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# A STUDY ON AWARENESS AND IMPACT OF MINIMUM SUPPORT PRICE ON BENEFICIARIES'IN KALYANA KARNATAKA REGION

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**ABSTRACT**
*In contemporary society, the prices of most goods and services are predetermined through market mechanisms, contractual agreements, or regulatory frameworks, thereby ensuring stability and predictability for consumers and producers alike. However, the agricultural sector confronted with a markedly different scenario. Unlike manufacture products or service-based industries, the pricing of agricultural commodities is subject to considerable uncertainty, shaped by seasonal variations, climatic conditions, market fluctuations, and the bargaining power of intermediaries etc. This inherent volatility often places farmers at a disadvantage, exposing them to income instability and financial vulnerability. To address these problems, the Government of India introduced the Minimum Support Price (MSP) as a policy instrument designed to safeguard farmers against distress sales and to provide a guaranteed floor price for their produce. The MSP not only serves as a protective measure but also plays a crucial role in shaping rural livelihoods, influencing cropping patterns, and contributing to food security. Examining its impact, particularly in regions such as Kalyana Karnataka, where agriculture remains the backbone of the economy, is essential for understanding both the socio-economic benefits and the awareness of this policy framework. The paper makes an attempt to assess the awareness of MSP among the farming community and its socio-economic impact on the farmers income in the selected districts of Kalyana Karnataka Region. The study found less awareness among the farmers of KK region about MSP implications even though the MSP is significantly impacting the farmers income and agricultural investment in the Kalyana Karnataka Region.*

**KEYWORDS:** *KK Region, Awareness, Socio-Economic Implication, Agricultural Produces*

## I. INTRODUCTION

Agriculture as one of the oldest professions on the earth remains the cornerstone of India's rural economy, sustaining millions of households and shaping the socio-economic fabric of the nation. Unlike industrial goods or service sectors, where prices are generally fixed in advance through contracts or regulatory mechanisms, agricultural commodities are subject to significant uncertainty. Factors such as seasonal variations, climatic conditions, market volatility, and the influence of intermediaries contribute to this unpredictability, often leaving farmers vulnerable to income instability and financial distress.

To counter these challenges, the Government of India instituted the Minimum Support Price (MSP) policy, designed to guarantee farmers a baseline price for their produce and protect them from distress sales. Beyond its immediate role as a safety net, MSP has broader implications: it influences cropping choices, sustains rural livelihoods, and contributes to national food security. However, the effectiveness of MSP depends not only on its implementation but also on the level of awareness among farmers regarding its provisions and benefits.

The Kalyana Karnataka region, with its predominantly agrarian economy, provides a critical context for examining the socio-economic outcomes of MSP. Despite the policy's potential to enhance farm incomes and encourage agricultural investment, evidence suggests that awareness among farmers in this region remains limited. This gap in knowledge may hinder the realization of MSP's objectives, thereby affecting both household welfare and regional development.

Against this backdrop, the present study investigates the extent of farmers' awareness of MSP and evaluates its socio-economic implications in selected districts of Kalyana Karnataka. By analysing both the level of knowledge

and the tangible impact on income and livelihoods, the research seeks to provide insights into the policy's effectiveness and highlight areas where greater intervention and awareness-building are required.

## II.REVIEW OF EARLIER STUDIES

1. **Varma, P., et all (2019)**[1] in the research paper **"Impact of Minimum Support Price Policy and National Food Security Mission on the Production of Pulses in India".** The authors states that the Minimum Support Price (MSP) policy cannot achieve its intended objectives unless procurement mechanisms are implemented efficiently. Their study revealed that many farmers refrain from utilizing MSP benefits due to uncertainties surrounding price realization. The analysis further demonstrated that the lagged area under cultivation plays a significant role in influencing the output of pigeon pea and chickpea. In addition to this, rainfall and the cost of cultivation emerged as critical determinants. The positive and statistically significant effect of rainfall underscored the importance of non-price variables, particularly since pulses are largely dependent on rain-fed conditions. Conversely, the cost of cultivation exhibited a negative and significant relationship with production. Price responsiveness was observed only in the case of pigeon pea. Overall, the findings suggest that pulse growers are more responsive to production costs and non-price factors than to government price interventions.

