TPM Vol. 32, No. S7, 2025
ISSN: 1972-6325
https://www.tpmap.org/

Open Access

MINIMUM SUPPORT PRICE AND ITS IMPACT ON AGRICULTURAL GROWTH AND FARMERS' WELFARE

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Abstract: Understanding the Minimum Support Price (MSP) system is still a big problem that has to be solved so that it can work to make sure India's long-term food security and agricultural sustainability. Only 32.7% of farm households know about the MSP program and its benefits, which suggests that a lot of people don't know about it. The initiative isn't as successful or useful because not many farmers know about it, so they can't completely benefit from it. The study also looks at how MSP affects food security and the long-term health of agriculture on a bigger scale. Farmers are more likely to grow certain crops, such rice and wheat, when the MSPs are higher. These items are very important for persons with limited resources. This change can cause a lack of coarse grains, too many of some crops, and problems in the agricultural ecology. There is also a concentration on places with little water. The research also demonstrated that elevated MSPs can induce inflation by increasing the cost of purchasing food grains. It is important to close the knowledge gap and balance MSP policies so that India's agriculture can grow in a way that lasts and everyone can get enough food.

Keywords: Minimum Support Price (MSP), food security, agricultural sustainability, farmer knowledge, Farmers income, agricultural policy, and crop selection.

INTRODUCTION

The Food Corporation of India (FCI) and state agencies get money from the government to keep the prices of wheat and rice high. This backs up the MSP policy. The Price Support Scheme buys oilseeds, pulses, and copra from registered farmers when prices on the market fall below the MSP. The Cotton Corporation of India (CCI) and the Jute Corporation of India (JCI) also sell cotton and jute to the government at the MSP. The MSP's job is to help farmers. The Indian government sets the Minimum Support Price (MSP) as a way to help farmers and pay for agricultural projects. The goal is to make sure that the country has enough food and that farmers can make money from their products. Farmers may count on the MSP to safeguard them from big losses. It began in the 1960s to help farmers learn new ways of doing things and get better at what they were already doing. The government used it to help farmers make a living by the 2000s. But the MSP helps some areas and crops more than others.

To continue in business, farmers around the world need to grow more food. This means that pricing for crops must stay the same. About 23% of farmers know about the MSP, yet only 20% to 25% of wheat and rice are sold at this price. A lot of farmers don't know much about the MSP or the people who buy their goods. These numbers show that farmers need to learn more about this support system and how to use it to their advantage. The government has been able to assist farmers make more money. In April 2016, an Inter-Ministerial Committee was set up to look at problems with "Doubling of Farmers Income (DFI)" and come up with ways to fix them. The Committee put out a full 14-volume report in September 2018 that has a lot of useful information. The study had a lot of new ideas, tactics, and plans to assist farmers make more money. The government started a number of programs to help with this, such as PM KISAN for income support, the Micro Irrigation Fund, Pradhan Mantri Fasal Bima Yojana (PMFBY), and help for Farmer Producer Organizations (FPOs).

The Minimum Support Price (MSP) helps farmers make more money in a big way. The MSP for all Kharif, Rabi, and other commercial crops has been set at 1.5 times the cost of production since 2018-19. This guarantees that farmers get at least 50% more than the average cost of production in India. For example, the MSP for normal paddy went risen from Rs. 1,310 per quintal in 2013 to Rs. 2,040 per quintal in 2022. The minimum support price (MSP) for wheat went enhanced from Rs. 1,400 per quintal in 2013 to Rs. 2,125 per quintal in 2022. Farmers have a hard time putting money into farming since the market is continuously shifting. The government helps farmers by making sure they get a certain amount of money for their goods through MSP programs. The Public Distribution System (PDS) helps keep costs stable for everyone. Researchers and policymakers have looked into how successfully MSP systems help keep prices stable and encourage people to invest in farming. The MSP system is very important to India's agricultural

policy because farming is important to the economy and gives millions of people jobs. The government often buys basic products at prices that are as low as possible. This method is good for farmers and helps keep the agriculture sector steady.

