

The Role of Minimum Support Price Policy of Agriculture in Haryana

Parveen ** Dr. Bimla

Abstract

This study shows that the Minimum Support Price (MSP) policy contributes to promote/encouraging agricultural productivity/production and farmer welfare in Haryana. In this study, we use secondary data sources, including Commission for Agricultural Costs and Prices (CACP) reports from 2013 to 2025, the Statistical Abstract of Haryana, and the UPAg portal, which covers the time period from 2013 to 2024. This research examines the trends in Minimum Support Price (MSP), TE (Triennium Ending) average cost of cultivation (A2+FL), Gross Value of Output (GVO), and Farm Business Income/Profitability of major crops, along with the compound annual growth rate (CAGR) for major Kharif and Rabi crops in Haryana's context. The results/trends indicate that MSP has steadily increased over the past ten years, which shows that MSP policy is effectively ensuring farmers receive better remunerative prices. However, the cost of production crops has also risen, mainly due to higher input costs for labour, fertilisers, and expensive mechanisation. While the Gross value of output of major crops like wheat and paddy has significantly improved, other crops like cotton and gram have fluctuated due to changes in weather, market conditions and profitability. The study highlights that the Minimum Support Price (MSP) plays a crucial role in providing stable farm income, promoting production, and ensuring food security in the country. Although the policy has positive effects, it does not perform equally well in all regions or for every crop in the country. This policy has the main impact on wheat-paddy. But limited awareness about policy, a weak procurement system, and mostly Illiteracy among farmers and environmental concerns further diminish its effectiveness. The research concludes that MSP remains an important policy tool. However, for it to be more sustainable in the long run, this policy needs to be more diverse across the country by better planning, having better implementation strategies about procurement, and incorporating environmentally friendly agricultural practices.

*Parveen, Research Scholar, Dept. of Economics, M.D.U., Rohtak (124001), Email ID: parveen.rs25.eco@mdurohtak.ac.in

**Dr. Bimla, Assistant Professor, Dept. of Economics, M.D.U., Rohtak (124001), Email ID: Bimla.eco@mdurohtak.ac.in

Keyword: MSP, Profitability, A2 +FL costs, GVO, Haryana

Introduction

Agriculture and Price Policy Framework in India

Agriculture remains the cornerstone of the Indian economy, providing employment to nearly 45 per cent of the country's workforce and ensuring national food self-sufficiency. In Haryana, agriculture holds a crucial position, with major crops such as wheat, paddy, cotton, and mustard dominating the agricultural landscape. However, this agriculture sector faces persistent challenges, including price instability, escalating input costs, and diminishing farm profitability. To mitigate these challenges, the Government of India introduced the Minimum Support Price (MSP) policy to guarantee fair returns to farmers and maintain stability in agricultural markets. The agricultural price policy framework was designed to offer risk protection, reduce market volatility, and guide cropping choices among farmers.

To institutionalise this framework, the government appointed the Jha Committee, chaired by Late Shri L. K. Jha, to develop a structured Agricultural Price Policy, which aimed at safeguarding the interests of both producers and consumers. The committee's recommendations emphasised market intervention by the Government, procurement operations, and the establishment of a protective price floor to ensure minimum returns for farmers.

Following these recommendations, the 'Agricultural Prices Commission'(APC) was established on 01 January, 1965, to advise the government on agricultural pricing strategies that balanced producer incentives with consumer interests while supporting national economic goals (Anonymous, 1965). The first APC report, guided by Prof. M. L. Dantwala, focused on kharif crops and provided valuable insights for formulating national price policies that influenced cropping patterns and the adoption of new technologies. Objectives of the Agricultural Prices Commission (APC)

- Minimise seasonal fluctuations in food grain prices.
- Shield consumers from sudden price surges.
- Motivate farmers to adopt advanced and higher-cost technologies.

- Establish a scientific method for determining remunerative prices relative to production costs.
- Assess the impact of MSP on various dimensions of the agricultural economy.

In 1985, the APC was renamed the Commission for Agricultural Costs and Prices (CACP), with redefined objectives to:

- Encourage the use of improved agricultural technologies.
- Promote the rational utilisation of limited resources such as land, fertilisers, water, and seeds.
- Enhance the overall well-being of farmers and agricultural labourers.