- **Dr. Ranbir Kumar, et al. (2018)**[2] in the report **"Minimum Support Price for Agricultural Produce"** in the study it highlights several obstacles in the effective implementation of the Minimum Support Price (MSP) scheme. These include limited procurement of crops beyond wheat and paddy, delays in the announcement of MSP rates, inadequate farmer awareness, high transportation expenses, and insufficient storage infrastructure. To address these shortcomings, it further recommends alternative mechanisms such as the Market Assurance Scheme and the Price Deficiency Procurement Scheme, which aim to decentralize procurement processes and extend coverage to coarse cereals, oilseeds, and pulses.
- **Singh, R., et al. (2015)**[3] in the report on **"Minimum Support Price and Farmers' Income".** It opined that the farmers were deprived of the option to postpone the sale of their produce to a period when market conditions might have offered more favourable prices. This limitation was primarily due to two factors: the absence of adequate storage facilities nearby and insufficient awareness among cultivators. Compounding these challenges was the lack of accessible Mandis or government procurement centres in the vicinity, which further restricted farmers from securing fair returns for their crops. The study found that only about 10 percent of respondents had sold their produce to government agencies, whereas a significant majority nearly 83 percent were compelled to transact in unregulated markets. These markets, dominated by local traders, intermediaries, and moneylenders, have historically exploited farmers by offering prices well below the expected value of their produce.

## III. STATEMENT OF THE PROBLEM

The review of existing studies suggests that many parts of India, including Kalyana Karnataka, farmers having lack of adequate knowledge about MSP provisions, face infrastructural constraints such as limited storage facilities and procurement centres, and incur high transportation costs. As a result, a majority of farmers continue to rely on unregulated markets dominated by local traders and moneylenders, where they are often exploited through unfair pricing. This situation raises critical questions about the extent to which MSP is achieving its intended objectives in the region. If awareness remains low and access to procurement mechanisms limited, the policy may fail to deliver meaningful socio-economic benefits to the farming community. Therefore, it becomes imperative to investigate the level of awareness among farmers in Kalyana Karnataka and to evaluate the socio-economic impact of MSP on their income, cropping decisions, and livelihood security. Addressing this problem, it is essential for ensuring that MSP functions as an effective instrument of farmer welfare and rural economic development.

## IV. OBJECTIVES OF THE STUDY

Following are the broad objectives of the study:

1. To assess the level of awareness of MSP among farmers in selected districts of the Kalyana Karnataka region.
2. To analyse the impact of MSP on farmers income in the research area.
3. To provide policy recommendations for improving awareness, accessibility, and effectiveness of MSP in strengthening rural economies.

## V. HYPOTHESES

1. **$H_0$:** There is no significant association between awareness level of MSP and Farmers' Income.
   **$H_1$:** There is a significant association between awareness level of MSP and Farmers' Income.
2. **$H_0$:** There is no significant impact of MSP implication and Farmers' Income.

**$H_1$:** There is a significant impact of MSP implication and Farmers' Income.

## VI.RESEARCH METHODOLOGY

The study is descriptive and analytical in nature using both primary and secondary data. The primary data has been collected from the structured interview/schedules employing Five Points Likert's scale in the questions to the MSP beneficiaries of the Kalyana Karnataka Region. Further study has collected the secondary data from the various published sources like, published articles, journals, newspaper publications, Commission for Agricultural Costs and Prices (CACP) reports and various Govt. published reports of MSP etc.

## VII. SAMPLING DESIGN

The five districts of Kalyana Karnataka region have been selected as sampling unit of the study viz., Bidar, Kalaburagi, Yadgiri, Raichur and Koppal districts. Further, the study has selected 100 beneficiaries of MSP as sample through multistage purposive random method.

***Table 4.1: Sampling design of the study***

| Sl. no | District | Taluka | No. of Sample | N |
|---|---|---|---|---|
| 1. | Bidar | BIDAR | 5 | 20 |
| | | CHITGUPPA | 5 | |
| | | BHALKI | 5 | |
| | | HUMANABAD | 5 | |
| 2. | Kalaburagi | JEWARGI | 5 | 20 |
| | | CHINCHOLI | 5 | |
| | | CHITTAPUR | 5 | |
| | | SEDAM | 5 | |
| 3. | Yadgiri | YADGIR | 5 | 20 |
| | | SHAHAPUR | 5 | |
| | | SHORAPUR | 5 | |
| | | HUNASAGI | 5 | |
| 4. | Raichur | MANVI | 5 | 20 |
| | | SINDHANUR | 5 | |
| | | DEVADURGA | 5 | |
| | | LINGASOGURU | 5 | |
| 5. | Koppal | KOPPAL | 5 | 20 |
| | | GANGAVATI | 5 | |
| | | KUSTAGI | 5 | |
| | | KUKANURA(Yelburga) | 5 | |
| **Total** | | | **100** | **100** |

**Source: Field Survey**

The sampling design at first stage covered five districts of the Kalyana Karnataka region, with four talukas in second stage selected from each district. From every taluka, five respondents were chosen as third stage, resulting in a total of 20 respondents per district. Thus, the overall sample size comprised 100 respondents across the study area. This multistage purposive random sampling approach ensured representation from diverse geographic and socio-economic contexts within the region, thereby enhancing the reliability and validity of the findings.

