



# *Agricultural Production and* **Market Outlook**

The Rising Agriculture.

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## Production led Agriculture to Market led Agriculture

### Introduction

The Agricultural market environment is changing with unprecedented speed and in very diverse ways- locally and globally. These dynamics affect farm prices and thereby farm income. The majority of the rural producers are unable to understand and interpret the market and price behaviour to their advantage. The most important marketing information input needed by a farmer in the current scenario is the price intelligence. Successful marketing of high value crops (like plantation crops, spices and other commercial crops) need to have a fairly good understanding of market prices and consumer preferences by the stakeholders. Some crops exhibit too much price volatility. Most of the farmers still lack a good understanding and capacity to use market intelligence in guiding their production and marketing decisions.

### We aim to:

- ❖ Provide improved regional linkages in the generation, dissemination and sharing of agricultural information for better decision making.
- ❖ Provide improved access and use of market intelligence with better production and marketing strategies to all stakeholders in the marketing chain.
- ❖ Help the farmers in realizing higher net Income and better standard of living.





## Minimum Support Prices

Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices. The minimum support prices are announced by the Government of India 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). MSP is price fixed by Government of India to protect the producer - farmers - against excessive fall in price during bumper production years. The minimum support prices are a guarantee price for their produce from the Government. The major objectives are to support the farmers from distress sales and to procure food grains for public distribution. In case the market price for the commodity falls below the announced minimum price due to bumper production and glut in the market, government agencies purchase the entire quantity offered by the farmers at the announced minimum price.

### Minimum Support Prices for Kharif Crops for 2015-16 season

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for

the Minimum Support Prices (MSPs) for Kharif Crops of 2015-16 Season. The decision is based on recommendations of Commission for Agricultural Costs and Prices (CACP) for the Price Policy for Kharif Crops for the Marketing Season 2015-16. CACP takes into account the cost of production, overall demand-supply, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect of the Price Policy on the rest of economy, besides ensuring rational utilization of production resources like land and water, while recommending MSPs.

The CACP being the expert body, its recommendations are generally accepted as such. However, in view of a large surplus of cereals in contrast to huge deficit of pulses, the Cabinet made an exception and decided to give a bonus of Rs.200/- per quintal for pulses over and above the recommendations of the CACP. This is expected to give a strong price signal to farmers to increase acreage and invest for increase in productivity of pulses. The prices would be effective from 1.10.2015 and would increase investment and production through assured remunerative prices to farmers.



Commodity	Variety	MSP for 2014-15 season (Rs Per quintal)	MSP 2015-16 season (Rs. Per quintal)	Increase Previous year(Rs./ quintal)	Over Bonus (in Rs. Per quintal)
Paddy	Common	1360	1410	50	
	Grade A	1400	1450	50	
Jowar	Hybrid	1530	1570	40	
	Maldandi	1550	1590	40	
Bajra		1250	1275	25	
Maize		1310	1325	15	
Ragi		1550	1650	100	
Tur(Arhar)		4350	4625(includes Rs.200/- Bonus)	275	200
Moong		4600	4850(includes Rs.200/- Bonus)	250	200
Urad		4350	4625(includes Rs.200/- Bonus)	275	200
Groundnut in shell		4000	4030	30	
Soyabean	Black	2500			
	Yallow	2560	2600	40	
Sunflower seed		3750	3800	50	
Sesamum		4600	4700	100	
Nigerseed		3600	3650	50	
Cotton	Medium staple	3750	3800	50	
	Long staple	4050	4100	50	

Source: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=122585>

## Plan to introduce MSP for minor forest produces

The Union Government will introduce minimum support price (MSP) for the minor forest produce sold by tribal people, according to Prakash Javdekar, Union Minister of State for Environment and Forest. The first time after independence, tribal people will get minimum support price for their forest produce. Terming it as a big revolution, he said it was completely a market of exploitation. We are converting it into a system of MSP where tribal people will be given justice, he said. Explaining his stint as a banker in the seventies, Javdekar said he knows how the exploitation takes place while selling the minor forest produces. That is why the new system of minimum support price will be extended to minor forest produces, he added.





## Other decisions of Cabinet Committee on Economic Affairs

Various reports have shown that the Eastern belt of the country gets neglected in so far as procurement is concerned. Also, while the procurement mechanism is strong for rice and wheat, it needs to be improved for pulses and oilseeds. The Cabinet directed that the arrangements for procurement in the Eastern India be strengthened. The Cabinet also directed that a credible procurement mechanism for pulses and oilseeds be put in place if the need arises. Last week, a decision to import pulses was taken. These measures are expected to complement efforts to keep a check on the price rise in pulses. Besides increase in MSP, Government has taken several farmer friendly initiatives over the last one year. These, amongst other things, include the following:

- A Scheme to issue Soil Health Card to every farmer has been introduced. Soil health management in the country is being promoted through setting up of soil & fertilizer testing laboratories and implementation of organic farming.
- A new Scheme, Pradhan Mantri Krishi Sinchai Yojana, has been launched with the objective of creating sources of assured irrigation.
- A dedicated Kisan Channel has been started by the Doordarshan to address various issues concerning farmers.
- An initiative is being taken to set up a National Agriculture Market (NAM). This would enable farmers to overcome the impediments in marketing of agricultural produce and get better price discovery. A common e-market platform is being created and would be provided free of cost to the States/UTs.
- Government is also encouraging formation of Farmer Producer Organisations.
- To help the farmers afflicted by natural calamities, assistance was increased by 50 percent. Further, norms were relaxed to provide assistance to farmers who suffered a loss of 33 percent or more from the previous norm of 50 percent or more loss.

Book Post

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