



An Analytical Study of Relationship between Socio-Economic Profile and Impact of Minimum Support Price Scheme on Small Farmers of Begusarai District of Bihar

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Abstract: Minimum Support Price fixed by the government to protect the farmers against excessive fall in price during bumper production years. Questions, are being raised about the efficacy and effectiveness of the instruments of price policy specifically the Minimum Support Prices. Under these circumstances it assumes greater significance to understand the impact caused by the minimum support prices on small farmers with socio-economic scale. Total of 60 beneficiaries and 60 non-beneficiaries was selected in Teghara block of Bihar district by purposive sampling method. The primary data were collected with the help of interview schedule and the responses were recorded, classified and tabulated and appropriate statistical tools were employed. The results showed that higher percentage of small farmers were middle aged, attained middle school level education and had low income, the beneficiaries who had primary school level education with high farm experience, present near to the market and contacted extension agents had been sought to have more impacted.

Keywords: *Minimum Support Price, Procurement Price, Impact, Small farmers and Bihar*



Introduction

Agricultural Price Policy plays an important role in achieving growth and equity in the Indian economy in general, and the agriculture sector in particular (Mundinamani S.M. 2017). The major underlying objective of the Government's Price Policy is to protect both producers and consumers. Achieving food security at both the national and household levels is one of the major challenges in India today (Sarbani Sarkar 2020). Currently, the Food Security System and Price Policy basically consist of three instruments: Procurement Prices/Minimum Support Prices (MSPs), Buffer Stocks and the Public Distribution System (PDS). Agricultural Price Policy is one of the important instruments in achieving food security by improving production, employment and incomes of the farmers. There is a need to provide remunerative prices for farmers in order to maintain food security and increase the incomes of farmers (Rathod, M.K 2014).

The Commission for Agricultural Costs and Prices (CACP) submits separate reports recommending prices for Kharif and Rabi season crops. The Central Government after considering the report of the commission and views of the State Governments and keeping in view the demand and supply situations in the country, takes decision on the level of administered prices. The Commission recommended two sets of prices, minimum support prices and procurement prices. Minimum Support Price fixed by the government to protect the farmers against excessive fall in price during bumper production years. Minimum support price has been assigned a statutory status in case of sugarcane and as such the announced price is termed as statutory minimum price (Vasanthi 2012). There is statutory binding on sugar factories to pay the minimum announced price at and all those transactions or purchase at price (<http://cacp.dacnet.nic.in/>) lower than this are taken as illegal. The minimum support prices for different agricultural crops viz., food grains, oil seeds, fiber crops, sugarcane and tobacco are announced by the Govt. of India before the start of the sowing season of the crop. Minimum support price is the price at which government purchases crops from the farmers, whatever may be the price for the crops. If there is a fall in the prices of crops, after a bumper harvest, the government purchases at the MSP and this is the reason that the priced cannot go below MSP. So this directly helps the farmers. The minimum support prices were announced by the government of India for the first time in 1966-67 for wheat in the wake of the green revolution and extended harvest, to save the farmers from depleting profits. Since then, the MSP



regime has been expanded to many crops. The minimum support prices were announced by the government of India for 27 crops at the beginning of each season viz, Rabi and Kharif. Following are the crops which are covered by the MSP:

- **Cereals:** Paddy, wheat, jowar, bajra, maize, ragi, and barley.
- **Pluses:** moong, urad, arhar, gram, lentils, and peas.
- **Oilseeds:** Groundnut, rapeseed and mustard, Niger seeds, soyabean, sunflower, sesamum and safflower.
- **Fiber crops:** Cotton and jute.
- **Others:** sugarcane, VFC tabacco, onion, potato and coconut.

