

Minimum Support Price - Farmer Awareness In Cuddalore District

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ABSTRACT

Indian Government provides MSP for few crops like paddy, wheat, cotton, and pulse is extremely high while the remaining crops are less price. The MSP announced by the government are moved with a purpose of providing price security to farmers. The prime objective of this present study is to explore the farmer's awareness of MSP for various crops produced by them in the study area. The present study used random sampling technique to select 133 sample farmers in Cuddalore District. The results show that, Paddy is the only crop with high MSP awareness, showing the effectiveness of Procurement Agencies in spreading information. MSP awareness is significantly lower for Black Gram, Groundnut, and Gingelly, highlighting the need for targeted awareness campaigns.

Keywords: Minimum Support Price, Awareness, Procurement agency, Local traders.

1. INTRODUCTION

Approximately 70% of Indian rural households rely on agriculture as their primary source of income. The government has implemented the agricultural price support system since 1965 to encourage more young adults to work in agriculture and to upgrade the agricultural sector with modern facilities in order to boost and achieve high productivity. This is done to protect the interests of farmers' producers against the decline in agricultural practices by young farmers. One such program of the government is the Minimum Support Price (MSP). As part of a larger set of agricultural policies in India, the MSP is the advisory price at which the government buys food grains from rural marginal farmers.

The Minimum Support Price (MSP) is the price of which government purchases the food grains from the rural/ marginal farmers, which is an advisory price that is part of a higher set of agricultural policies in India. Also, it is an integral component of Agriculture Price Policy of India. Central government pays the MSP prices to the farmers and the state government adds bonus to that payment provided by the central government together sets the MSP prices. This informal "support" is provided by the government and aims to safeguard the farmer to a minimum profit for the harvest while at the same time food security in the country will increase.

MSP is fixed on the recommendations of the Commission for Agricultural Costs and Prices (CACP) which is a part of Cabinet Committee Economic Affairs (CCEA) an apex advisory body for pricing policy under the Ministry of Agriculture. At that instance, the primary concern of the agricultural price policy was to ensure that the gap between demand and supply of food crops doesn't cause a major push on the agricultural products price result in excessive price rise and ensure Minimum Support Price (MSP) of the food crops were below market price. The Commission of Agricultural Cost and Price (CACP) recommends MSP for 24 agricultural crops every year which includes paddy, wheat, cotton, oilseeds, jute, pulses and other group of food and cash crops.

2. LITERATURE REVIEW

D. Suresh Kumar et-al., (2011) has analyzed the factors such as gross cropped area, income from other than agricultural sources, presence of risk in farming, number of workers in the farm family, satisfaction with the premium rate and affordability of the insurance premium amount significantly and positively influence the adoption of insurance and premium paid by the farmers. The study has clearly brought out the urgency of developing more innovative products, having minimum human interventions.

NITI AAYOG (2016) gives a detailed report on Evaluation Study On Efficacy of Minimum Support Prices (MSP) on Farmers explains the Awareness of the farmers on MSP are huge for northern and central states and less comparatively on southern states of India. The successful implementation of a scheme can be achieved only if the targeted population is aware of most of the aspects of a scheme. Failure to do so can never lead to an effective policy implementation. Regarding MSP,

the farmers need to be aware of prevailing MSP, time of their announcements and the process of procurements, the facilities provided by the government and the payment mechanism. State-wise differences in awareness levels in MSP announcements have been observed here. The results of **Venkatesh et-al., (2017)** A Study on Awareness of Farmers towards Agricultural Input Subsidies and Minimum Support Price in South India show that 71.25 per cent of respondent farmers view the level of awareness towards agricultural input subsidies at moderate level followed by low level [19.25 per cent] and high level [9.50 per cent]. There is significant difference between size of holdings and awareness of respondent farmers towards agricultural input subsidies. The results indicate that 71.50 per cent of respondent farmers view the level of awareness towards minimum support prices at moderate level followed by low level [16.25 per cent] and high level [12.25 per cent].

K.S. Aditya et-al., (2017) have analyzed farmers 'awareness about Minimum Support Price (MSP) and its impact on diversification of crops grown in India. The author used nationally representative data collected by National Sample Survey Office, 70th round data. He has also explored the relationship between farmers 'awareness about MSP and decision to go for crop specialization using Heckman selection model. The study shows that farmers' knowledge of MSP had not led to specialization.

Rakesh Kumar Gupta et-al., (2020) suggests that the Indian government, the state government and other policy makers should increase the marketing information and ability of Paddy farmers through avenues and more easy ways to the rural peoples for their easy level of understanding to make them understand and have more information on the MSP.

Mukesh Kumar (2021) reveals that the growth rate of MSP of Paddy, Wheat, Gram, Cotton, Mustard and Green Gram was 8.19, 7.16, 9.42, 7.97, 7.38 and 11.74(%) percent respectively. The study concluded that highest awareness about MSP in Kharif season among the farmers of Delhi (64.29%) and Punjab (52.94%) followed by Chattisgarh, Haryana, Telangana and Madhya Pradesh. Also conclude in the study MSP of crops are same all country but cost of cultivation are different so all farmer not equal profitable. Swaminathan commission submits a report on the recommendation of Minimum Support Price announced by government. In this report commission recommend 1.5 times MSP over C2 cost but current government announce 1.5 time price over A2+FL cost.

Anamika (2022) has analysed based on the findings still very less proportion of farmers were aware about MSP. There is need to increase awareness among farmers community through different mass media and the source like department of agriculture and marketing committee.

