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MINIMUM SUPPORT PRICES (MSP) AND ITS GROWTH TRENDS ON PADDY FARMING IN TAMIL NADU

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Abstract

The present study evaluates the correlation of MSP price rates with Area, Production and Productivity of Paddy. Season and Crop Report and Ministry of Agriculture and Farmers' welfare of India reports were used to collect the Secondary data for this study. The growth trends in Area; Production; Productivity; MSP rates and Cost of Production for paddy crops were calculated for 2000-01 to 2020-2021. On analysis the results obtained, Cost of Production has acted as a major factor in determining the MSP rates and evident that Government have considered the Cost of productions and then announces the MSP rates after the year 2007-08 which has given a significant results with leading to increase benefits that improve the farmer's livelihood.

Keywords: MSP rates, Procurement Centers, Local Traders and Paddy Production Growth Trends.

Introduction

Tamil Nadu has traditionally been an agricultural state from the past time. Tamil Nadu, given its history as lead the way in irrigation, is viewed as a significant rice-delivering State. In Tamil Nadu, nearly 90 per cent of the farmers fit into marginal and small category, hence these small and marginal farmers play a key role in overall development in Agriculture. Tamil Nadu one of the main paddy developing states in India, has been producing paddy from days of immemorial as this State is enriched with all positive climatic circumstances reasonable for paddy production. Paddy is the chief yield widely developed the state having an extraordinary three-season design viz., Kuruvai (April to July), Samba (August to November) and Navarai (December to march).

Agricultural Production of paddy in Tamil Nadu was 7,171,100 Ton in 2020. This account was extended from the preceding number of 6,130,900 Ton for 2019. Production of paddy in Tamil Nadu data is updated yearly, averaging 5,636,100 Ton from March 1981 to 2020, with 40 observations. The data reached a supreme prominent of 8,141,400 Ton in 1999 and a record low down of 1,903,800 Ton in 1997. About 94% of total area under rice in the state is determined in high productivity group, which accounts for about 98% of total production of rice in the State.

MSP in Tamilnadu is administrated by Agricultural Produce Market Committee (APMC) which is a promoting board council special to ensure farmers are safeguarded from ill-treatment by huge retailers, as well as guaranteeing cost doesn't arrive at exorbitantly irrefutable levels in showcasing panel to guarantee the government assistance of everyday citizens could purchase the reasonable food at low costs. The Tamil Nadu State Agricultural Marketing Board (TNSAMB), effectively running beginning around 1977, is the administrative board for farming business sectors.

This body regulates MSP in state level by a variety of awareness programs like seminars, workshops, exhibitions etc., to rural farmers and villages' people on subjects linking to agricultural marketing and MSP. They conduct trainings for farmers and staffs. They published many useful books on a mixture of branches of agriculture like statistical data. They commence State level planning of the expansion of the agriculture produce markets to ensure that these steps by government officials afford life security to the farmers and would be aware of profit that can be gained for the betterment of their life.

Methodology

This present study is based on the secondary data from various resources from books, articles, and reports. Then, the Data is studied and analyzed using the compound Growth rate to calculate its growth trends in SPSS. The secondary data regarding Area, Production & Productivity of Paddy and Minimum Support Prices (MSP) has been collected for the Phase 2000-01 to 2020-21 from Season and Crop Report. The information about Cost of Production in paddy was collected from Ministry of Agriculture and Farmers' welfare of India.

Compound Growth Rate

The compound growth rates could be predicted by using the exponential growth function.

$\mathbf{Y= \alpha\beta^{t}U_t}$

Where,

Y= area, production, productivity and MSP for various crops.

α= intercept

β= regression co-efficient

t = time variable

The equation was estimated by transforming into log form as follows:

$\mathbf{\log Y = \log \alpha + \log \beta + \log U_t}$

Then, the present compound growth rate (CGR %) was calculated by using the relationship.