Rationale of the Study

This research paper will look at how well the minimum support price (MSP) system works in Madhya Pradesh. I will discuss how it can help farmers produce more food, protect them from price changes, and ensure everyone has enough to eat. This means examining how MSP works, how MSP policies impact farmers' lives and agricultural outcomes, and the challenges and opportunities these policies bring. I plan to use secondary data from recent studies and books to explain the benefits and drawbacks of MSP programs. I will also provide tips on how to improve things in India.

REVIEW OF LITERATURE

Many studies examine how well the MSP policy supports Indian farmers. We read articles to help us with our research. Researchers have recently looked into government efforts to make sure farmers receive the Minimum Support Price (MSP). MSPs can be harmful to farmers and the environment because they vary based on location and farm size.

In 2018, NITI Aayog proposed several solutions to address these problems. Some of these ideas include the Price Deficiency Procurement Scheme, the Market Assurance Scheme, and the Private Procurement and Stockist Scheme. These programs aim to ensure that every state has an MSP. However, we have not thoroughly investigated how effective these programs are at reducing MSP gaps between different farms and regions. Current literature points out the need for more research to assess how these programs affect MSP inequalities and agricultural welfare. The results show that there are big differences in MSP access. The northeastern states have the least access, followed by the eastern states. The research indicates that small farmers and socially disadvantaged households encounter greater difficulties in selling to PPAs. This illustrates that there are systemic problems that make it hard for vulnerable farming groups to get MSP.

Some the literature supporting why MSP effectiveness has to be studied in different region to crosscheck the awareness of MSP and on particular crop under MSP among farmer and estimate the percentage of benefit as mentioned in study done by (aditya etal.,2017) there data revealed that, only 23.72 percent of farmers in rural agricultural households are aware of the MSP for kharif crops, while just 20.04 percent are aware of the MSP for rabi crops. These findings suggest a significant lack of awareness that could impact the farmers' decision-making and overall economic security. To understand this discrepancy, researchers utilised a probit model to analyse the factors influencing MSP awareness. The results indicate that the current MSP system, intended to act as a safety net for farmers, requires more robust procurement strategies and an increased focus on awareness through agricultural extension services. By addressing these issues, a greater number of farmers could be informed about MSP, potentially leading to improved utilisation of the scheme's benefits. The study looked at how well farmers understand the Minimum Support Price (MSP) and how this understanding affects their farming choices. It used the Heckman selection model to ensure the selection process was fair. The findings showed that farmers' awareness of the MSP had little impact on their decisions. Farmers need to be informed about the MSP, but just knowing about it may not be enough to change their practices.

Rakesh et al. (2023) studied gram (Cicer arietinum L.) to see how the MSP affects its yield, area planted, and productivity in India. The research analyzed trends and calculated percentage changes, along with compound annual growth rates (CAGR) for the market price of gram, cultivation area, production volume, and efficiency. It also examined how these factors influenced the MSP. The survey revealed that fewer people are growing gram now because the price has increased significantly over the years. However, the output has not changed much. The analysis indicated that the MSP for gram's CAGR increased by 8.2%. The area for planting rose by 2.0%, the amount of labor needed for growing it increased by 1.2%, and the labor for cultivation went up by 3.2%.The research found that a higher MSP was related to a greater area for growing gram, increased yield, and improved productivity. The Spearman correlation coefficients for these factors were 0.78, 0.85, and 0.82, respectively. This strong connection suggests that raising the MSP could lead to more gram production. The results aim to assist the government in finding effective and environmentally friendly strategies to promote gram farming. These efforts help achieve broader goals, such as ensuring food security and reducing malnutrition. This data-driven approach could help the government enhance its farming practices, especially for gram.

Ali et al. (2012) analyzed the effectiveness of paddy crops using secondary data and computed average deviations for evaluation. Their study analyzed the Minimum Support Price (MSP) for paddy in various regions of India, focusing specifically on Punjab, a major area for growing paddy. To see how well the policy worked, they compared the prices of agricultural harvests from 1980–81 to 2006–07 to the MSP. They used a model with simultaneous equations to see how technology and costs affected rice farming.

