost of agricultural production into six areas. He also suggested that the cost of production index for the last three years should be considered to determine the cost of production. A committee was constituted in 1990 under the chairmanship of C. H. Hanumantrao to determine the cost of production. He considered in his report the actual expenditure and the internal expenditure. He also said that A1, A2, B1, B2, C1 and C2 should be included in the list of agricultural commodities and the cost of production should be determined accordingly.

The Government of India has announced the Agricultural Policy 2000 on July 28, 2000 for the development of agriculture. The main objectives of that policy; (1) to increase the growth rate of agriculture by more than 4% per annum, (2) to make structural changes and make necessary improvements, (3) to make efficient use of resources, (4) to make agriculture market-driven, (5) to benefit all farmers To see if they can get it.

The National Commission on Farmers was established in November 2004 under the chairmanship of M.S. Swaminathan. A total of 5 reports were submitted. The final report was submitted in December 2004, August 2005, December 2005, April 2006, and October 2006. The main objective of this commission was Faster and more inclusive growth. The Swaminathan Commission was divided into nine sections. These include land reform, irrigation, agricultural productivity, credit policy and insurance, food security, farmer prevention, farmer competitiveness, job creation and biological resources. Such various organs are recommended by Swaminathan.

Swaminathan, in his 2006 report on minimum base prices, recommended that the

minimum base prices of crops should be fixed by adding the total cost of production (C2) + 50% of expected profit. According to Swaminathan, A2 includes basic expenses and cash as well as seeds, fertilizers, chemicals, hired labor, fuel, irrigation etc. This includes costs. The A2 + FL, on the other hand, include the actual paid-out cost and the cost payable to family members. But according to Swaminathan, the base price should be determined by the cost of production of C2. This is because C2 contains more land volume and capital than A2 + FL. He then said in his report that he would pay 50% profit on the price of C2.

### **COMMISSION FOR AGRICULTURAL COSTS AND PRICES**

The Food grains Inquiry Committee had recommended to the government in 1957 that an association be set up to stabilize the prices of agricultural commodities. In 1964, The Food Price Committee set up under the chairmanship of Jha had also recommended the setting up of an Agricultural Prices Commission. Therefore, in January 1965, the Government of India Established the Agricultural Prices Commission under the chairmanship of M. L. Dantwala. Initially, the commission was set up for a period of three years, but due to its importance in price policy, it was given a permanent status. The Agricultural Value Commission was renamed in 1985 as the Commission for Agricultural Costs and Prices.

### **DETERMINATION OF AGRICULTURAL PRICES**

In the case of 28 crops in India, the government fixes the minimum support price. The needs of farmers and consumers as well as factories in the country are taken into consideration while fixing these prices. Accordingly many cash crops i.e. Prices of sugarcane, oilseeds, cotton, etc. are fixed. Prices of agricultural commodities produced in orchards i.e. Prices of coffee, rubber, etc. are fixed keeping in view the international price level. The prices of other commodities are determined by their market demand and supply and their fluctuations.

The Commission considers the following while fixing the prices of Indian manufactured

goods or crops. Encouraging farmers to maximize production and adopt improved technology in the agricultural sector, ensuring adequate use of land and other means of production. Agricultural price policy takes into account the impact on the rest of the economy and mainly on the cost of living, wage scale, composition of industrial expenditure, etc.

In general, the Commission adopts certain criteria while fixing the minimum support prices of agricultural commodities. However, prices are not determined by the technicality of the criteria alone. Other backgrounds are also considered. In determining the minimum base price, factors such as cost of production, risk factors, changes in input prices, market prices, demand and supply, effects on industrial cost structure, effect on living costs, effect on general price level, international market price position, parity perspective, past trend, etc. are considered.

### **MINIMUM SUPPORT PRICES**

The increase in the supply of agricultural commodities during the season should not lead to a sharp decline in commodity prices. The price announced by the government for this is called the minimum base price.

