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RESEARCH PAPER

Performance of minimum support price scheme for Bengalgram and Redgram in North Karnataka

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Abstract: MSP is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices to protect the producer- farmers- against excessive fall in price during bumper production years. The effectiveness of price policy at the state level involves the availability of market infrastructure at the state level and the initiative taken by the state Governments to create an institutional structure for monitoring of agricultural prices. The study was conducted during the year 2015-16 using the secondary data pertaining to the MSP for different crops and open market prices for redgram and bengalgram in selected markets of Vijayapura and Gadag taluka. Compound growth rate were computed to comprehend the annual growth in MSP of agricultural commodities for the period from 2000-01 to 2015-16. It is revealed that the annual growth rates for MSP for all commodities were found to be positive. The growth rate of MSP for redgram and bengalgram were 11.04 per cent and 8.28 per cent respectively. The increase in MSP was not equitable to all the crops. Both open market prices and MSP shown increasing trend but most of the years, open market prices for both redgram and bengalgram were higher than the MSP in all the selected markets of Vijayapura and Gadag and the percentage differences were not high. The influence of MSP on market price was not significant in bengalgram and redgram. Hence there is need to bring some improvement in the price policy to different crops in ensuring highest returns to the farmers to continue their production with the increase in cost of inputs especially the crops like bengalgram and redgram.

Key words: Bengalgram, Minimum support price, Redgram, Vijayapura

Introduction

The minimum support price is 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 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 are fixed at incentive level, so as to induce the farmers to make capital investment for the improvement of their farm and to motivate them to adopt improved crop production technologies to step up their production and thereby their net income. In the absence of such a guaranteed price, there is a concern that farmers may shift to other crops causing shortage in these commodities.

Material and methods

Keeping in view the objectives of the study a multistage random sampling procedure has been adopted for the selection of the districts, regulated markets and sample respondents. Two districts namely Vijayapura and Gadag were selected for the study. From each district one major market were selected. From each market 60 farmers (20 marginal, 20 small and 20 medium farmers) were selected. From Vijayapura district redgram were selected. Gadag district bengalgram were selected. Since, they are the major crops procured under minimum support price. Hence, the total sample size was 120.

The secondary data pertained to the growth, procurement, minimum support price and open market price were collected from the APMC from 2002-03 to 2015-16. For evaluating the specific objectives of the study, necessary primary data were obtained from the selected respondents, through personal interviews with the help of a pre-tested and structured schedule. The were conducted in the agricultural year 2015-16. The data collected from the respondents included production cost and returns, awareness among the farmers regarding procurement process and procurement practices. The method of personal interview was adopted to ensure that the data obtained from the respondents were relevant, comprehensive and reasonably correct and precise.

Results and discussion

Growth of minimum support price for pulses

The MSP for pulses from 2000-01 to 2015-16 compound growth rate, R^2 value, intercept and t value are represented in Table 1. Among pulses, the MSP for greengram showed the maximum growth of 11.65 per cent and the R^2 value was 0.90 indicating 90 per cent of total variation in time is due to green gram and lowest in case of lentil with growth rate of 7.32 per cent, the R^2 value was 0.91 indicating 91 per cent of total variation in time is due to lentil and growth rates were found to be highly significant at one per cent level of all commodities. These results were in Nadarajan *et al.* (2013), most of the pulses, prices have shown a positive trend except for urdbean.

Table 1. Compound annual growth rate of minimum support price for pulses (₹/q)

Year	Redgram	Greengram	Blackgram	Bengal gram	Lentil
2000-01	1,200	1,200	1,200	1,100	1,200
2001-02	1,320	1,320	1,320	1,200	1,300
2002-03	1,320	1,330	1,330	1,220	1,320
2003-04	1,360	1,370	1,370	1,400	1,500
2004-05	1,390	1,410	1,410	1,425	1,525
2005-06	1,400	1,520	1,520	1,435	1,535
2006-07	1,410	1,520	1,520	1,445	1,545
2007-08	1,550	1,700	1,700	1,600	1,700
2008-09	2,000	2,520	2,520	1,730	1,870
2009-10	2,300	2,760	2,520	1,760	1,870
2010-11	3,500	3,670	3,400	2,100	2,250
2011-12	3,700	4,000	3,800	2,800	2,800
2012-13	3,850	4,400	4,300	3,000	2,900
2013-14	4,300	4,500	4,300	3,100	2,950
2014-15	4,350	4,600	4,350	3,175	3,075
2015-16	4,625	4,850	4,625	3,425	3,325
CGR	11.04*	11.65*	11.13*	8.28*	7.32*
R Square	0.87	0.90	0.90	0.89	0.91
Intercept	276.63	255.00	327.13	624.00	802.50
t value	9.79	11.52	11.42	10.63	12.12