Patel et al. (2019) used Excel's Compound Annual Growth Rate (CAGR) and the LINEST tool to analyze changes in wheat production. Their study reviewed how the Minimum Support Price (MSP) for wheat increased from 1975-76 to 2017-18. They assessed production costs from 2010-11 to 2016-17, which were generally high in comparison to production expenses. Ganga Devi used the Pearson correlation coefficient to examine key grains like rice, jowar,

maize, bajra, tur, wheat, and gram. This study looked at how the Minimum Support Price (MSP) and the Farm Harvest Price (FHP) influence the cultivated area for different cereals. The results revealed a positive link between MSP and FHP for all the crops analyzed. The compound growth rates for both MSP and FHP were statistically significant and helpful for these crops. Lakra's study gathered both primary and secondary data from the Chhattisgarh region and used an exponential function for analysis.

The study found that the area dedicated to gram, maize, and sugarcane had a positive and statistically significant growth rate, indicating an increase in cultivation. On the other hand, a negative and statistically significant growth rate was observed for the area under barley, jowar, nigerseed, ragi, rapeseed, safflower, and urad, suggesting a decline in these crops' cultivation area.In terms of production, the study revealed that maize and sugarcane experienced a positive and statistically significant growth rate, while rice, as well as rapeseed and mustard, registered a negative and statistically significant growth rate.

From December 2004 to October 2006, the National Commission on Farmers, led by Prof. M. S. Swaminathan, put out a number of reports. The last report expanded on the findings of the first three and looked more closely at the deeper problems that were causing farmers to be so unhappy and the incidence of farmer suicides to rise. It urgently urged the government to come up with a comprehensive national policy to deal with these serious issues. One of the main goals was to make it easier for farmers to get the resources and social security they need. The study gave a concise summary of its main results and made useful policy ideas in important areas like land reforms, irrigation, rural credit and insurance, food and nutrition security, jobs, farm production, and the general well-being of farmers. This summary is a useful guide to the main points and suggested actions of the Commission's extensive work.(www.ksgindia.com).

The government is making the announcement based on the advice of the Commission for Agricultural Costs & Prices (CACP), which gives three main ways to figure out the MSP. These are:

- **A2**: The costs that a farmer has to pay to grow a certain crop. It comprises costs for seeds, fertilizers, insecticides, rented land, hired workers, machinery, and gasoline, among other things.
- **A2+FL**: The costs that the farmer has to pay and the value of family labor
- **C2** is a full cost that includes the A2+FL cost, the rental value of owned land, the interest on fixed capital, and the rent paid for leased-in land.

The Swaminathan Commission, commonly known as the National Commission of Farmers, said that the MSP should be at least 50% higher than the weighted average CoP, which it calls the C2 cost.

Research Objective

This Master research aims to analyse the effectiveness of Minimum Support Prices (MSPs) on the economy of agriculture. Following are the objective of research:

- To compile data from Secondary sources and evaluate how Minimum Support Prices (MSPs) effect on the profit of farmers.
- To assess the overall significance and effectiveness of MSPs concerning key crops cultivated within the state.
- To analyse the implementation process of MSPs and associated measures at the state level.
- To investigate how MSPs impact farmers' income.
- To identify the factors contributing to the success of MSPs, as well as the parameters leading to their failure.

RESEARCH METHODOLOGY

1.Awareness about Minimum Support Price (MSP)

Following data is taken from the https://www.pib.gov.in/indexd.aspx

Percentage of agricultural households reported sale of crops and had awareness about MSP for selected crops				
	Percentage of households among those reporting sale of crops			
Crop	Aware of MSP	Aware of procurement agency under MSP	Sold to Procurement Agency	% of output sold aware under MSP
1	2	3	4	5
July 2018- December 2018				