CGR% = [antilog of (log β)-1]*100

Growth trends in Area, Production & Productivity of Paddy for Phase 2000-01 to 2020-21

Below table shows the Compound Growth Rate of Area, Production and Productivity which was computed for Phase for 2000-01 to 2020-21 in two phases. In Phase–I there is ups and downs in the Area under cultivation of Paddy with highest areas in 20.80 lakh Ha in year 2000-01 and least in year 2003-04 with 13.97lakh Ha, Similarly in the Production of Paddy is also not static increasing or decreasing with highest production in 73.66 lakh MT in year 2000-01 and least in year 2003-04 with 32.23 lakh MT. And the Productivity of Paddy is highest in the year 2000-01(3541 Kg/ Ha) and it is least in the year 2003-04 (2308Kg/Ha). The CGR is insignificant and it is 0.2 %, 0.5 % and 2.6 % for Area, Production and Productivity respectively.

With respect to Phase-II the Area under cultivation of Paddy is not static and growth. The Area under cultivation of Paddy is highest in the year 2015-16 (20 lakh ha) and the least is in the year 2016-17 (14-43 lakh ha). Whereas the Production of Paddy is highest in the year 2014-15 (70.49 lakh MT) and it is least in 2016-17(35.54 lakh MT). The Production of Paddy is highest in the year 2014-15 (4429 Kg/ha) and it is least in 2012-13(2712 Kg/ha). The CGR is also insignificant in Phase II which is 0%, 0.4 % and 1.2 % for Area, Production and Productivity of Paddy respectively.

It is concluded from the Table that, for the 20 years Phase the Productivity of Paddy is highest in the Productivity of Paddy is highest in the year 2014-15 (4429Kg/ha) and least in 2003-04 (2308Kg/ha) and the compound growth rates shows that productivity is insignificant.

Table 1:
Growth Trends in Area, Production &Productivity of Paddy for 2000-01 to 2019-20

Years	Area (lakh ha)	Production (lakh MT)	Productivity (kg/ha)
Phase-I			
2000- 01	20.80	73.66	3541

2001-02	20.60	65.84	3196
2002-03	15.16	35.77	2359
2003-04	13.97	32.23	2308
2004-05	18.72	50.61	2703
2005-06	20.50	52.09	2541
2006-07	19.32	50.14	2735
2007-08	17.89	50.40	2817
2008-09	19.30	51.83	2682
2009-10	18.45	56.65	3070
CGR%	**0.2** ^{NS}	**0.5** ^{NS}	**2.6** ^{NS}
Phase-II			
2010-11	19.06	57.92	3039
2011-12	19.04	74.59	3918
2012-13	14.93	40.5	2712
2013-14	17.26	71.15	4123
2014-15	17.95	79.49	4429
2015-16	20	73.75	3687
2016-17	14.43	35.54	2463
2017-18	18.29	66.38	3630
2018-19	17.21	61.31	3562
2019-20	19.07	72.65	3809
2020-21	19.57	74.38	3923
CGR%	**0** ^{NS}	**0.4** ^{NS}	**1.2** ^{NS}

Source: Season and Crop Report
Note: NS- Non-Significant * Significant at 5% Level ** Significant at 1% Level

Growth Trends in MSP Rates of Paddy for Phase 2000-01 to 2020-21:

Here scholar evaluates the growth rate of MSP prices announced by the government for Paddy crops during 2000-01 to 2020-21 which is expressed in two Phases i.e. Phase –I (2000-01 to 2009-10) and Phase-II from 2010-2021. In phase I price has been gradually grown from Rs. 510 per quintal in year 2000-01 to Rs. 960 per quintal in year 2009-10for paddy common variety and Rs. 540 per quintal in 2000-01 to Rs. 990 per quintal in year 2009-10 for paddy grade A variety with a compound growth rate of 74.1 and 89.4 per cent with high significant value.

In phase II price has been gradually grown from Rs. 1000 per quintal in year 2010-11 to Rs. 1868 per quintal year 2020-21for paddy common variety and Rs. 1030 per quintal in the year 2010-11 to Rs. 1888 per quintal in year 2020-21for paddy grade A variety with a compound growth rate of 97.21 and 97.8per cent as high level of significance. Overall the paddy rate in MSP has made a huge growth in past 20 years with more that 95 per cent growth.