*Significant at 1 per cent level of significance

Variation of market price from MSP in Gadag market for Bengalgram

The market price and the MSP rate for bengalgram in Gadag market for the corresponding period was collected from the year 2002-03 to 2015-16 are presented in the Table 2. The performance of MSP and open market prices of bengalgram in Gadag market, MSP was higher than the average prices in only 2 years *viz*., 2013-14 and 2014-15 and the highest difference was in 2014-15 when the MSP was higher than average prices by 12 per cent. In case of remaining 12 years, MSP has been lower than the average prices. The maximum negative difference was found in the year 2006-07 when MSP was lower than average prices by -45 per cent. The market price of bengalgram increases is due to weather extremity. The study were found by Meena and Reddy (2013), the study suggests that as the large number of farmers in both the categories opined that the rate of interest was high.

Table 2. Variation of market price from MSP in Gadag market for Bengalgram (₹/q)

Year	Average price	MSP	Difference	% change
2002-03	1,488	1,220	-268	-22
2003-04	1,404	1,400	-4	0
2004-05	1,481	1,425	-56	-4
2005-06	1,639	1,435	-204	-14
2006-07	2,089	1,445	-644	-45
2007-08	1,943	1,600	-343	-21
2008-09	2,089	1,730	-359	-21
2009-10	2,072	1,760	-312	-18
2010-11	2,095	2,100	5	0
2011-12	2,845	2,800	-46	-2
2012-13	3,876	3,000	-876	-29
2013-14	2,810	3,100	290	9
2014-15	2,795	3,175	380	12
2015-16	4,422	3,425	-997	-29

Input utilization pattern in bengalgram cultivation in Gadag taluka

The details pertaining to input utilization pattern in different category of farmers i.e. marginal, small and medium farmers are presented in Table 3. On an average 71 kg, 71.75 kg and 72.50 kg of seeds were used by marginal, small and medium farmers respectively. Other inputs such as human labour, machine labour, fertilizers and PPC utilized were high in medium farmers than compared to small and marginal farmers. Whereas the bullock labour utilization was higher in case of the medium farmers (10.00 pair days) followed by small farmers (9.37 pair days) and marginal farmers (8.50 pair days). Machine labour utilization was higher in case of medium farmers (3.62 hrs) followed by small farmers (3.62 hrs) and marginal farmers (3.55 hrs). DAP and PPC utilized were high in medium farmers than compared to small and marginal farmers. Results obtained by Shayequa *et al.* (2012), suggested that without losing sight of the environment concerns, the Punjab model can be used for increasing the production of rice in other potential areas of the country.

Cost and returns structure in bengalgram cultivation in Gadag taluka

The cost and returns structure in bengalgram cultivation in Gadag taluka is presented in Table 4. The cost of cultivation in medium farmers (₹35,207) was higher followed by small farmers (₹33,807) and marginal farmers (₹31,970). The share of total variable cost was higher than the share of total fixed cost. The share of total variable cost in total cost of cultivation was 77.35 per cent (₹ 24,727) in marginal farmers, 77.66 per cent (₹ 26,255) in small farmers and 77.99 per cent (₹ 27,460) in medium farmers. Since the human labour and fertilizer utilization cost were maximum. The share of human labour cost in total variable cost was 29.72 per cent in marginal farmers, 29.65 per cent in small farmers and 29.33 per cent in medium farmers. The share of fertilizer cost in total variable cost was 7.51 per cent, 7.54 per cent and 8.09 per cent in marginal, small and medium farmers respectively. In the fixed cost the share of rental value on land was higher than compared to land revenue depreciation and interest on fixed capital. The share of total fixed cost in total cost of cultivation was 21.56 per cent in marginal farmers, 20.86 per cent in small farmers and 20.45 per cent in medium farmers

Table 3. Input utilization pattern in bengal gram cultivation in Gadag taluka (per ha)