Paddy	40.7	30.3	14.5	23.7
Jowar	27.4	16.6	3.5	2.9
Bajra	31.7	19.7	2.1	2.5
Maize	21.3	15.3	4.1	5.8
Ragi	4.3	3.1	0	0
Arhar(Tur)	24	13	3	3.3
Urad	20.9	15.7	5.4	11.5
Moong	22.7	13.7	2.5	1.6
Sugarcane	39.8	32.7	27.9	18.4
Groundnut	22.2	10.6	5.6	10.9
Coconut	11	6.5	1	2.4
Soyabean	28.3	19.6	8.6	13.1
Cotton	30.7	18	8	71
Average	25	16.52	6.63	12.85
January 2019- June 2019				
Paddy	52.8	40.3	18.5	24.7
Jowar	14.3	7.3	0.7	0.5
Maize	22.7	17.7	6	4
Wheat	37.1	27.2	9.7	20.8
Gram	29	18.8	5.5	8.2
Arhar(Tur)	41.2	27.9	1.4	8
Moong	27.2	20.4	5.5	14.6
Masur	24.2	13.8	1.8	2.6
Sugarcane	56.9	51	40.7	40.2
Rapeseed	39.2	22.2	5.1	8.3
Coconut	12	6.2	0.3	0.1
Cotton	35.8	24.7	12.8	17.8
Average	32.7	23.125	9	12.48

It indeed highlights the challenges regarding the awareness and utilization of the Minimum Support Price (MSP) policy among farmers in India, as indicated by the NSSO data from 2018-19.
Based on the provided data, several conclusions can be drawn:

- **Awareness about MSP:** Only 32.7% of farmers are aware of the MSP, indicating that a significant portion of the farming community is unaware of this policy.
- **Awareness about procurement agency under MSP:** Among those aware of MSP, only 23.12% know about the procurement agency associated with it. This suggests that even among those who know about MSP, there's limited understanding of the mechanisms through which it operates.
- **Percentage of farmers selling crops procurement agency**: A mere 9% of farmers have actually sold their crops to the procurement agency under MSP. This indicates a low level of participation in the MSP system.
- **Percentage of output sold under MSP:** Only 12.48% of the total output has been sold under MSP. This suggests that while there is some participation, it is still far from optimal.These figures collectively indicate that there are significant gaps in awareness, understanding, and utilization of the MSP policy among farmers. Addressing these gaps would require targeted efforts to improve awareness, provide education about the MSP system and its benefits,

enhance accessibility to procurement agencies, and ensure timely and fair procurement processes. Additionally, efforts to address underlying issues such as market access, price volatility, and agricultural infrastructure would also be crucial in maximizing the effectiveness of the MSP policy.

2. ANNOVA test for the awareness of MSP per thousand for paddy and maize across different states: To interpret the ANOVA results for the awareness of MSP per thousand for Paddy and maize across different states, you would typically look at the P -value associated with the F-test for each crop (Paddy & maize) and also we use F-critical value to test the hypothesis.

- **Ho (Null Hypothesis) :** There is no significant difference in the mean MSP per thousand for paddy & maize across the states.
- **Ha (Alternate Hypothesis):** This is a significant difference in the mean msp per thousand for paddy & maize across the states.

Data taken from https://mospi.gov.in/NSSOa:

Name of the state	**Aware of MSP per thousand**	**Aware of MSP per thousand**
	Paddy	Maize
Andhra Pradesh	457	425
Assam	105	98
Bihar	316	205
Chhattisgarh	812	139
Gujarat	275	0
Haryana	328	0
Himachal Pradesh	662	212
j&k	137	104
Jharkhand	329	32
Karnataka	133	168
Maharashtra	244	152
Madhya Pradesh	559	157
Manipur	6	0
Meghalaya	143	0
Mizoram	0	0
Nagaland	1	0
Odisha	862	545
Punjab	521	452
Rajasthan	236	233
Sikkim	304	133
Tamil Nadu	618	84
Tripura	495	389
Telangana	632	478
Uttar Pradesh	316	382
Uttarakhand	454	325
West Bengal	532	110