Concept of Minimum Support Price (MSP)

The Minimum Support Price (MSP) is a policy instrument designed to protect farmers from sharp declines in market prices. The CACP recommends and the government announces, prior to the sowing season, for 24 major crops, including cereals, pulses, oilseeds, and commercial crops.

Objectives of the MSP Policy

- Protect the economic interests of farmers.
- Promote cultivation of strategically important crops.
- Ensure national food security through a stable supply.
- Encourage agricultural investment and productivity growth.
- Minimise rural distress and migration.

Since its inception in the 1960s, MSP has evolved into a key instrument for ensuring income stability, especially in wheat and rice procurement. Haryana, being one of the top food grain-producing states, has benefited substantially from this system. However, the policy continues to be debated regarding its effects on productivity, cropping diversification, farmer welfare, and the over-dependence on wheat–rice cycles.

Evolution of the MSP Policy in India

- Initially introduced in 1966–67 for wheat procurement.
- Gradually expanded to include rice, coarse grains, pulses, and oilseeds.
- CACP recommends MSP based on different cost measures (A2+FL and C2).

- Haryana benefited significantly during the Green Revolution due to the wheat–rice procurement system.
- Since 2018–19, reforms have linked MSP to 1.5 times the cost of production, aligning with the government’s target to double farmers’ income.

Calculation and Determination of Minimum Support Price

The Government of India announces MSPs each year based on recommendations from the CACP, an independent advisory body. The CACP employs a scientific and data-driven approach to estimate cultivation costs, drawing data from field surveys conducted by the Directorate of Economics and Statistics (DES) under the Ministry of Agriculture and Farmers’ Welfare (MoA&FW).

When formulating MSP recommendations, the CACP adopts a holistic perspective, taking into account multiple economic and agricultural factors such as:

- Cost of cultivation.
- Changes in input costs.
- Domestic and international price trends.
- Supply-demand conditions.
- Inter-crop price parity.
- Terms of trade between the agriculture and non-agriculture sectors.
- A minimum margin of 50% over the cost of production.

The MSP policy adopted since 2018–19 ensures a minimum 50% profit margin over the A2+FL cost of production. The Cabinet Committee on Economic Affairs (CCEA), headed by the Prime Minister, gives final approval for MSPs each year.

Cost Concepts Used by the CACP

The CACP uses three different ways to measure costs when it suggests MSPs:

1. A2 Costs:

These are all the direct costs that farmers have to pay for things like seeds, fertilisers, pesticides, hired help, irrigation, fuel, and other inputs.

2. A2+FL costs:

This cost measure adds the imputed value of unpaid family labour to A2 costs to show how much family members help with farming.

3. C2 Costs:

C2 is the most complete measure. It includes the costs of A2 and FL, as well as the imputed rent of owned land and interest on owned fixed capital. This takes into account the opportunity cost of these resources.

(Shagun, Down to Earth, October 19, 2023, 12:45 pm)

Benefits of the Minimum Support Price (MSP)

1. Stable income:

MSP policy guarantees farmers a set amount of price for their crops. So, this policy reduces the risk of losing money for their crops and protects them from selling when prices fall due to high supply. (CACP, 2024)

2. Keeping prices stable:

MSP policy helps maintain stable agricultural prices, which sets a price floor by the government. So, this policy prevents large fluctuations in the market and keeps prices low for consumers. (CACP, 2024)

3. Incentives for production:

MSP policy ensures fair returns for their crop production costs, which encourages farmers to grow more, especially those major food crops that MSP determines by the government. So this policy increases overall agricultural productivity. (CACP, 2024)

4. Food safety:

The MSP policy framework encourages the growth of staple food grains, pulses, and oilseeds, which strengthens food supply chains in the country. So this MSP policy reduces the need for the import of food and ensures that the country has enough food. (Food Corporation of India, 2023).

Review of Literature

The Minimum Support Price (MSP) policy has been a key topic in discussions about Indian agriculture. It is important for providing stable income security to farmers, influencing their cropping decisions, and supporting food security in the country. Over the years, researchers and stakeholders have looked at MSP from different angles. They have analysed its effects on productivity, farmer welfare, and environmental sustainability. These studies show that while MSP has clear benefits, it also faces practical challenges, especially regarding its implementation in different regions like Haryana.

