

Trend Analysis of Minimum Support Price (MSP) Policy in India

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ABSTRACT

Minimum Support Price (MSP) is a form of market intervention by the Government of India (GOI) to ensure the producers against any sharp fall in farm prices. The MSP are announced by the GOI at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP). In the present study an attempt was made to study the trend of MSP policy with respect to two major crops i.e., paddy and wheat in terms of area, production and MSP from the year 1990-2018 and also the relationship between the area and production under paddy and wheat with MSP. The data has been taken from the secondary sources and analyzed using standard statistical tools such as Compound Growth Rate and Regression. The findings of the study revealed that CAGR of paddy and wheat under production and MSP has positive growth rate over the period of 20 years (1990-2018). In terms of MSP: paddy (7.67%) and wheat (6.98%) followed by production growth rate: paddy (1.71%) and wheat (2.04 %) respectively. And a there is a significant relationship between wheat production and minimum support price (92.37 %). Therefore, with the increase in production and MSP of crop also increasing which ultimately leads to increase in farmer's benefits.

Keywords: Minimum Support Price, Production, Market Intervention, Growth Rate, Compound Annual Growth Rate .