Source: NSSO

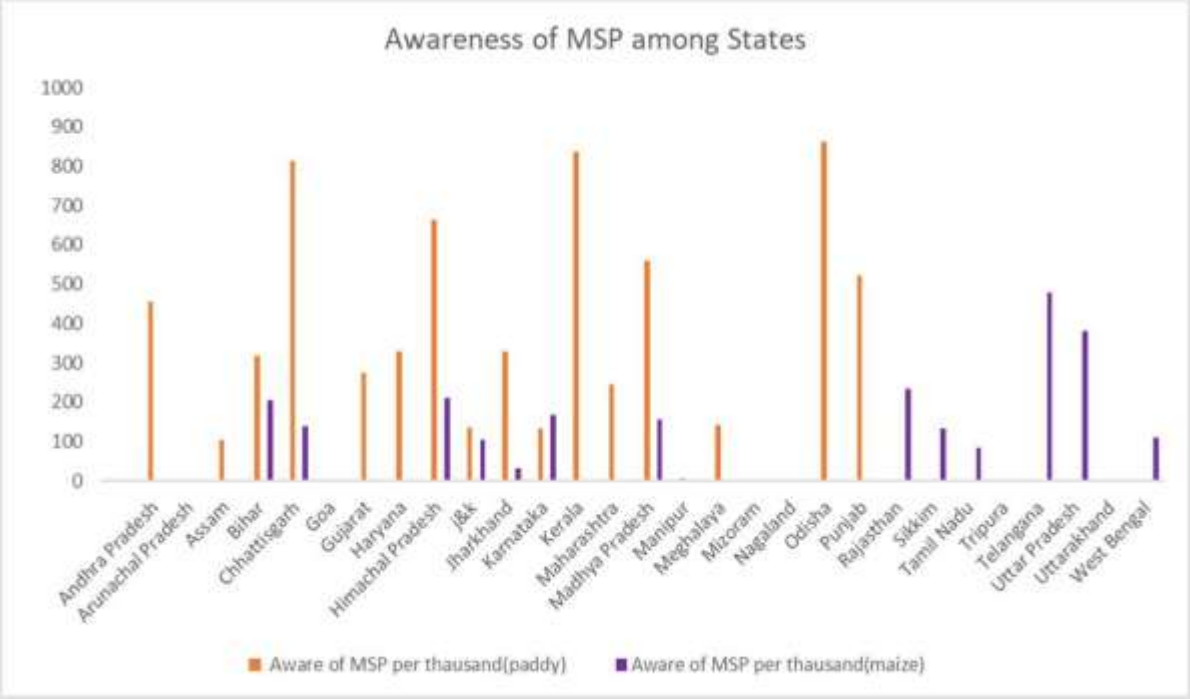
SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
paddy	26	9477	364.5	58453.14
Maize	26	4823	185.5	28539.46

ANOVA						
Source of Variation	*SS*	*df*	MS	F	P-value	F crit
Between Groups	*416533*	*1*	416533	9.57629	0.003225	4.03431
Within Groups	*2174815*	*50*	43496.3			
Total	***2591348***	***51***				

Interpretation of ANOVA Results

P-value- In the above result P value < 0.05 it means 0.00322510-05 indicates that we can reject the null Hypothesis & conclude that there is a significant difference between the group mean {Paddy & maize}
F-value- If the F-value> F-critical value is 9.576286 > 4.03431. A larger the F- value indicates a greater difference between the group means.
As we have interpreted that there is significant difference in the mean in per thousand for paddy and maize which means most of the farmers are unaware about the MSP from the states where the farmers are more aware, So to increase the awareness of the MSP can be achieved through various strategies like - Efforts to disseminate information about Minimum Support Prices (MSPs) among farmers can be enhanced through various strategies. Clear and accessible information can be provided through government websites, pamphlets, and community meetings to increase awareness. Training sessions and workshops can educate farmers about MSPs, their determination process, and how farmers can benefit from them. Utilizing mobile applications or other technological tools to offer real-time information about MSPs, market prices, and procurement centers can keep farmers informed. Working with farmer groups, cooperatives, and agricultural organizations can help you get the word out. Using TV, radio, and newspapers to get the word out to a lot of people is a good idea. When you provide people information in the languages they speak, they understand each other better. Farmers can use feedback systems to ask inquiries and share their thoughts. This method can help you get the message out and fix problems. Policymakers and agricultural groups can help farmers learn about and get involved in MSP programs by employing these strategies. This will be better for you. To make sure that language hurdles don't stop farmers from comprehending MSPs, it's necessary to give them information in their local languages. One approach to do this is to translate documents and start campaigns in the local language to get the word out. Farmers can ask questions and give comments through feedback channels like helplines or online portals. This helps clear up any confusion concerning MSPs. When farmers can talk to each other, they are more inclined to trust the MSP system. These tactics can help farmers learn more about MSPs and make smart choices, which will help them get the most out of government procurement programs..