Sl. No	Inputs	Units	Marginal farmers (n=20)	Small farmers (n=20)	Medium farmers (n=20)
1	Seed	kg	71.00	71.75	72.50
2	Manures (FYM)	t	-	-	-
3	Human labour	mandays	47.50	50.12	51.62
4	Bullock labour	pair days	8.50	9.37	10
5	Machine labour	hrs	3.55	3.62	3.62
6	Fertilizers				
A	Urea	kg	-	-	-
B	DAP	kg	100	106.25	118.75
7	Plant protection chemicals	ltr	0.90	1.05	1.125

Table 4. Cost and returns structure in bengal gram cultivation in Gadag taluka (₹/ha)

Sl. No.	Particulars	Marginal farmers (n=20)		Small farmers (n=20)		Medium farmers (n=20)	
		Cost	Per cent	Cost	Per cent	Cost	Per cent
I	Variable cost						
a)	Material cost						
	Seed	2,130	6.66	2,152.5	6.37	2,175	6.18
	FYM		0.00		0.00		0.00
	Fertilizer	2,400	7.51	2,550	7.54	2,850	8.09
	Plant protection chemicals	180	0.56	210	0.62	225	0.64
b)	Labour cost		0.00		0.00		0.00
	Human labour	9,500	29.72	10,025	29.65	10,325	29.33
	Bullock labour	5,950	18.61	6,562.5	19.41	7,000	19.88
	Machine labour	2,450	7.66	2,537.5	7.51	2,537.5	7.21
	Threshing per bag	500	1.56	500	1.48	550	1.56
	Interest on working capital (7 %)	1,617.7	5.06	1,717.63	5.08	1,796.38	5.10
	Total variable cost	24,727.7	77.35	26,255	77.66	27,460	77.99
II	Fixed cost		0.00		0.00		0.00
	Land revenue	50	0.16	50	0.15	50	0.14
	Depreciation	855	2.67	997.5	2.95	1127.5	3.20
	Rental value on land	5,250	16.42	5,250	15.53	5,250	14.91
	Interest on fixed capital (12 %)	738.6	2.31	755.7	2.24	771.3	2.19
	Total fixed cost	6,893.6	21.56	7,053.25	20.86	7,198.75	20.45
III	Marketing cost	349	1.09	500	1.48	550	1.56
IV	Total cost of cultivation	31,970.3	100	33,807.5	100	35,207.5	100
V	Returns						
	Main product (q)	5.00		5.00		5.5	
	By product (t)	2.50		3.00		3.75	
	Value of main product (₹) 4600	23,000		23,000		25,300	
	Value of by product (₹ 750/t)	1,875		2,250		2,812.5	
	Gross returns (₹)	24,875		25,250		28,112.5	
	Net returns (₹)	-7,095.3		-8,557.5		-7,095	
VI	B:C ratio	0.77		1.85		1.97	

respectively. With respect to returns analysis, the gross returns obtained per hectare by medium farmers were high (₹ 28,112.5) followed by small farmers (₹ 25,250) and marginal farmers (₹ 24,875). However yield obtained by the medium farmers was the highest *i.e.,* 5.5 quintal per hectare as compared to small and marginal farmers *i.e.,* 5.00 quintal per hectare and 5.00 quintal per hectare. Benefit cost ratio was 0.77, 0.74 and 0.79 in marginal, small and medium farmers respectively. Results obtained by Ashok and Sasikala (2011), revealed that the difference between MSP and cost of production was highest in ragi followed by cumbu, maize and jowar.

Awareness of farmers about MSP Scheme in Gadag district

To study the awareness of farmers about MSP scheme in Gadag district farmers were interviewed and are presented in the Table 5. About 30.00 per cent of marginal farmers, 32.50 per cent of small farmers and 35.00 per cent of medium farmers were having awareness about MSP, among these farmers most of them got information from news paper/ TV/radio (17.50 per cent of marginal farmers, 22.50 per cent of small farmers and 25.00 per cent of medium farmers) and neighbours/ friends (12.50 per cent of marginal farmers 17.50 per cent of small farmers and 20.00 per cent of medium farmers) This may be because of easy contact with neighbours/friends and accessibility of news papers/ TV/radio to the farmers. Also APMC's were important source of information to the farmers 15.00 per cent of marginal farmers, 17.50 per cent of small farmers and 20.00 per cent of medium farmers, since farmers sell their commodities in the APMC's. All the farmers whoever aware of MSP scheme were also aware that MSP is announced by Government about 20.00 per cent of marginal farmers, 22.50 per cent of small farmers and 27.50 per cent of medium farmers were aware that they sell only FAQ quality produce at procurement centre and 22.50 per cent of marginal farmers, 25.00 per cent of small farmers and 30.00 per cent of medium farmers, aware that quantity restriction is imposed for sale while procuring the commodities under minimum support price. Results obtained by Damodaran *et al.* (2010), suggested that even now if price falls below the MSP, government has to pay the rest of the amount. All of them want government to increase MSP to meet the rapidly increasing cost of cultivation.