Methodology

This present study is based on primary data. The information regarding ownership of land, crop cultivation, mode of selling their crop and the farmer awareness about MSP were collected from 131 selected farmers by using random sampling technic in Cuddalore District. And the collected data were analysed by using simple percentages and Chi-square test.

Objective and Hypothesis

The prime objective of this present study is to explore the farmer's awareness of MSP for various crops produced by them in the study area.

Hypothesis: There is significant Association between farmer's awareness on MSP and their mode of selling for various crops.

3. RESULT AND DISCUSSION

The collected information were analysed by classifying the sample farmers (131) into two broad categories such as mode of selling [Procurement Agency (55), and Local Traders (55)] and Types of farmers [Marginal Farmers (74) with below 2.5 acres of land, Small Farmers (37) with 2.5 to 5 acres of land, Medium Farmers (16) with 5 to 10 acres of land and Large Farmers (4) with above 10 acres of land]

Table 1.1 Distribution of Sample Farmers as per Mode of Selling

Mode of Selling	Types of Farmers				Total
	Marginal	Small	Medium	Large	
Procurement Agencies	31	16	5	3	55

Local Traders	43	21	11	1	76
Total	74	37	16	4	131

Source: Computed from Primary Data

The table 1.1 shows the distribution of sample farmers as per mode of selling. The table shows that 42 percent of the marginal farmers are selling their cultivated crops through procurement agencies and 58 percent of them are through local traders. Similarly 43 percent of the small farmers are selling their cultivated crops through procurement agencies and 57 percent of them are through local traders. Likewise 31 of the medium farmers are selling their cultivated crops through procurement agencies and 69 percent of them are through local traders. Whereas 75 percent of the large farmers are selling their cultivated crops through procurement agencies and 25 percent of them are through local traders. It is inferred from the table that **Large farmers are more likely to sell to Procurement Agencies**, possibly due to better access, resources, or knowledge. **Smaller and marginal farmers depend more on Local Traders**, potentially due to convenience, lack of access to procurement centers, or immediate cash needs.

Farmers Awareness on MSP

In order to analyse the Farmers awareness on Minimum Support Prices and different modes of selling of major crops cultivated by the sample farmers, the hypothesis on the awareness on MSP is formulated and tested by using **Chi Square**.

Hypothesis: There is significant Association between farmer's awareness on MSP and their mode of selling for various crops.

Table 1.2 Distribution of Sample Farmers as per their Awareness on MSP and Mode of Selling

Crop	Mode of selling	Awareness				
		Yes	%	No	%	Total
Paddy	Procurement Agencies	51	93	4	7.2	55
	Local traders	59	78	17	22.3	76
	Total	110	84	21	16	131
Black Gram	Procurement Agencies	6	11	49	89	55
	Local traders	16	21	60	79	76
	Total	22	16.7	109	83.2	131
Groundnut	Procurement Agencies	9	16.3	46	84	55
	Local traders	17	22.3	59	78	76
	Total	26	24.5	106	81	131
Gingelly	Procurement Agencies	4	7.2	51	93	55
	Local traders	8	10.5	68	89.4	76
	Total	12	9.1	119	90.8	131

Source: Computed for Primary Data

This table 1.2 provides insights into **farmer awareness of the Minimum Support Price (MSP)** based on the **crop they grow** and the **mode of selling** (Procurement Agencies vs. Local Traders). The table evaluates both **absolute awareness (Yes/No counts)** and **percentage awareness** across four crops: **Paddy, Black Gram, Groundnut, and Gingelly**.

It is inferred from the table that 84 percent of paddy producing farmers are aware of MSP. Paddy farmers are the most aware

of MSP, especially those selling through Procurement Agencies, likely due to better access to formal markets and government programs. Only 16.7 percent of Black gram producing farmers are aware of MSP. Black Gram farmers have low MSP awareness, with very little difference between selling modes. Most farmers remain unaware. 24.5 percent of groundnut producing farmers are aware of MSP. Groundnut farmers are poorly informed about MSP. Local traders provide slightly more exposure, but overall awareness remains inadequate. Only 9.1 percent of Gingelly producing farmers are aware of MSP. It is inferred from the table that Paddy is the only crop with high MSP awareness, showing the effectiveness of Procurement Agencies in spreading information. MSP awareness is significantly lower for Black Gram, Groundnut, and Gingelly, highlighting the need for targeted awareness campaigns.

Table 1.3 Chi Square Test Results

Crops	Chi Square value	Degrees of Freedom	Significance
Paddy	5.02**	1	0.02
Black Gram	2.35 ^{NS}	1	0.125
Groundnut	0.723 ^{NS}	1	0.395
Gingelly	0.406 ^{NS}	1	0.524

Source: Computed for Primary Data

Note: NS- Insignificant * Significant at 5% level ** Significant at 1% level

This table 1.3 shows the results of a Chi-Square Test of Independence conducted to examine whether awareness of MSP (Minimum Support Price) is significantly associated with the mode of selling (Procurement Agencies vs. Local Traders) for different crops. Only for Paddy is there a statistically significant association between how farmers sell their produce (Procurement Agency vs. Local Trader) and their awareness of MSP. For **Black Gram, Groundnut, and Gingelly**, the relationship is **not statistically significant**, meaning farmers' awareness does **not significantly differ** based on the selling method. It is concluded that the mode of selling plays a meaningful role in raising MSP awareness only among Paddy farmers. For the other crops, even if some farmers are more aware when selling through local traders or procurement agencies, the differences are not strong enough to be statistically reliable.

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