In the fiscal year 2018-19, Odisha had the highest awareness of the Minimum Support Price (MSP) for paddy compared to other states. Likewise, Telangana showed the highest awareness of the MSP for maize. These findings indicate that other states could improve their farmers' understanding of MSPs through effective government policies and awareness campaigns. Such steps could help ensure that farmers nationwide receive fair prices for their crops, fostering a more sustainable and fair agricultural sector.

In many states, such as Manipur, Nagaland, and Goa, there is no awareness of MSPs for either crop. This suggests that these areas lack proper support from the government regarding MSPs. The low awareness in these states means that farmers may miss out on MSP benefits, harming their livelihoods and the agricultural sector overall. It is crucial for the government to tackle this issue by launching targeted awareness campaigns and policies. This would help farmers in these states learn about and take advantage of MSPs.

3.Effectiveness of MSP in Madhya Pradesh:

Based on the data regarding awareness and utilization of the Minimum Support Price (MSP) policy:

- **Awareness about MSP**: In Madhya Pradesh, only 36.08% of farmers are aware of the MSP. This indicates that a significant portion of farmers in the state are not familiar with this policy.
- **Percentage of farmers selling crops to procurement agency:** Among those aware of MSP, only 11.36% of farmers are able to sell their crops to the procurement agency under MSP. This suggests that while awareness exists to some extent, the actual participation in the MSP system is relatively low.
- **Percentage of output sold under MSP:** Only 17.66% of the total output has been sold under MSP in Madhya Pradesh. This indicates that while there is some level of participation, it falls short of fully utilizing the MSP system.

Per 1000 distribution of agricultural households reporting sale of crops by awareness about MSP for selected crops																	
Madhya Pradesh	Season: 2018- 2019 (based on households surveyed in visit-I)																
Crop	per 1000 distribution of household by their awareness of MSP				number per 1000 households aware of the procurement agency under MSP and:											agricultural households reportin	
						did not sell to procurement agency by reason										agricultural households reporting sale of crop	
	aware of MSP	not aware of MSP	n.r.	all	sold to procurem-ent agency	Procurement agency not ava-ilable	no local purchase	poor quality of crop	crop already pre-pledged	received better price over MSP	others	total(incl. n.r.)	aware of procurement agency	%of output sold under MSP	average sale rate received	estimated	sample
Paddy	559	441	0	1000	233	15	10	19	0	0	150	194	427	34	199	9,465	332
Maize	157	838	6	1000	68	1	0	10	0	0	60	71	139	8.1	12	8,3	308
Urad	241	759	0	1000	100	0	2	10	0	0	107	119	219	178	479	9,372	293
Soyabeen	328	672	0	1000	14	3	6	4	0	0	93	105	251	23	30	23,	663
Wheat	450	550	0	1000	207	0	15	1	1	4	98	118	325	378	182	34,971	1,15
Gram	308	692	0	1000	70	0	0	2	0	0	102	104	174	114	424	14,876	464
Masur	450	550	0	1000	60	0	0	0	0	0	226	226	286	5.5	395	2,679	79
Rapes eed	394	606	0	1000	26	0	40	16	0	0	162	217	242	3	395	4,260	142

Source: NSSO

These figures highlight similar trends as the broader NSSO data, indicating that there are significant challenges in terms of both awareness and participation in the MSP system among farmers in Madhya Pradesh. Addressing these challenges would require targeted interventions aimed at improving awareness, enhancing accessibility to procurement agencies, and addressing any barriers that prevent farmers from effectively participating in the MSP system. Additionally, efforts to improve overall agricultural infrastructure and market access could also contribute to maximising the benefits of the MSP policy for farmers in the state.

4. Crop wise analysis of MSP in Madhya Pradesh

Paddy:

1. Awareness about MSP: Out of 1000 farmers, 559 farmers are aware of the MSP for paddy, which corresponds to 55.9% of the total. This indicates that more than half of the farmers surveyed are aware of the MSP.
2. Participation in MSP: Among the farmers aware of MSP, only 233 farmers have actually sold their paddy to the procurement agency under MSP. This represents 23.3% of the farmers who are aware of MSP.