Variation of market price from MSP in Vijayapura market for redgram

The market price and the MSP rate for redgram in Vijayapura market for the corresponding period was collected from the year 2002-03 to 2015-16 are presented in the Table 6. Red gram crop was selected in Vijayapura market and the analysis showed that MSP was higher than the average prices in only 3 years *viz.* 2002-03, 2005-06, 2013-14.The maximum difference among the three was in 2013-14 when the MSP was higher than average prices by 4 per cent. In the remaining years, MSP was lesser

Table 5. Awareness of farmers about MSP Scheme in Gadag district

Sl. No.	Particulars	Percentage of farmers		
		Marginal farmers (n=20)	Small farmers (n=20)	Medium farmers (n=20)
1	Awareness about MSP	30.00	32.50	35.00
2	Sources of information			
	a. Ryata Samparka Kendra	10.00	10.00	12.50
	b. APMC	15.00	17.50	20.00
	c. Agricultural department	7.50	7.50	7.50
	d. Marketing Federation	0.00	5.00	5.00
	e. KFCS	2.50	2.50	2.50
	f. SWC	2.50	5.00	7.50
	g. News paper/TV/Radio	17.50	22.50	25.00
	h. Neighbours/Friends	12.50	17.50	20.00
3	Aware that MSP is announced before sowing season	0.00	5.00	5.00
4	Aware that MSP is announced separately for kharif and rabi season	10.00	10.00	12.50
5	Aware that MSP is announced totally for 26 commodities	12.50	15.00	12.50
6	Aware that MSP is announced by Government	20.00	22.50	27.50
7	Aware that redgram are procured by Government agencies at MSP if market price falls	5.00	10.00	12.50
8	Aware that farmers can sell only FAQ quality produce at procurement centre	22.50	25.00	30.00
9	Aware that quantity restriction is imposed for sale while procuring	20.00	22.50	25.00

Table 6. Variation of market price from MSP in Vijayapura market for redgram (₹/q)

Year	Average price	MSP	Difference	% change
2002-03	1,313	1,325	12	1
2003-04	1,461	1,360	-101	-7
2004-05	1,515	1,390	-125	-9
2005-06	1,352	1,400	48	3
2006-07	1,542	1,410	-132	-9
2007-08	1,835	1,550	-285	-18
2008-09	2,400	2,000	-400	-20
2009-10	3,300	2,300	-1000	-43
2010-11	3,255	3,000	-255	-9
2011-12	3,213	3,200	-13	0
2012-13	3,942	3,850	-92	-2
2013-14	4,117	4,300	183	4
2014-15	4,486	4,350	-136	-3
2015-16	7,967	4,625	-3342	-72

Table 7. Input utilization pattern in red gram cultivation in Vijayapura taluka (per ha)

Sl. No.	Inputs	Units	Marginal farmers (n=20)	Small farmers (n=20)	Medium farmers (n=20)
1	Seed	kg	13.00	13.37	13.75
2	Manures (FYM)	t	2.75	3.50	5.00
3	Human labour	mandays	65.75	76.87	84.62
4	Bullock labour	pair days	9.00	10.00	11.75
5	Machine labour	hrs	14.37	15.37	16.87
6	Fertilizers				
A	Urea	kg	96.87	115.62	125
B	DAP	kg	100	106.25	118.75
7	Plant protection chemicals	ltr	0.25	0.35	0.42

than the average prices and the maximum negative difference was seen in the year 2015-16, the MSP was lesser than the average prices by -72 per cent and this may be attributed to very low yields and arrivals and subsequent rise in market prices. Results obtained by Parvindra *et al.* (2013), revealed that the paddy crop registered a significant decline in growth of area.