According to the Ministry of Agriculture and Farmers' Welfare (2025), MSP is set by considering various factors, including production costs, demand and supply conditions, and price parity among crops. In 2018 announces that MSP should be at least 50 per cent above the production cost to ensure fair returns for farmers. Over time, MSP rates have increased steadily, reflecting the government's aim to support farmer incomes. However, the actual benefits of MSP depend heavily on how well procurement systems work, which vary across regions.

A micro-level study by Nandi, Vatta, and Priscilla (2025) used data from the 77th round of the National Sample Survey. The study found that the Minimum Support Price (MSP) plays a crucial role in reducing income instability and protecting farmers from price fluctuations due to increased crop supply. However, it highlights that the procurement mainly focuses on wheat and rice, rather than other crops like pulses and oilseeds. Many small and marginal farmers cannot access MSP because of a lack of awareness, illiteracy, poor infrastructure, and reliance on local traders. As a result, they often sell their produce for less than MSP, which reduces the policy's overall effectiveness.

Chaudhari and Rajput (2024) describe MSP as a price assurance mechanism that helps farmers handle uncertain market conditions. Their analysis indicates that MSP encourages ongoing agricultural production by lowering risks for farmers. Yet, they also identify several structural issues, such as inadequate procurement facilities, uneven coverage across regions, and limited awareness among farmers. Due to these issues, the benefits of MSP are mainly felt in a few states, leaving many small farmers without support. This shows a gap between policy design and what happens in practice.

Bakshi (2024) studied the broader impact of MSP on productivity, employment, and environmental sustainability in northern India. The research found that higher MSP encourages farmers to use better inputs and technologies, leading to increased agricultural output. It also helps create rural jobs by ensuring stable farm income. However, the study raises environmental concerns because MSP has indirectly promoted the growth of water-intensive crops like wheat and rice, resulting in groundwater depletion and soil degradation in various regions.

In the context of Haryana, Ritu et al. (2020) analysed the relationship between MSP and agricultural performance using secondary data. They found that MSP positively affects cropping patterns, particularly through past prices that influence farmers' decisions. However, the MSP policy does not strongly impact productivity, which is more affected by other factors like technology, seed quality, fertilisers, pesticides, and environmental conditions. The authors also noted that market prices remain above MSP due to strong procurement demand, suggesting that MSP mainly acts as a safety net rather than a direct driver of production.

Poddar (2014) examined MSP as part of a broader agricultural price policy framework, which includes the Public Distribution System (PDS) and buffer stock operations. The study pointed out that MSP benefits both farmers and consumers by ensuring stable prices and food availability. However, with changes in economic conditions like liberalisation and globalisation, new challenges have emerged, especially in balancing government intervention with market efficiency.

Narayanamoorthy (2013) examined profitability in Indian agriculture. He noted that despite increased production since the Green Revolution, many farmers still struggle financially due to rising input costs and low returns. This situation has led to serious issues such as debt. The study emphasises that MSP is crucial for price support, but it cannot resolve deeper structural problems in agriculture on its own. Broader policy measures are needed to effectively address these challenges.

Ali, Sidhu, and Vatta (2012) investigated the effectiveness of MSP in paddy cultivation, particularly in Punjab. Time-series analysis is divided into three sub-periods (1980–89, 1990–99, 2000–07) - Deviation Analysis: Difference between Farm Harvest Price (FHP) and

MSP to assess effectiveness - Simultaneous Equation Model (3SLS using STATA) for the impact of price & non-price factors. MSP policy was highly effective in surplus states (Punjab, Andhra Pradesh) due to strong procurement mechanisms. Ineffective in deficit states (Bihar, Assam, West Bengal) due to weak government intervention. In Punjab, MSP implementation ensured remunerative prices, leading to increased paddy area and yield, encouraged the use of fertiliser, expansion of irrigation, and the Adoption of improved varieties. Elasticities: Area under rice was highly responsive to tube-well availability and moderately to MSP changes. Non-price factors (irrigation, fertiliser, technology) were more significant than price alone in increasing production.

Their findings indicate that MSP works well in surplus-producing states where procurement systems are robust, and farmers have good access to support. In contrast, its effectiveness is limited in deficit regions with weak procurement mechanisms. The study also highlights that factors such as irrigation, improved seeds, and fertiliser use are significant in determining agricultural output, in addition to price support.