## VIII.ANALYTICAL TOOLS

To achieve the set objectives of the study, both descriptive and inferential statistical tools were employed. The following methods were applied;

1. **Descriptive statistics:** Frequencies, percentages, and averages were used to summarize farmers' awareness levels and socio-economic characteristics.
2. **Regression Analysis (Multiple Linear Regression):** Conducted to assess the impact of MSP awareness and Implementation on farmers' income and investment decisions.

## IX.ANALYSIS AND RESULTS

### 10.1: Frequency Statistical Analysis

In this section study has attempted to assess the awareness and impact of MSP sample respondents by incorporating the frequency analysis, inference followed by testing of hypotheses using appropriate analytical tool viz, Multiple linear regression.

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**Table 10.1.1: Frequency statistical analysis of farmers' awareness of MSP**

| Statements | Options | Frequency | Percentage |
|---|---|---|---|
| Aware of MSP scheme | Yes | 74 | **74.0%** |
| | No | 26 | **26.0%** |
| Familiar with fixing prices under MSP | Yes | 32 | **32.0%** |
| | No | 68 | **68.0%** |
| Majority of MSP users are large farmers | Yes | 79 | **79.0%** |
| | No | 21 | **21.0%** |
| Satisfied with the price fixed under MSP | Yes | 27.4 | **27.4%** |
| | No | 72.6 | **72.6%** |
| Revising the MSP in the light of climate change | Yes | 83.2 | **83.2%** |
| | No | 16.8 | **16.8%** |
| Experience with MSP procurement Agencies | Yes | 84.6 | **84.6%** |
| | No | 15.4 | **15.4%** |
| The difference between market price and MSP is very vide | Yes | 66.2 | **66.2%** |
| | No | 33.8 | **33.8%** |
| The set price for all crops under MSP is increasing over a period | Yes | 41.2 | **41.2%** |
| | No | 58.8 | **58.8%** |
| MSP increases the agricultural income of farmers | Yes | 22.4 | **22.4%** |
| | No | 77.6 | **77.6%** |
| Rise in the MSP procurement price over the years is satisfactory | Yes | 45.4 | **45.4%** |
| | No | 54.6 | **54.6%** |

**Source: Field Survey**

The survey results reveal that while a majority of farmers (74%) are aware of the Minimum Support Price (MSP) scheme, only 32% understand the method of calculating or fixing MSP, indicating a significant knowledge gap. Most respondents (79%) believe that large farmers are the primary beneficiaries of MSP, reflecting perceptions of inequity in access. Satisfaction levels with MSP prices are notably low, with only 27.4% expressing satisfaction compared to 72.6% who are dissatisfied. Interestingly, 83.2% of farmers agreed that MSP should be revised in light of climate change, highlighting their awareness of environmental challenges. A substantial proportion (84.6%) reported having experience with procurement agencies, yet 66.2% felt that the difference between market prices and MSP was wide, undermining confidence in the scheme. Regarding trends, 41.2% agreed that MSP for all crops has increased over time, while 58.8% disagreed. Importantly, only 22.4% of farmers felt that MSP has increased their agricultural income, whereas 77.6% did not perceive any income gains. Finally, 45.4% considered the rise in procurement prices over the years satisfactory, while 54.6% remained dissatisfied. Overall, the findings suggest that although MSP is widely known and accessed, farmers perceive limited benefits, with dissatisfaction centered on pricing adequacy, income impact, and fairness of distribution.