In each season the Government used to announce the Minimum Support Prices (MSPs). for major agricultural commodities and organizes purchase operations, wherever required, through public, cooperative, and other designated agencies to ensure that prices do not fall below that level. It decides on the support prices for various agricultural commodities taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of State Governments and Central Ministries as well as such other relevant factors as are considered important for fixation of support prices. The MSP is announced well ahead of the sowing season so that farmers can take informed decisions on cropping (Hisham S *et.al.* 2019). Agricultural Price Policy has assumed a greater significance in the current phase of liberalization (Singh Anushka 2021). But the situation in the agricultural sector underwent substantial changes in the wake of liberalization. In the context, questions, are being raised about the efficacy and effectiveness of the instruments of price policy specifically the Minimum Support Prices. Under these circumstances it assumes greater significance to understand the impact caused by the minimum support prices on small farmers with socio-economic scale. Thus, the research problem selected is in line with current issues and has practical utility for agricultural stakeholders and of academic importance. In this background an attempt was made

- To assess the socio-economic profile of beneficiaries and non-beneficiaries.
- To compile the various constraints faced by the beneficiaries and non-beneficiaries and seek their ideas for better procurement of commodities by the government.



Research Methodology:

Ex-post-facto research design was followed in this study. In this design, the investigator has no scope to manipulate the independent variables, as they have already occurred. Inferences on the relationship between independent and dependent variables are drawn on the basis of effects already manifested. Begusarai district of Bihar is selected purposively for the present study, because there are large number of farmers who sell their Agricultural commodities on MSP in the district and also the researcher know about the area and well conversant with language, geographical, agricultural and other aspect of the area. There are 18 blocks in the selected district out of that Teghra block is selected purposively for present study because there are large number of farmers who sell their agricultural commodities on MSP. There are 72 villages in Teghra block out of that 7 villages, Barauni, Goura, Amjadpur Bitholi, Pakthaul, Dhankaul, Phulwaria and Amwa urf Khaje Jahanpur were selected randomly based on the maximum number of MSP beneficiaries' farmers. From the selected seven villages namely Barauni, Goura, Amjadpur Bitholi, Pakthaul, Dhankaul, Phulwaria and Amwa urf Khaje Jahanpur 60 beneficiaries and 60 non-beneficiaries were selected using proportionate random sampling technique. The complete list of beneficiaries were collected from the agriculture department and non-beneficiaries selected based on the village population.

Considering the objectives and the variables selected for the study, a comprehensive structured interview schedule covering all aspects of the scheme MSP was prepared. The items included in the interview schedule were structured questions and objective type questions which were suitable to all categories of respondents. Necessary steps were taken to ensure that the questions in the schedules were unambiguous, clear, concise, complete and comprehensive. The data collected from the respondents were coded, tabulated, analyzed and presented in the form of tables in order to make the findings meaningful and easily understandable. The findings emerged from the analysis of data were suitably interpreted and conclusions were drawn using SPSS 16.0 and Ms-Excel.



Results and Discussion:

Table 01: Socio-Economic profile of the respondents

S. No.	Category	Beneficiaries		Non-Beneficiaries	
		Number (n=60)	Per cent	Number (n=60)	Per cent
1.	Age				
	Young	12	20.00	10	16.67
	Middle	42	70.00	37	61.67
	Old	06	10.00	13	21.66
2.	Gender				
	Male	51	85.00	56	93.33
	Female	09	15.00	04	06.67
3.	Educational Status				
	Illiterate	07	11.67	11	18.33
	Functionally Illiterate	05	08.33	04	06.67
	Primary School (1-5)	08	13.33	24	40.00
	Middle school (6-8)	17	28.33	09	15.00
	High school education (9-10)	12	20.00	08	13.33
	Higher secondary school education (11-12)	05	08.33	03	05.00
	Collegiate education	06	10.00	01	01.67
4.	Occupational Status				
	Agriculture alone	41	68.33	42	70.00
	Agriculture + Business	03	05.00	01	01.67
	Agriculture + Labour	14	23.33	15	25.00
	Agriculture+ Government / Private services	02	03.33	02	03.33
5.	Farming experience				
	Low	04	06.67	03	05.00
	Medium	15	25.00	20	33.33
	High	41	68.33	37	61.17
6.	Farm size				
	Up to 2.5 acres	23	38.33	21	35.00
	2.5 to 3.5 acres	31	51.67	32	53.33
	3.5 acres to 5 acres	06	10.00	07	11.67
7.	Annual income				
	Low (< Rs. 50,000)	33	55.00	35	58.33
	Medium (Rs. 50,001 - Rs. 1,00,000)	16	26.67	21	35.00
	High (>Rs. 1,00,000)	11	18.33	04	06.67
8.	Labour availability				
	Inadequate	15	25.00	31	51.67
	Moderate	41	68.33	27	45.00