Input utilization pattern in redgram cultivation in Vijayapura taluka

The input utilization pattern in redgram cultivation in Vijayapura taluka has been discussed in Table 7. It has been observed that the seeds usage was maximum in case of medium farmers (13 kg/ha) followed by small (13.37 kg/ha) and marginal farmer (13.75 kg/ha). FYM usage was highest in case of medium farmers (5.00 t/ha) followed by small farmers (3.5 t/ha) and marginal farmers (2.75 t/ha). With respect to labour, it was observed that human labour utilization was higher in case of medium farmers (84.62 man days). This was followed by small farmers (76.87 man days) and marginal farmers (65.75 man days). It was observed that medium farmers and small farmers (11.75 and 10 bullock pairs) and marginal farmers (9 bullock pairs). However, when it came to machine labour, medium farmers (16.87 hours) were using more than small (15.37 hours) and marginal farmer (14.37 hours). When it came to fertilizer usage, medium farmers were again the maximum users. On an average medium farmers used 125 kg of urea, 118.75 kg of DAP, plant protection chemicals 0.42 liters compared to small farmers (115.62 kg of urea, 106.25 kg of DAP, plant protection chemicals 0.35 liters) and marginal farmers (96.87 kg Of urea, 100 kg of DAP, plant protection chemicals 0.25 liters) respectively. Results obtained by Ohen and Ajah (2015), revealed that per hectare cost of rice production was higher in small farmers.

Cost and returns structure in redgram cultivation in Vijayapura taluka

The profitability aspects of redgram cultivation in Vijayapura during 2015-16 have been analyzed by computing per hectare

cost and returns. The analysis was carried out for different farm sizes *i.e.,* marginal, small and medium farmers and results are presented in Table 8. It could be observed from the table that per hectare cost of cultivation was more in medium farmers (₹ 19,682) compared to that in small farmers (₹45,142) and marginal farmers (₹ 40,980). The share of variable cost in total cost was highest in case of all farmers, accounting for 77.05 per cent (₹ 31,578.4) in marginal farmers 75.04 per cent (₹ 35,457) in small farmers and 75.93 per cent (₹ 39,549.9) in medium farmers. Among the variable costs share of human labour was highest followed by cost of fertilizers.

The share of fixed cost in marginal farmers was 16.82 per cent (₹ 6,893), in small farmers was 22.91 per cent (₹ 7,053) and in medium farmers was 22.06 per cent (₹ 7,198.8). The average yields of redgram in different farm sizes are presented. In marginal farmers yield was 6.62 quintal per hectare, in small farm and medium farmers the yield was 7.12 quintal per hectare and 7.62 quintal per hectare respectively. The gross returns were ₹ 62,025 in marginal farmers, small farmers of ₹ 66,806 and ₹ 71,550 in medium farmers. The gross returns were higher in medium farmers than compared to the small and marginal farmers. The B:C ratio was 1.51 in marginal farmers, 1.47 in small farmers and 1.45 in medium farmers. These results obtained by Biradar (2007), revealed that the study of economics of redgram based cropping system in Bidar district medium farmers incurred highest total cost in cropping system.

Awareness of farmers about MSP Scheme in Vijayapura district

To study the awareness of farmers about MSP scheme in Vijayapura district farmers were interviewed and are presented in the Table 9. About 37.50 per cent of marginal farmers, 40.00 per cent of small farmers and 42.50 per cent of medium farmers were having awareness about MSP, among these farmers most of them got information from news paper/TV/radio (12.50 per cent of marginal farmers, 22.50 per cent of small farmers and 22.50 per cent of medium farmers) and neighbours/friends (15.00 per cent of marginal farmers 15.00 per cent of small farmers and 17.50 per cent of medium farmers) Also APMC's were important source of information to the farmers 15.00 per cent of marginal farmers, 22.50 per cent of small farmers and 22.50 per cent of medium farmers, since farmers sell their commodities in the APMC's. All the farmers whoever aware of MSP scheme were also aware that MSP is announced by govt., about 15.00 per cent of marginal farmers, 22.50 per cent of small farmers and 25.00 per cent of medium farmers were aware that they sell only FAQ quality produce at procurement centre and 12.50 per cent of marginal farmers, 22.50 per cent of small farmers and 25.00 per cent of medium farmers, aware that quantity restriction is imposed for sale while procuring the commodities under minimum support price. Similar findings were reported by Paroda (2013), the results revealed that the paddy crop registered a significant decline in growth of area in Hunumangarh district.