In order to stem the annual decline in the price of agricultural produce, the minimum support price is in the form of insurance premium for the farmer to provide financial protection to the farmer. This work was started by the Government of India in 1965. This price gives the farmers the confidence that the government buys the produce at the minimum support price announced by the farmers in case the market price of the agricultural produce has gone down or surplus has been produced. The Commission on Agricultural Cost and Prices makes recommendations to the Government prior to planting of various agricultural products. In this, care is taken to ensure that the farmer gets profit out of the cost of production. The Commission for Agricultural Cost and Prices (CACP) announces prices of 28 crops including cereals, pulses, oilseeds and cash crops. After the announcement of these prices by the Central Government, if the State Governments feel that these prices are low, then after the harvest, their

prices are announced by adding bonus (plus price) (+). These bonuses vary by state and crop. This happened many times in Maharashtra with regard to cotton. The same is true of wheat in Punjab and Haryana. Open policy in India has seen huge fluctuations in commodity prices. Also, prices in India are lower than international prices.

### **HOW IS THE COST OF AGRICULTURAL PRODUCTION DETERMINED?**

According to C.H. Hanumantrao, the cost of agricultural production is determined on the basis of the following factors.

A1 Cost = Human labor, hired and hired livestock, hired and hired equipment, seed value (domestic or market), pesticide value, fertilizer value, chemical fertilizer value, depreciation, (machinery, animal shed, storage shed, Machine sheds etc.), Irrigation, land revenue, interest on capital, retail expenses etc.

A2 cost = A1 + Rent of land

B1 cost = A1 + interest on own real estate

B2 cost = B1 + value of own land plots.

C1 cost = B1 + value of labor of a person in the family

C2 cost = B2 + value of labor of family members

Although there are different ways of determining the cost of agricultural production as mentioned above, the minimum base price of a product is determined by determining the current cost of production according to the cost method of A2 + family labor. The current government only thinks of A2 + FL. The share of A2 + FL in C2 cost is around 70%. The Commission on Agricultural Cost and Prices submits its recommendations regarding the MSP to the Union Ministry of Agriculture and Farmers Welfare. The Ministry of Agriculture then submits the necessary proposals to the Central Government to the Cabinet Committee on Economic Affairs, after which the relevant committee approves and the minimum support prices are fixed. The minimum support prices announced by the central government for the year 2018-19 are shown in Table 1 on the profit margins on the two types of production cost, A2 + FL and C2.

## RESULT AND DISCUSSION

Table 1: Table showing Profit from production costs

(Rs. Per quintal)

commodities	Minimum support Price (2018-19)	Production Cost (2018-19)		A <sub>2</sub> +FL Profit	C <sub>2</sub> Profit
		A <sub>2</sub> +FL	C <sub>2</sub>		
Paddy (Common)	1750	1166	1560	50.1%	12.2%
Paddy (Grade A)	1770	1166	1560	51.8%	13.5%
Jowar (Hybrid)	2430	1619	2183	50.1%	11.3%
Jowar (Maldandi)	2450	1919	2183	51.3%	12.2%
Bajra	1950	990	1324	97.0%	47.3%
Ragi	2897	1931	2370	50.0%	22.2%
Maize	1700	1131	1480	50.3%	14.9%
Arhar (Tur)	5675	3432	4981	65.4%	13.9%
Moong	6975	4650	6161	50.0%	13.2%
Urad	5600	3438	4989	62.9%	12.2%
Groundnut	4890	3260	4186	50.0%	16.8%
Sunflower	5388	3592	4501	50.0%	19.7%
Soyabean	3390	2266	2972	50.0%	14.4%
Sesamum	6249	4166	6053	50.0%	3.2%
Cotton Medium	5150	3433	4514	50.0%	14.1%

Source: Report of Price Policy for Kharif Crops, Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India, New Delhi (2018-19)

Table 2: Table showing Increase in the minimum support price announced by the Commission for Agricultural Cost and Prices during the period 2008-09 to 2018-19

(Figure in Rs.)