Table 2:
Growth Trends in MSP Rates of Paddy for Phase 2000-01 to 2020-21

Years	**MSP (Rs/Q) PADDY COMMON**	**% Change PADDY COMMON**	**MSP (Rs/Q) PADDY GRADE A**	**% Change PADDY GRADE A**
Phase-I				
2000-01	510	3.65	540	3.10
2001-02	530	3.92	560	3.70
2002-03	530	0	560	0
2003-04	550	3.77	580	3.57

2004-05	560	1.81	590	1.72
2005-06	570	1.78	600	1.69
2006-07	580	1.75	610	1.66
2007-08	645	11.2	880	44.26
2008-09	850	31.78	850	-3.40
2009-10	960	17.64	990	16.47
CGR%	**74.1****		**89.4****	
Phase-II				
2010-11	1000	0	1030	
2011-12	1080	8	1110	7.76
2012-13	1250	15.74	1280	15.31
2013-14	1310	4.8	1345	5.07
2014-15	1360	3.81	1400	4.08
2015-16	1410	3.67	1450	3.57
2016-17	1470	4.25	1510	4.13
2017-18	1550	5.67	1590	5.29
2018-19	1750	12.9	1770	11.32
2019-20	1815	3.71	1835	3.67
2020-21	1868	2.92	1888	2.88
CGR%	**97.2****		**97.8****	

Source: Season and Crop Report
Note: NS- Non-Significant * Significant at 5% Level ** Significant at 1% Level
% Change = ((Current year value – Previous year value) / Previous year value) * 100

Relationship between the Cost of Production and MSP rates

Researcher compares the cost of production with the MSP rates set by the government to provide the support to the farmers. The cost of production considers the various cost involved at of productions like fertilizer cost, human labor cost etc. with the minimum support prices rates provided to the farmers as a minimum assurance amount. This table shows the cost of production and MSP rates are not more profitable and the cost of production calculated by the government is very small amount.

Table 3:
Relationship between the Cost of Production and MSP rates

YEAR	COST OF PRODUCTION	MSP PADDY COMMON	MSP PADDY GRADE A
Phase-I			
2003-04	595	550	580
2004-05	612	560	590
2005-06	690	570	600
2006-07	693	580	610
2007-08	745	850	880
2008-09	894	850	850
2009-10	897	950	980
2010-11	946	1000	1030
2011-12	986	1080	1110

CGR%	**94.8****	**90.2****	**89.4****
Phase-II			
2012-13	1012	1250	1280
2013-14	1058	1310	1345
2014-15	1087	1360	1400
2015-16	1094	1410	1450
2016-17	1123	1470	1510
2017-18	1146	1550	1590
2018-19	1174	1750	1770
2019-20	1255	1815	1835
2020-21	1282	1868	1888
2021-22	1345	1940	1960
CGR%	**95.6 ****	**97.2****	**97.8****

Source: Ministry of Agriculture and Farmers' welfare of India
Note: NS- Non-Significant * Significant at 5% Level ** Significant at 1% Level

Conclusion

The maximum growing trends in Area, Production & Productivity of paddy was found during the Phase II (i.e. 2010-11 to 2020-21). The overall growth was peak for Area, Production and Productivity of paddy in (2000-01 to 2020-2021) is 0.01, 0.45 and 1.9 percent correspondingly. Also, MSP rate of paddy, phase II price has been gradually grown from Rs. 1000 per quintal to Rs. 1940 per quintal for paddy common variety and Rs. 1030 per quintal to Rs. 1960 per quintal for Paddy grade A variety with a compound growth rate of 97.21 and 97.8 per cent as high significant value. Overall the paddy rate in MSP has made a huge growth in past 20 years with more that 95 per cent growth.

It is noticed from the above tables that there is insignificant growths in Area, Production & Productivity of paddy over past 20 years with either increase or decrease in Area, Production & Productivity of paddy. Also it is remarkable that the paddy MSP rates growth are having significant growth over a 20 years of time. It is evident that when time passed government has noted that cost of production as a major factor in determining the MSP rates and have considered the Cost of productions and then announces the MSP rates after the year 2007-08 which has led to increase in MSP rates that benefits the farmers livelihood.

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