Research Objective:

1. To evaluate the trends in MSP relative to the Cost of Production, yield and Gross Value Output (GVO) for major Kharif and Rabi crops in Haryana.
2. To give challenges and suggestions for the MSP policy effectiveness.

Research Methodology:

In this study, we are analysing the data on MSP major crops and their TE annual Actual cost of production $A2+FL$, Average GVO and Farm Business Income/Profitability, which is calculated from $(GVO-A2+FL)$ costs from 2013-14 to 2023-24, covering a decadal period. We obtain the MSP and the Cost of production from the CACP reports, UPAg portal, Statistical Abstract of Haryana, and Agriculture Statistics at a Glance 2023.

Data and Results:

In this, we show the trends of MSP (Minimum Support Price), A2+FL costs, GVO (Gross Value of Output), and Farm Business Income or Profitability in Haryana from the year 2013-14 to 2023-24. This shows the decadal trend in the production costs and the MSP determined for major crops in Haryana.

Table 1: MSP of Kharif and Rabi crops in Haryana						Rs/Quintal
Year	Paddy	Bajra	Cotton	Wheat	Gram	Rapeseed&Mustard
2013-14	1305	1250	3700	1400	3100	3050
2014-15	1360	1250	3750	1450	3175	3100
2015-16	1410	1275	3800	1525	3500	3350
2016-17	1470	1330	3860	1625	4000	3700
2017-18	1550	1425	4020	1735	4400	4000
2018-19	1750	1950	5150	1840	4620	4200
2019-20	1815	2000	5255	1925	4875	4425
2020-21	1868	2150	5515	1975	5100	4650
2021-22	1940	2250	5726	2015	5230	5050
2022-23	2040	2350	6080	2125	5335	5450
2023-24	2183	2500	6620	2275	5440	5650
CAGR (%)	5.28	7.17	5.99	4.97	5.78	6.36
Source: UPAg, Rabi and Kharif Price policy 2016-26, compiled by the Author						

Table 1 presents the trend of Minimum Support Price for major Kharif and Rabi crops per quintal in Haryana from 2013-14 to 2023-24. In this table, the data shows a steady upward trend for all crops. In which paddy went from ₹1305 to ₹2183 with CAGR 5.28 per cent within this period, while Bajra went from ₹1250 to ₹2500 with a CAGR 7.17 per cent, Cotton(medium) went from ₹3700 to ₹6620 with a CAGR 5.99 percent, Wheat went from ₹1400 to ₹2275 with a CAGR 4.97 per cent, Gram went from ₹3100 to ₹5440 with a CAGR 5.78 per cent, and Rapeseed&Mustard went from ₹3050 to ₹5650 with a CAGR 6.36 per

cent within this period. In general, the data shows that the goal is to improve price realisation and income stability for Haryana farmers.

Table 2: A2+FL cost of Kharif and Rabi crops in Haryana						Rs/ha
Year	Paddy	Bajra	Cotton	Wheat	Gram	Rapeseed&Mustard
TE2013-14	37156	20766	43380	31412	14472	22882
TE2014-15	40341	23699	45478	33380	16702	25049
TE2015-16	44009	26096	45270	34361	20234	26281
TE2016-17	46714	26403	44844	34943	21771	25628
TE2017-18	46723	26389	44804	35786	21641*	25963
TE2018-19	46575	25491	45593	37114	21511	27264
TE2019-20	48781*	26385*	46868*	38353	23595	30346
TE2020-21	50988	27280	48143	39183	25251	32160
TE2021-22	55240	29367	50946	39571	27665	32536
TE2022-23	59449	30666	53122	40034	28449*	31993
TE2023-24	61409	31775	54020	41362	29234	32635
CAGR (%)	5.15	4.34	2.21	2.78	7.28	3.61
Source: UPAg, Rabi and Kharif Price policy 2016-26, compiled by the Author						

Note: ** Showing doesn't have data available for these specific years, we have utilised the Average of the previous and the year after.

Table 2 presents the Actual A2+FL costs per hectare of major Kharif and Rabi crops in Haryana from TE 2013–14 to 2023–24, which demonstrates the consistent increase in Actual A2+FL costs. In this paddy production cost went from ₹37156 to ₹61409, with a CAGR 5.15 percent within this period, while Bajra cost of production went from ₹20766 to ₹31775 with a CAGR 4.34 per cent, Cotton(medium) cost of production went from ₹43380 to ₹54020 with a CAGR 2.21 percent, Wheat cost of production went from ₹31412 to ₹41362 with a CAGR 2.78 per cent, Gram cost of production went from ₹14472 to ₹29234 with a CAGR 7.28 per

cent, and Rapeseed&Mustard production cost went from ₹22882 to ₹32635 with a CAGR 3.61 per cent within this period. which demonstrates a consistent increase in production costs for all major crops as a result of higher labour costs, input costs, and mechanisation costs.