Commodity	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2009-10 TO 2018-19 MSP GRWOTH
Paddy (Common)	950	1000	1080	1250	1310	1360	1410	1470	1550	1750	1.84
Paddy (Grade A)	980	1030	1110	1280	1345	1400	1450	1510	1590	1770	1.81
Jowar (Hybrid)	840	880	980	1500	1500	1530	1570	1625	1700	2430	2.89
Jowar (Maldandi)	860	900	1000	1520	1520	1550	1590	1650	1725	2450	2.85
Bajra	840	880	980	1175	1250	1250	1275	1330	1425	1950	2.32
Maize	840	880	980	1175	1310	1310	1350	1365	1425	1700	2.02
Ragi	915	965	1050	1500	1500	1550	1650	1725	1900	2897	3.17
Arhar (Tur)	2300	3000	3200	3850	4300	4350	4625	5050	5450	5675	2.47
Moong	2760	3170	3500	4400	4500	4600	4850	5225	5575	6975	2.53
Urad	2520	2900	3300	4300	4300	4350	4625	5000	5400	5600	2.22
Cotton (F-414/H-777/J34)	2500	2500	2800	3600	3700	3750	3800	3860	4020	5150	2.06
Cotton H-4	3000	3000	3300	3900	4000	4050	4100	4160	4320	5450	1.82
Groundnut	2100	2300	2700	3700	4000	4000	4030	4220	4450	4890	2.33
Sunflower	2215	2350	2800	3700	3700	3750	3800	3950	4100	5388	2.43
Soyabean	1390	1440	1690	2240	2560	2560	2600	2775	3050	3390	2.44
Sesamum	2850	2900	3400	4200	4500	4600	4700	5000	5300	6249	2.19
Wheat	1100	1120	1285	1350	1400	1450	1525	1625	1735	1840	1.67
Barley	750	780	980	980	1100	1150	1225	1325	1410	1440	1.92
Gram	1760	2100	2800	3000	3100	3175	3500	4000	4400	4620	2.63
Masur (Lentil)	1870	2250	2800	2900	2950	3075	3400	3950	4250	4475	2.39
Safflower	1680	1800	2500	2800	3000	3050	3300	3700	4100	4945	2.94
Jute	1375	1575	1675	2200	2300	2400	2400	2700	3200	3700	2.69
Sugarcane @	129.84	139.12	145	170	210	220	230	230	255	275	2.12

Source: Report of Price Policy for Kharif & Rabi Crops, Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India, New Delhi (2009-10 to 2018-19)

Table 1 shows the minimum support prices and production costs for the year 2018-19. The cost of production is A2 + FL and C2. The cost of production is A2 + FL. Considering the price announced by the Central Government for 2018-19, the cost of production is deducted and more than 50% profit is seen in the price of 15 items shown in the table. But considering the cost of production (C2) suggested by Swaminathan, the profit margin on the support price for 2018-19 is less than 50%. The highest profit margins in the table are as per C2 cost for Bajra(47.3%). The lowest profit margin is sesame (3.2%).

Table 2 provides the Minimum Support Price (MSP) recommended by the Commission for Agricultural Cost and Prices (CACAP) to the Central Government for 23 crops for the period 2009-10 to 2018-19. The table shows how many times the support price of any crop has increased in 10 years. The prices of Ragi crop have gone up by more than three times, while the prices of 17 crops have gone up by more than two times and the prices of the remaining 5 crops have gone up by one to two times. Considering the prices of

commodities in the industrial sector in general, it can be seen that there has been a slight increase in these prices. As a result, the profits from the agricultural sector are far away, but what is spent does not go away, making it difficult for farmers to survive. This shows that the farmer is prone to suicide.

Table 3 details the expenditure of A2 + FL recommended by the Commission for Agricultural Cost and Prices (CACAP) to the Central Government for the period 2009-10 to 2018-19. This is a study of how many times A2 + FL has increased in ten years. The production cost of only two crops in the table, Jowar and Ragi, has more than doubled. The production cost of A2 + FL of paddy, bajra, maize, tur, moog, urad, groundnut, soybean, sunflower, gram, barley, safflower and cotton has increased by half. Also, production cost of sesame, wheat and barley has been reduced by more than one and a half times.