	Adequate	04	06.67	02	03.00
9.	Distance to market				
	Near from farm	40	66.67	37	61.66
	Far away from farm	20	33.33	23	38.33
10.	Social Participation				
	Low	25	41.66	39	65.00
	Medium	16	26.67	14	23.33
	High	19	31.67	07	11.67
11.	Mass media exposure				
	Low	16	26.66	28	46.67
	Medium	31	51.67	22	36.67
	High	13	21.67	10	16.66
12.	Extension agency contact				
	Low	27	45.00	38	63.33
	Medium	22	36.67	17	28.33
	High	11	18.33	05	08.33

From the table 01, it was clear evident that higher percentage of the small farmers (beneficiaries and non-beneficiaries) were middle age category (70.00%), followed by young (20.00%) and old (10.00%), and whereas more than three fifth (61.67%) of the non-beneficiaries of MSP scheme belonged to middle age category, followed by 21.67 per cent and 16.67 per cent of the old and young small farmer (non-beneficiaries) respectively. Majority (85.00%) and (93.33%) of the small farmers (beneficiaries and non-beneficiaries) were found to be male respectively and 15.00 per cent and 06.67 per cent of the small farmers (beneficiaries and non-beneficiaries) were reported as female respectively. Beneficiaries farmers, middle school education (28.33%); high school education (20.00%); primary school education (13.33%); illiterate (11.67%); collegiate education (10.00%); functionally literate (08.33%) and higher secondary school education (08.33%) whereas in non-beneficiaries farmers, primary school education (40.00%); illiterate (18.33%); middle school education (15.00%); and high school education (13.33%); functionally literate (06.67%); higher secondary school education (05.00%) and collegiate education (01.67%). Beneficiaries farmer's occupational status was reported that agriculture alone (68.33%); agriculture+ labor (23.33%); agriculture along with business (05.00%) and agriculture along with government/ private services (03.33%). Non-beneficiaries farmers: Agriculture alone (70.00%); agriculture+ labor (25.00%); agriculture along with business (03.33%) and agriculture along with government/ private services (01.67%). More than two third of the beneficiaries and non-beneficiaries (68.30% and 61.17%) had high



level of experience respectively followed by 33.33 per cent and 25.00 per cent and of the non-beneficiaries and beneficiaries had medium experience level respectively, very few (06.70 % and 05.00%) of the small farmers (the beneficiaries and non-beneficiaries) had low level of experience respectively. More than half (53.33% and 51.67%) of the both non-beneficiaries and beneficiaries were found to having farm size of 2.5 to 3.5 acres followed by 38.33 per cent and 35.00 per cent of the beneficiaries and non-beneficiaries were found to having farm size up to 2.5 acres and few (11.67% and 10.00%) of the non-beneficiaries and beneficiaries were having farm size of 3.5 to 5 acres. More than half (58.33% and 55.00%) of the both non-beneficiaries and beneficiaries were having annual income of less than fifty thousand rupees followed by 35.00 per cent and 26.67 per cent of the non-beneficiaries and beneficiaries were having annual income of fifty thousand one rupees to one lakh rupees respectively and 18.33 per cent and 06.67 of the non-beneficiaries and beneficiaries were having annual income of more than one lakh rupees. More than half (58.33% and 55.00%) of the both non-beneficiaries and beneficiaries were having annual income of less than fifty thousand rupees followed by 35.00 per cent and 26.67 per cent of the non-beneficiaries and beneficiaries were having annual income of fifty thousand one rupees to one lakh rupees and 18.33 per cent and 06.67 of the non-beneficiaries and beneficiaries were having annual income of more than one lakh rupees. Nearly two-third (66.67% and 61.66%) of the beneficiaries and non-beneficiaries small farmers are having market nearer to their farm and remaining nearly one third (38.33% and 33.33%) of the non-beneficiaries and beneficiaries reported that they having market far from their farm respectively. Majority (65.00% and 41.66%) of the both non-beneficiaries and beneficiaries had low level of social participation respectively followed by 31.67 per cent and 26.67 per cent of the beneficiaries had high and medium level of social participation respectively and remaining 23.33 per cent and 11.67 per cent of the non-beneficiaries had medium and high level of social participation respectively. More than half (51.67%) of the small farmers (beneficiaries) of MSP scheme had medium level of mass media utilization. About 26.66 per cent of the small farmers (beneficiaries) had utilized mass media minimally. Only 21.67 per cent of the small farmers (beneficiaries) had utilized mass media to the maximum. On the other hand, preponderance (46.67%) of the non-beneficiaries had utilized mass media minimally, about more than one- third (36.67%) of the non-beneficiaries had medium level of mass media utilization and finally very few (16.66%) of the non-beneficiaries had high level of mass media utilization. Majority (63.33% and 45.00%) of the small farmers (non-beneficiaries and beneficiaries) had