3. Output Sold under MSP: Only 34.0% of the total output of paddy has been sold under MSP.
This indicates that while there is some participation, it falls short of fully utilizing the MSP system for paddy in Madhya Pradesh

Wheat:

1. Awareness about MSP: Among 1000 farmers surveyed, only 450 farmers are aware of the Minimum Support Price (MSP) for wheat. This implies that 45% of the farmers in Madhya Pradesh are aware of the MSP for wheat.
2. Participation in MSP: Out of the 450 farmers who are aware of MSP, only 207 farmers have sold their wheat to the procurement agency under MSP. This indicates that 20.7% of the farmers aware of MSP have actually participated in selling their wheat through the MSP mechanism.
3. Percentage of Output Sold under MSP: Only 37% of the total output of wheat has been sold under MSP in Madhya Pradesh.

CONCLUSION OF THE ABOVE ANALYSIS-

It is concluded that paddy is the most procured crop under the Minimum Support Price (MSP) scheme, with 34% of its output sold under MSP, followed closely by wheat at 37.8%. Soybean, rapeseed, and urad are identified as the least procured crops under MSP. Among the lowest crops in terms of procurement, rapeseed, masoor, and maize have notably low percentages of their output sold under MSP, with 3.0%, 5.5%, and 8.1% respectively. This data underscores the varying levels of participation in the MSP system among different crops, highlighting both the successes and areas for improvement in ensuring price support and stability for farmers across various agricultural sectors. Number of farmers benefited from MSP

According to the SAS report for the fiscal year 2018-19, the nation counted approximately 93 million agricultural households or farmers during that period. Among them, over 88 percent were classified as small and marginal farmers, defined as those with an average landholding size of less than 2 hectares. From the overall farmer population, around 91 percent, roughly 85 million individuals, were engaged in cultivating at least one of the 23 crops with minimum support prices (MSPs). Within the small and marginal farmer category, this proportion slightly increased to approximately 92 percent.

Type of farmers	No. of Farmers (crores)	Farmers growing any MSP crop as % of total farmers	Farmers who sold any crop at MSP as % of total farmers	Farmers who sold any crop at MSP as % of farmers growing any MSP crop
Farmers (All)	9.3%	90.9%	8.8%	9.7%
SMF Only	8.2%	91.7%	7.5%	8.2%

Source: *SAS 2018-19*

Among the surveyed farmers, 8.8 percent stated they sold their crops at Minimum Support Price (MSP). Notably, nearly three-quarters of these farmers, approximately 74.9 percent, fell into the small and marginal farmer category. Within the subset of farmers growing MSP-eligible crops, close to 9.7 percent reported selling at MSP, as outlined in Table.

Within the small and marginal farmer group, around 7.5 percent engaged in MSP sales. Among small and marginal farmers cultivating MSP crops, this proportion was roughly 8.2 percent.

A comparison between the two cropping seasons reveals that a larger percentage of farmers sold their crops at MSP during the kharif season compared to the rabi season.

Based on the provided data, several conclusions can be drawn:

Prevalence of MSP Sales: The data indicates that a significant portion of surveyed farmers, approximately 8.8 percent, reported selling their crops at Minimum Support Price (MSP), suggesting the relevance and utilization of MSPs within the agricultural community.

Small and Marginal Farmers' Participation: The involvement of small and marginal farmers in MSP sales is notable, with nearly three-quarters of MSP sellers belonging to this category, highlighting the importance of MSPs in supporting these vulnerable farmer groups.

MSP Sales among MSP-Cultivating Farmers: Among farmers growing crops eligible for MSP, close to 9.7 percent sold their produce at MSP, indicating a substantial reliance on MSP mechanisms among this subset of farmers.

SMF Participation in MSP Sales: Within the small and marginal farmer segment, approximately 7.5 percent

engaged in MSP sales, suggesting a significant contribution from these farmers to MSP-driven agricultural transactions.
Seasonal Variation in MSP Sales: The data reveals a disparity in MSP sales between the kharif and rabi cropping seasons, with a higher proportion of farmers selling their crops at MSP during the kharif season compared to the rabi season, indicating seasonal fluctuations or preferences in MSP utilisation.