Table 3: GVO (Gross Value of Output) of Kharif and Rabi Crops in Haryana						Rs/ha
Year	Paddy	Bajra	Cotton	Wheat	Gram	Rapeseed&Mustard
TE2013-14	91310	24411	78284	76165	28217	61598
TE2014-15	109627	28191	68359	74251	34815	54041
TE2015-16	111456	29028	56456	78171	47296	55105
TE2016-17	104695	30612	55527	82869	57567	60298
TE2017-18	105911	31004	62099	90845	59967*	69934
TE2018-19	117604	33155	76329	99655	62367	78012
TE2019-20	124044*	35506*	76080*	103476	65460	83417
TE2020-21	130484	37857	75832	109481	63571	91370
TE2021-22	134220	39929	78017	108942	53790	100471
TE2022-23	134853	38021	81812	110950	51471*	110534
TE2023-24	148822	42406	93052	111879	49152	111648
CAGR (%)	5	5.67	1.74	3.92	5.7	6.12
Source: UPAg, Rabi and Kharif Price policy 2016-26, compiled by the Author						

Note: * Showing doesn't have data available for these specific years, we have utilised the Average of the previous and the year after.

Table 3 presents the Actual GVO (Gross Value of Output) per hectare of major Kharif and Rabi crops in Haryana from TE 2013–14 to 2023–24, which demonstrates the consistent increase in Actual A2+FL costs. In this paddy GVO went from ₹91310 to ₹148822, with a CAGR 5 percent within this period, while Bajra GVO went from ₹24411 to ₹42406 with a CAGR 5.67 per cent, Cotton(medium) GVO went from ₹78284 to ₹93052 with a CAGR 1.74

percent, Wheat GVO went from ₹76165 to ₹111879 with a CAGR 3.92 per cent, Gram GVO went from ₹28217 to ₹49152 with a CAGR 5.7 per cent, and Rapeseed&Mustard GVO went from ₹61598 to ₹111648 with a CAGR 6.12 per cent within this period. Gram's worth remained substantial at ₹49,152 in 2023–2024 despite slight variations. Overall, the data shows a positive trend in the GVO, which indicates the Rapeseed&Mustard GVO significantly increases when farmers are encouraged with more incentives.

Table 4: Farm Business Income (GVO-A2+FL cost) of Kharif and Rabi Crops in Haryana						Rupees/ha
Year	Paddy	Bajra	Cotton	Wheat	Gram	Rapeseed&Mustard
TE2013-14	54154	3645	34904	44753	13745	38716
TE2014-15	69286	4492	22881	40871	18113	28992
TE2015-16	67447	2932	11186	43810	27062	28824
TE2016-17	57981	4209	10683	47926	35796	34670
TE2017-18	59188	4615	17295	55059	38326	43971
TE2018-19	71029	7664	30736	62541	40856	50748
TE2019-20	75263	9121	29212	65123	41865	53071
TE2020-21	79496	10577	27689	70298	38320	59210
TE2021-22	78980	10562	27071	69371	26125	67935
TE2022-23	75404	7355	28690	70916	23022	78541
TE2023-24	87413	10631	39032	70517	19918	79013
CAGR (%)	4.9	11.29	1.12	4.65	3.77	7.39
Source: UPAg, Rabi and Kharif Price policy 2016-26, compiled by the Author						

Table 4 presents the Actual farm business Income/profitability per hectare of major Kharif and Rabi crops in Haryana from TE 2013–14 to 2023–24, which demonstrates the consistent increase in Actual Farm Business income. In this paddy Farm Business Income went from

₹54154 to ₹87413, with a CAGR 4.9 percent within this period, while Bajra Farm Business Income went from ₹3645 to ₹10631 with a CAGR 11.29 per cent, Cotton(medium) Farm Business Income went from ₹34904 to ₹39032 with a CAGR 1.12 percent, Wheat Farm Business Income went from ₹44753 to ₹70517 with a CAGR 4.65 per cent, Gram Farm Business Income went from ₹13745 to ₹19918 with a CAGR 3.77 per cent, and Rapeseed&Mustard Farm Business Income went from ₹38716 to ₹79013 with a CAGR 7.39 per cent within this period. Farm Business Income of Paddy, Bajra, Gram, and Rapeseed& Mustard has significantly increased, but in some years it is negative or decreases. This is the main reason farmers prefer the Paddy, Wheat and Rapeseed& Mustard because these crops give more profit compared to other crops.