This shows that wheat, barley and sesame are the most profitable crops for the farmers. After that, farmers will be able to grow other crops. Of course, the lower the production cost,

**Table 3: Table showing Increase in the Production Cost (A2+FL) announced by the Commission for Agricultural Cost and Prices during the period 2009-10 to 2018-19.**

(Figure in Rs.)

commodities	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2009-10 TO 2018-19 A2+FL GRWOTH
Paddy	645	766	917	814	961	978	1020	1045	1117	1166	1.81
Jowar	804	995	1173	1246	1269	1370	1467	1501	1556	1619	2.01
Bajra	658	803	883	779	768	831	893	925	949	990	1.50
Maize	738	817	950	814	860	913	941	966	1044	1131	1.53
Ragi	861	1139	1306	1412	1338	1474	1688	1733	1861	1931	2.24
Tur	2197	2456	2749	2765	3090	3105	3237	3241	3318	3432	1.56
Moong	2705	3160	3420	3430	3775	3890	3993	4065	4286	4650	1.72
Urad	2257	2533	2839	3102	3144	3225	3455	3584	3265	3438	1.52
Groundnut	1879	2159	2695	2873	2720	3232	3314	3371	3159	3260	1.73
Soyabean	1200	1338	1599	1726	1692	1729	1770	1852	2121	2266	1.89
Sunflower	1915	2306	2850	2955	3000	3129	3282	3479	3481	3592	1.88
Seamum	3035	2918	3463	2893	2919	3765	4132	4188	4067	4166	1.37
Wheat	701	874	611	687	679	744	785	797	817	866	1.24
Barley	608	701	529	619	676	735	776	816	845	860	1.41
Gram	1641	1938	1451	1695	1786	1902	2124	2141	2461	2637	1.61
Masur	1626	2232	1688	1926	1798	1866	2015	2174	2366	2532	1.56
Safflower	1884	2074	2670	2754	2543	3025	3057	3049	3125	3294	1.75
Cotton	2111	2252	2651	1970	2485	2510	2753	2889	3276	3433	1.63

Source: Report of Price Policy for Kharif & Rabi Crops, Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India, New Delhi (2009-10 to 2018-19)

the higher the profit. But the cost of production assumed here is only 50% of the original cost of production. Therefore, if all the production costs of agricultural produce are taken into account, the cost will be the same as the cost of agricultural production and may be lower. Of course, the profit earned by the producer will not be seen.

**Table 4: Table showing Increase in the Production Cost (C2) announced by the Commission for Agricultural Cost and Prices during the period 2009-10 to 2018-19**

(Figure in Rs.)

commodities	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2009-10 TO 2018-19 C2 GRWOTH
Paddy	670	742	888	1152	1234	1266	1324	1378	1484	1560	2.33
Jowar	824	965	1141	1612	1648	1788	1929	1992	2089	2183	2.65
Bajra	695	768	840	1059	1003	1075	1154	1218	1278	1324	1.91
Maize	767	790	921	1070	1112	1165	1223	1286	1396	1480	1.93
Ragi	877	1107	1271	1884	1687	1794	2069	2150	2351	2370	2.70
Tur	2231	2422	2702	4167	3958	4214	4272	4314	4612	4981	2.23
Moong	2759	3109	3373	4699	4759	4971	5025	5191	5700	6161	2.23
Urad	2294	2490	2798	4334	4112	4317	4483	4661	4517	4989	2.17
Groundnut	1919	2100	2633	3714	3397	3880	4195	4300	4089	4186	2.18
Soyabean	1233	1298	1560	2343	2216	2226	2418	2542	2921	2972	2.41
Sunflower	1934	2257	2795	3698	3679	3863	4114	4418	4526	4501	2.33
Seamum	3107	2847	3393	4186	4134	4812	5189	5570	5706	6053	1.95
Wheat	741	826	927	1098	1138	1147	1163	1203	1256	1339	1.81
Barley	628	677	734	888	1056	1065	1089	1119	1190	1247	1.99
Gram	1677	1902	2121	2377	2913	2981	3102	3185	3526	3838	2.29
Masur	1664	2191	2592	3208	2802	2952	3098	3360	3727	4215	2.53
Safflower	1906	2038	2670	3384	3466	3685	3734	3952	3979	4072	2.14
Cotton	2135	2129	2528	2772	3533	3480	3767	3920	4316	4514	2.11