The following represents the anticipated production costs for various crops during the Rabi Marketing Season (RMS) 2024-25, calculated using the A2+FL and C2 formulas.

Crops	C2	MSP announced (₹/qtl)	MSP acc to C2+50%
Wheat	1652	2,275	2,478
Barley	1614	1,850	2,421
Gram	4547	5,440	6,820.5
Lentil	4890	6,425	7,335
Rapeseed & Mustard	4068	5,650	6,102
Safflower	5414	5,800	8,121

Source: CACP calculations

The government established the Minimum Support Price (MSP) using the "C2+50%" formula. This formula signifies that the MSP is determined by adding 50% to the comprehensive cost (C2) of production. The government's rationale behind setting the MSP at a level of at least 1.5 times the all- India weighted average Cost of Production (CoP) is to ensure fair remuneration for farmers. However, it's important to note that the government calculates this cost as 1.5 times A2+FL. Here, A2 represents the actual cost of production, including all paid-out expenses, and FL denotes the imputed value of family labour. This approach aims to reflect the true expenses incurred by farmers, thereby providing them with adequate compensation for their produce.

CONCLUSION

The poll shows that farmers don't know much about the Minimum Support Price (MSP) system. This is very important for fair pay and the expansion of farming in India throughout time. Only 32.7% of farming families know what MSP stands for. A lot of farmers don't seem to know how the program works or how it could help them. Only 23.12% of those who know about MSP know who is in charge of buying stuff. This means that people don't know how to go to the program.
Only 9% of farmers use MSP to sell their crops. MSP is only 12.48% of total sales in agriculture. Politicians promise a lot of things, but they don't always keep their promises.
People are more or less interested in and comprehend diverse crops and places. More people are planting rice and wheat. For example, MSP accounts for 34% and 37.8% of their sales. But just 3.0%, 5.5%, and 8.1% of farmers cultivate rapeseed, masoor, and maize, which is a lot fewer. This difference illustrates that MSP doesn't support all farmers the same way. This leads me to believe that some farmers aren't getting the help they need.
The ANOVA study shows that different states have significantly diverse levels of understanding of MSP, especially when it comes to paddy and maize, for every thousand people. Telangana is the best place to study about maize, and Odisha is the best place to learn about paddy. But it seems like Goa, Nagaland, and Manipur don't know what MSP is. People may not know about MSP because there isn't enough money, infrastructure, or government assistance to market it properly. People in these places don't get help from the system. Only 36.08% of farmers in Madhya Pradesh know about MSP, and only 11.36% of them use it to sell their goods to the government. This makes sense because a lot of people don't know about MSP or don't care about it. It shows that people need to know the rules and how to follow them.
The Minimum Support Price (MSP) set by the Indian government is at least 1.5 times the weighted average Cost of Production (CoP). For the Rabi Marketing Season (RMS) 2024–25, the A2+FL and C2 formulae back this up. This is to make sure that farmers and their families earn a fair wage for their work.
But there are huge differences in how MSP is calculated. For other things, like wheat, farmers want the MSP to be much higher than the C2 price. For some crops, like safflower, the MSP is lower than the C2+50% threshold. Because of these differences, it's impossible to say how fair and practical MSP is for different kinds of crops. This means that some farmers wouldn't be able to sell their crops for a fair price.
The study's results show that the MSP system has many problems that need to be fixed. Farmers need to know more about their occupations and the factors that affect them. You can achieve this by volunteering, going to certain educational programs, and working with farming groups. People might be able to understand each other better if they use smartphone apps to acquire information in their own languages and give feedback.
Farmers should also be able to talk to the people who buy items more easily. Farmers should be able to get to

these offices without any trouble. To make the MSP system better, issues including not being able to access to markets, prices shifting, and not having enough agricultural infrastructure need to be fixed.
Politicians and groups of farmers could utilize these ideas to improve the MSP system so that it is fairer and more useful. In the long run, this will be good for farmers and the farming sector. Fixing the faults and holes that have been uncovered will make the farming business better. This will enable Indian farmers earn more money and have more stable lives.'

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