Challenges:

1. There is very little awareness of MSP at the national level.

A consistent finding across the studies is that farmers' knowledge of MSP is very low, especially in states that don't buy much of it. Only 17 to 28 per cent of farmers in India know the MSP for the crops they grow. Even fewer know the MSP for pulses and oilseeds. This gap stems from low literacy, poor extension services, and ineffective communication.

2. Big differences in MSP benefits between regions

States like Punjab and Haryana, where procurement is strong, receive considerable MSP benefits. Farmers in Rajasthan and eastern India often miss out on MSP because there aren't enough procurement centers or they are difficult to access. This leads to an uneven distribution of policy benefits among states and crops.

3. MSP Doesn't Have Much of an Effect on Crop Diversification

Even with rising MSP for pulses and oilseeds, studies show farmers aren't diversifying much because they lack knowledge or assistance. They continue to grow traditional crops like wheat and rice, knowing they can sell them easily. So, MSP alone doesn't change crop production methods.

4. In areas with weak procurement, market prices often fall below MSP.

Farmers frequently sell crops for less than the MSP in states lacking sufficient mandi infrastructure or where there is a small marketable surplus. MSP is just a figure without effective procurement agencies; it does not guarantee a support price.

5. MSP Has a Good Effect on Productivity and Jobs in Areas with Strong Procurement

According to Bakshi (2020), panel data indicate that higher MSPs lead to more investment in quality seeds, fertilisers, and technology. This results in higher yields and more jobs. Farmers living in regions with strong procurement face lower price risks, which improves production stability.

6. Environmental Issues Are Getting Worse Under the MSP System

MSP supports rice-wheat cropping systems that require significant water because these crops are guaranteed to be purchased. Studies show serious environmental effects, such as groundwater depletion, soil degradation, and long-term ecosystem stress. This is especially evident in Punjab and Haryana.

7. Farmers Don't Use MSP Data to Make Marketing Choices

Farmers often avoid selling to government centres, even when they know the MSP, due to high transportation costs, long waiting times, late payments, and a lack of local procurement. This undermines the effectiveness of MSP in safeguarding incomes.

Suggestions:

1. Strengthen and decentralise the procurement infrastructure.

All studies indicate that procurement centres should be established in villages and blocks. Decentralised procurement can reduce transportation costs, allow small farmers to participate, and decrease reliance on private traders.

2. Use extension and digital platforms to raise awareness of MSP.

It is vital to conduct awareness campaigns using Krishi Vigyan Kendras (KVKs), mobile apps, community radio, and announcements at the panchayat level. Educating farmers about MSP before the planting season can influence their crop choices.

3. Encourage diversification by purchasing pulses and oilseeds.

Simply raising the MSP is not enough. To make diversification successful, there must be a method to buy pulses, oilseeds, and coarse grains. A multi-crop procurement strategy is required to reduce dependence on wheat and rice.

4. Establish quick and clear payment systems.

Farmers are reluctant to work with procurement agencies if they have to wait for payments. Digital payment systems and online receipt tracking can increase trust and engagement.

5. Discuss the environmental costs of MSP-driven cropping patterns.

To prevent groundwater depletion, MSP reforms should promote the cultivation of millet, pulses, and oilseeds, particularly in water-scarce areas. Eco-MSP or bonus payments linked to sustainability could help change cropping practices.

6. Implement Price Deficiency Payment Programs in States with Weak Procurement.

States should adopt Price Deficiency Payment (PDP) systems to directly compensate farmers for the difference between the MSP and market prices when it is difficult to conduct face-to-face purchases. This ensures that MSP functions without needing extensive storage.

7. Lowering input costs will improve profitability.

The advantages of MSP are limited by rising input costs, especially for labour, diesel, and fertilisers. Government policies like better subsidised seeds, more affordable credit, and improved mechanisation support can boost farmers' profits.