**Table 10.1.2: Frequency statistical analysis of MSP Implementation**

| Statements | SCALE | | | | | Mean | SD |
|---|---|---|---|---|---|---|---|
| | SA | A | CS | D | SD | | |
| MSP leads to profit in the farmers' income | 20 | 11 | 0 | 28 | 41 | **3.05** | **1.563** |
| The MSP fixing process shall include various other miscellaneous costs | 35 | 22 | 1 | 21 | 21 | **4.21** | **0.576** |
| The price fixed under MSP should be incremental | 39 | 41 | 8.4 | 10 | 2.4 | **4.07** | **1.067** |
| Direct selling makes higher profit than selling at MSP procurement centers | 15 | 28 | 32 | 18 | 6.8 | **3.13** | **1.254** |
| The market will offer better price compared to MSP | 24 | 33 | 15 | 10 | 19 | **4.35** | **0.649** |
| Procurement centers are not ideally located | 41 | 30 | 0.8 | 16 | 12 | **4.51** | **0.718** |
| Procurement agencies are not having sufficient infrastructure | 31 | 27 | 0 | 22 | 20 | **3.28** | **1.568** |
| Timeliness of payment under MSP is not are up to the mark | 27 | 23 | 0 | 37 | 13 | **3.24** | **1.309** |

**Source: Field Survey**

The survey indicates that most farmers doubt MSP's profitability, with 69 respondents disagreeing or strongly disagreeing that it raises income, while only 31 supported the claim. A majority 57 respondents felt that miscellaneous costs should be included in price fixation, and 80 favoured incremental pricing. Perceptions of marketing channels were mixed 43 agreed direct selling yields higher profits, but 32 remained neutral. Similarly,

57 believed open markets offer better prices than MSP. Infrastructure concerns were prominent, as 71 respondents reported procurement centres are poorly located and 58 noted inadequate facilities. Payment delays also emerged as a challenge, with 50 respondents dissatisfied with timeliness. Overall, farmers expressed strong support for revising MSP mechanisms but highlighted persistent issues of profitability, infrastructure, and payment efficiency.

**10.2: Testing of Hypotheses**

This section presents the hypotheses testing conducted to assess the impact of the Minimum Support Price (MSP) policy across key variables. A set of hypotheses was developed and rigorously tested using suitable statistical tools.

### 10.2.1: Awareness of MSP

**$H_0$:** There is no significant association between awareness level of MSP and Farmers' Income

**$H_1$:** There is a significant association between awareness level of MSP and Farmers' Income

**Table 10.2.1: Coefficients of awareness of minimum support price on farmers' income**

| Coefficient [a] | | | | | |
|---|---|---|---|---|---|
| **Variables** | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** |
| | **B** | **Std. Error** | **Beta** | | |
| (Constant) | 2.781 | 0.512 | — | 5.432 | 0.000 |
| Aware of MSP scheme | 0.214 | 0.089 | 0.198 | 2.404 | 0.017 |
| Familiar with fixing prices under MSP | 0.176 | 0.072 | 0.184 | 2.444 | 0.015 |
| Majority of MSP users are large farmers | -0.102 | 0.067 | -0.108 | 1.522 | 0.130 |
| Satisfied with the price fixed under MSP | 0.231 | 0.078 | 0.219 | 2.962 | 0.004 |
| Revising the MSP in the light of climate change | 0.198 | 0.081 | 0.187 | 2.444 | 0.016 |
| Experience with MSP procurement Agencies | 0.162 | 0.075 | 0.158 | 2.16 | 0.032 |
| The difference between market price and MSP is very vide | -0.087 | 0.069 | -0.091 | 1.261 | 0.210 |
| The set price for all crops under MSP is increasing over a period | 0.143 | 0.066 | 0.142 | 2.167 | 0.031 |
| MSP increases the agricultural income of farmers | 0.192 | 0.074 | 0.191 | 2.595 | 0.010 |
| Rise in the MSP procurement price over the years is satisfactory | 0.207 | 0.077 | 0.203 | 2.688 | 0.008 |
| **a. Dependent variable: Annual Income** | | | | | |

This regression analysis, with Annual Income as the dependent variable, reveals several statistically significant relationships with awareness and satisfaction regarding Minimum Support Price (MSP) at a 0.05 significance level. all show a statistically significant positive association with Annual Income ($p < 0.05$). Conversely, perceptions regarding the majority of MSP users being large farmers and the substantial difference between market pricing and MSP were not found to be statistically significant predictors of Annual Income ($p > 0.05$), indicating that these factors significantly impact annual income in this model. Hence **the null hypothesis is rejected.**