Source: Report of Price Policy for Kharif & Rabi Crops, Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India, New Delhi (2009-10 to 2018-19)

Table 4 shows the C2 cost of 18 crops recommended by the Commission for Agricultural Cost and Prices to the Central Government for the period 2009-10 to 2018-19. The figures in the table show how much (multiplied) these costs have increased. Out of the total 18 crops in the table, C2 production of all other crops except millets, maize, sesame, wheat and barley has more than doubled. The cost of production (C2) of 5 crops has increased by one to two times.

According to Swaminathan, if the central government announces a minimum base price of C2, the price of 13 of these 18 crops will go up. This is because the government will have to raise the base price (MSP) as the cost of production increases. But the future will decide whether this is possible or not.

## POLICY DETERMINATION REGARDING AGRICULTURAL PRICES

According to the agricultural price policy, the state of agricultural prices in India, why are agricultural prices affordable according to the cost of agricultural production? And the policy of the government in that regard has been reviewed. From this it can be concluded that the decisions taken by the government till date regarding agricultural production have not been beneficial to the farmers and producers. Because even today, there is no guarantee regarding the prices of agricultural commodities. This guarantees the price of goods in the industry. Efforts made by the government for agriculture have not been implemented effectively. Therefore, it is necessary to consider what policies should be implemented at the government level as well as at the local level.

- 1) To amend the Marketing, Storage and Processing Act of Agricultural Commodities Act and the State Agricultural Produce Marketing Committee Act, recognizing the need in modern agriculture and increasing private investment in agriculture. Also, market types like e-commerce, e-commerce, and manufacturer to consumer marketing methods should be adopted.
- 2) Market system in rural areas needs to be improved. So that the business will be between the farmer and the consumer and both will benefit. For this, physical facilities should be made available in these markets. According to the NSSO survey, only 6% of people sell their wares in the authorized market.
- 3) The State Agricultural Marketing Board should co-operate to promote the grading and certification of locally produced agricultural commodities to get a good market. At the same time, there is a need to set up a food processing industry. At present, it is only 3.6% per annum.
- 4) To provide facilities to the farmers for production management, marketing, farmer customer system by uniting the farmers through organizations such as Cotton Growers Association, Small Poultry Farmers Association, Small Medicinal Plants Farmers Association.
- 5) By creating a single market in India, the market should be made available to the farmers, especially the small farmers. At present the proportion is only 30% of those who get pause on time.
- 6) Only 20% of people know about minimum support price. The rest of the farmers / producers are required to disclose the minimum base price through different channels. This information varies from region to region and state to region. As in Maharashtra, the minimum support price is known to 75% of the people in Kolhapur district and only 17% of the people in Yavatmal district (NITI AAYOG, 2016). So that agricultural growers / farmers can change their crop composition.
- 7) The information that is taken about the cost of production while fixing the base price is of national level. But the cost of production varies from state to state. Therefore, crops in some regions benefit, but in states where land rates, labor rates, seed rates and tax structure are expensive, the cost of production is higher. Therefore, the cost of agricultural production in such states is high. As a result, local farmers / producers get lower prices. Therefore, the minimum basic prices of crops other than wheat and paddy should be fixed on a state-wise basis and linked to the inflation allowance.
- 8) Farmers need to constantly change their crop composition to take advantage of the rising market prices of agricultural commodities. This is because in 2013-14, 77% of the food production was food grains, while the share of cash crops was 19%. If farmers consume more cash crops, vegetables and fruits, their income will increase.

In summary, the government needs foresight in formulating agricultural pricing policy. Despite the central government's sharp rise in the minimum support price in 2018 compared to the previous year, farmers are still angry. Because the basic price in the market is not getting the crop. The government also aims to double the production of farmers by 2022. But the farmers do not believe in that either. Recently, the central government has been ready to provide food aid in cash. But the question is how to raise the required funds. The manner in which the government strictly enforces GST does not apply to agricultural policies. Many schemes are implemented by this government. But due to faulty system, it is not implemented.

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