low level of extension agency contact respectively followed by 36.67 per cent and 28.33 per cent of the small farmers (beneficiaries and non-beneficiaries) had medium level of extension agency contact respectively. About 18.33 per cent and 08.33 per cent of the small farmers (beneficiaries and non-beneficiaries) developed high level of extension agency contact respectively.

Table 02: Impact caused towards MSP purchase by the government on beneficiaries and non-beneficiaries.

S.No.	Category	Beneficiaries		Non-Beneficiaries	
		Number	Per cent	Number	Per cent
1.	Low	11	18.33	38	63.34
2.	Medium	42	70.00	17	28.33
3.	High	07	11.67	05	08.33
4.	Total	60	100.00	60	100.00

From table 02, It was evident that higher percentage of the beneficiaries had medium level of impact (70.00%), followed by low (18.83%) and high (11.67%) level of impact, whereas in other hand, nearly two-third (63.34%) of the non-beneficiaries had low level of impact, about 28.33 per cent of the non-beneficiaries had medium level of level and very few (08.83%) small farmers (non-beneficiaries) had high level of impact.

Table 03: Association of profile with impact caused by the MSP scheme on small farmers.

S. No	Characteristics	Coefficient of correlation (r)
01.	Age	0.085 ^{NS}
02.	Gender	-0.0151 ^{NS}
03.	Educational status	0.542 ^{**}
04.	Occupational status	-0.055 ^{NS}
05.	Farming experience	0.378 [*]
06.	Farm size	0.026 ^{NS}
07.	Annual income	-0.047 ^{NS}
08.	Labor availability	0.108 ^{NS}
09.	Distance to the market	0.333 [*]
10.	Social participation	0.045 ^{NS}
11.	Mass media utilization	0.127 ^{NS}
12.	Extension agency contact	0.485 ^{**}

*Significant at 0.005 level **Significant at 0.001 level NS – Non significant



It could be seen from the table 03, where the correlation value of the variables, educational status (X_3), farming experience (X_5), distance to the market (X_9), and extension agency contact (X_{12}) had positive and significant association with impact caused by the MSP scheme regarding beneficiaries at five and one per cent level of probability. The rest of the variables age (X_1), gender (X_2), occupational status (X_4), farm size (X_6), annual income (X_7), labor availability (X_8), social participation (X_{10}) and mass media utilization (X_{11}), showed non-significant association with impact cause by the MSP scheme regarding beneficiaries.

Conclusion:

It is concluded that most of the small farmers felt that their socio-economic standard has increased but not up to the expected level. The beneficiaries who had primary school level education with high farm experience, present near to the market and contacted extension agents had been sought to have more impacted. Small farmers were also wanted to have a timely and effective procurement of products without any interventions of middle man.

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