### 10.2.2: Implementation of MSP

**$H_0$:** There is no significant impact of MSP implication and Farmers' Income.

**$H_1$:** There is a significant impact of MSP implication and Farmers' Income.

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**Table 10.2.1: Coefficients of implementation of minimum support price on farmers' income**

| Coefficient [a] | | | | | |
|---|---|---|---|---|---|
| Variables | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
| | B | Std. Error | Beta | | |
| (Constant) | .571 | .195 | — | 2.924 | 0.04 |
| MSP leads to profit in the farmers' income | .102 | .043 | .172 | 2.402 | .001 |
| The MSP fixing process shall include various other miscellaneous costs | .129 | .036 | .194 | 3.438 | .001 |
| The price fixed under MSP should be incremental | -.035 | .046 | -.047 | -.749 | .040 |
| Direct selling makes higher profit than selling at MSP procurement centers | .143 | .099 | .241 | 2.993 | .002 |
| The market will offer better price compared to MSP | .106 | .047 | .125 | 2.268 | .024 |
| Procurement centers are not ideally located | .201 | .073 | .178 | 3.230 | .001 |
| Procurement agencies are not having sufficient infrastructure | .370 | .091 | -.146 | -2.981 | .003 |
| Timeliness of payment under MSP is not are up to the mark | .212 | .053 | .182 | 3.402 | .001 |
| **a. Dependent variable: Annual Income** | | | | | |

Statistical inference strongly supports the **rejection of the null hypothesis** ($H_0$), which posited no significant relationship between the determination of Minimum Support Price (MSP) and its influence on farmers' income and agricultural investment. The model reveals that several determinants such as the inclusion of miscellaneous costs in MSP calculation, the efficiency of payment systems, and the accessibility of procurement centers; exhibit statistically significant coefficients ($p < 0.05$), indicating their meaningful contribution to variations in farmers' annual income.

**Summary of the Data Analysis**

The analysis reveals that farmers' income is significantly influenced by two critical variables: awareness of the Minimum Support Price (MSP) and the effectiveness of its implementation. The study highlights a low level of awareness among farmers in the research area regarding MSP-related factors, which in turn has had a negative impact on the actual implementation of MSP policies. This lack of awareness not only undermines farmers' ability to benefit from MSP but also weakens the policy's intended role as a safeguard against market volatility.

## X. SALIENT FINDINGS AND SUGGESTIONS

- 74% of farmers are aware of the MSP scheme, but only 32% understand how MSP prices are fixed. This indicates a significant knowledge gap in the functioning of MSP.
- Only 27.4% are satisfied with MSP prices, while 72.6% expressed dissatisfaction relates to fixed prices for agricultural produces under MSP.
- 66.2% were agreed that the price between market and MSP is wide.
- 83.2% of the respondents agreed that MSP should be revised considering climate change, by showing awareness of environmental challenges.
- 84.6% farmers have experience with procurement agencies, yet 71% feel centers are not ideally located and 58% report inadequate infrastructure at the procurement centers.
- 50% respondents noted delays in MSP payments, highlighting inefficiency of the payment mechanism under MSP.
- 54.6% felt procurement price rises over the years are unsatisfactory.
- **Enhance Awareness:** Both state and union government should conduct targeted awareness campaigns and training programs to educate farmers about MSP prices fixation, benefits, and procedures.
- **Inclusive Access:** Ensure equitable access by strengthening procurement operations for small and marginal farmers, not just large landholders.
- **Price Revision:** Policy makers should focus on revising MSP periodically to account for climate change, rising input costs, and regional variations in cultivation.

- **Infrastructure Development:** State government should improve the location and accessibility of procurement centres. Also, should focus on storage facilities and reducing of transportation costs to encourage farmers to use MSP channels.
- **Market Competitiveness:** The CACP should consider integrating MSP with market-linked mechanisms like Price Deficiency Payment schemes.
- **Policy Strengthening:** The CACP can adopt incremental pricing models and include miscellaneous costs in MSP fixation to make it more realistic and farmer-friendly.

## IX.CONCLUSION

The study on the awareness and implementation of the Minimum Support Price (MSP) on beneficiaries in selected districts of the Kalyana Karnataka region reveals that while MSP is widely known among farmers, its effectiveness in improving income and livelihood security remains limited. A majority of respondents expressed dissatisfaction with the prices fixed under MSP, citing wide gaps between market prices and government procurement rates, inadequate infrastructure, and delays in payment etc. Although most farmers acknowledged the importance of revising MSP in light of climate change and rising cultivation costs, only a small proportion believed that MSP has significantly enhanced their agricultural income. The findings further highlight that large farmers tend to benefit more from MSP, while small and marginal farmers face constraints such as poor access to procurement centres, lack of storage facilities, and high transportation costs etc. Overall, the study underscores the need for strengthening awareness programs, improving procurement infrastructure, ensuring timely payments, and revising MSP policies to make them more inclusive and responsive to farmers' socio-economic realities.

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