Table 8. Cost and returns structure in redgram cultivation in Vijayapura taluka (₹/ha)

Sl. No	Particulars	Marginal farmers (n=20)		Small farmers (n=20)		Medium farmers (n=20)	
		Cost	Per cent	Cost	Per cent	Cost	Per cent
I	Variable cost						
a)	Material cost						
	Seed	1,300	3.17	1,325	4.69	1,375	4.72
	FYM	1,375	3.35	1,750	735	2,500	8.40
	Fertilizer	3,078.13	7.51	3,359.38	15.64	3,725	15.26
	Plant protection chemicals	50	0.12	70	1.13	85	1.46
b)	Labour cost						
	Human labour	13,150	32.08	15,375	21.64	16,925	22.98
	Bullock labour	6,300	15.37	7,000	11.48	8,225	10.34
	Machine labour	10,062.5	24.55	10,762.5	7.70	11,812.5	7.81
	Interest on working capital (7 %)	2,065.88	5.04	2,319.63	4.91	2,587.38	4.97
	Total variable cost	31,578.4	77.05	35,457.1	75.04	39,549.9	75.93
II	Fixed cost						
	Land revenue	50	0.12	50	0.12	50	0.11
	Depreciation	855	2.08	997.5	2.40	1,127.5	2.57
	Rental value on land	5,250	12.81	5,250	17.93	5,250	17.01
	Interest on fixed capital (12 %)	738.6	1.80	755.7	2.45	771.3	2.36
	Total fixed cost	6,893.6	16.82	7,053.2	22.91	7,198.8	22.06
III	Marketing cost	2,508.75	6.12	2,632.5	2.05	2,458.13	2.02
IV	Total cost of cultivation	40,980.7	100	45,142.8	100	49,206.8	100
V	Returns						
	Main product (q)	6.62		7.12		7.62	
	By product (t)	1.87		2.15		2.37	
	Value of main product (Rs) 9150	62,022.5		65,193.8		69,768.8	
	Value of by product (Rs750/t)	1,406.25		1,612.5		1,781.25	
	Gross returns (Rs)	62,025		66,806.3		71,550	
	Net returns (Rs)	21,044.3		21,663.8		22,343.2	
VI	B:C ratio	1.51		1.47		1.45	

Table 9. Awareness of farmers about MSP Scheme in Vijayapura District

Sl. No.	Particulars	Percentage of farmers		
		Marginal farmers (n=20)	Small farmers (n=20)	Medium farmers (n=20)
1	Awareness about MSP	37.50	40.00	42.50
2	Sources of information			
	a. Ryata Samparka Kendra	10.00	10.00	15.00
	b. APMC	15.00	22.50	22.50
	c. Agricultural department	7.50	7.50	10.00
	d. SWC	5.00	5.00	7.50
	e. News paper/TV/Radio	12.50	22.50	22.50
	f. Neighbours/Friends	15.00	15.00	17.50
3	Aware that MSP is announced before sowing season	5.00	10.00	13.00
4	Aware that MSP is announced separately for kharif and rabi season	5.00	7.50	12.50
5	Aware that MSP is announced totally for 26 commodities	15.00	17.50	17.50
6	Aware that MSP is announced by Government	15.00	22.50	25.00
7	Aware that redgram are procured by Government agencies at MSP if market price falls	5.00	5.00	10.00
8	Aware that farmers can sell only FAQ quality produce at procurement centre	12.50	22.50	25.00
9	Aware that quantity restriction is imposed for sale while procuring	10.00	12.50	17.50

Conclusion

The annual growth rate for MSP for all commodities was found to be positive. The growth rate of MSP for bengalgram and redgram were 8.28 per cent and 11.04 per cent respectively. The increase in MSP was not equitable to all the crops. Both open market prices and MSP shown increasing trend but most of the years, open market prices for both bengalgram and redgram were higher than the MSP in all the selected markets of Vijayapura and Gadag. The percentage differences were not high. The influence of MSP on market price was not significant in bengalgram and redgram. Even though during some years MSP was higher than the open market prices most of the farmers sell their commodities to the traders, it may because of the reasons such as understandings between traders and farmers, inability of farmers to store produce until the procurement under MSP starts, early payment by traders etc. Hence there is need to bring some improvement in the price policy to different crops in ensuring highest returns to the farmers to continue their production with the increase in cost of inputs especially the crops like bengalgram and redgram.

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