8. Strengthen market connections and support the growth of farmer-producer organisations (FPOs).

FPOs can empower farmers in negotiations, protect them from exploitation by traders, and facilitate access to necessary resources. Improved infrastructure in mandis can also reduce post-harvest losses and increase prices.

Conclusion:

The study's findings unequivocally demonstrate that the MSP policy has benefited Haryana farmers in numerous ways. It has encouraged farmers to boost their output, guaranteed comparatively steady prices, and offered some degree of economic stability. MSP for main crops like wheat, paddy, cotton, gram, rapeseed, and mustard has steadily climbed over the past ten years. This suggests that the government is working to shield farmers from changes in market prices.

However, it is also important to note that the cost of cultivation (A2+FL) has increased at a fast rate. Factors like inflation, higher wages of labour, rising cost of inputs, and use of machinery have made farming more expensive. Because of this, regular revision of MSP becomes necessary; otherwise, farmers' profit margins may decline. At the same time, the increase in Gross Value of Output (GVO) and farm business income shows that agriculture is still generating returns, although the pressure of rising costs cannot be ignored.

However, the analysis finds several important structural problems. The benefits of the Minimum Support Price policy are not equally available to all farmers. In reality, MSP is more effective for crops like wheat and paddy, especially in states such as Haryana and Punjab, where procurement systems are well developed. In contrast, farmers growing pulses and oilseeds do not receive similar support because procurement for these crops is quite limited.

Moreover, in many regions, the effectiveness of MSP is reduced due to low awareness among farmers, weak procurement infrastructure, and delays in payments. These issues make it difficult for the policy to deliver its full benefits across all areas.

Another serious issue is related to sustainability. Because MSP mainly supports wheat and paddy, farmers continue to grow these crops repeatedly. This has led to excessive use of groundwater, a decline in soil fertility, and environmental imbalance in Haryana. If this pattern continues, it may create long-term problems for agriculture in the state.

Overall, it can be said that MSP is still a very important policy for ensuring fair prices to farmers and maintaining food security. But for its long-term success, some improvements are required. There is a need to expand procurement to more crops, increase awareness among farmers, reduce input costs, and improve market linkages. At the same time, policies should also focus on promoting sustainable farming practices. A balanced approach, combining MSP

support with crop diversification and environmental measures, is necessary for the future growth of agriculture in Haryana.

References:

- Rabi and Kharif Price Policy from 2014-2026 <https://cacp.da.gov.in>
- Nandi, S., Vatta, K., & Priscilla, L. (2025). From policy to practice: Understanding the effectiveness of MSP for agricultural households in India. *Millennial Asia*, 1–20.
- Jana, S. K., & Manna, S. S. (2024). Legal Guarantee of Minimum Support Price (MSP) and Indian Agriculture- Issues and Options. *International Journal of Innovative Research in Engineering and Management*, 11(5), 1–7. <https://doi.org/10.55524/ijirem.2024.11.5.1>
- Thakare, A. B., Shende, N. V., & Bhopale, A. A. (2024). Impact of agricultural price policy on farm harvest and wholesale prices of legumes in Maharashtra. *Journal of Food Legumes*, 37(1), 101–108. <https://doi.org/10.59797/jfl.v37.i1.183>
- Kaur Bakshi, P. (2024). Impact of MSP on Agricultural Productivity, Employment Opportunities, and Environmental Sustainability in Northern States of India: A Panel Data Analysis. In *National Research Journal of Business Economics*, ISSN (Issue 11). National Press Associates. www.npajournals.org
- Chaudhari, V. P., & Rajput, Y. (2024). Understanding minimum support price (MSP) in Indian agriculture: A guide for students and farmers. *Just Agriculture*, 5(4), 305–310.
- Ministry of Agriculture and Farmers' Welfare. (2024). *A consistent increase in the minimum support price*. Government of India.
- Bhardwaj, G. (2023). Impact of minimum support prices (MSP) on the area under cultivation of wheat in India. *Gateway International Journal of Innovative Research*, 2(2), 25–35.
- Ritu, Mehta, V. P., Malik, D. P., Kumar, R., & Nisha. (2020). Impact of Agricultural Price Policy on Major Food Crops in Haryana. *Economic Affairs (New Delhi)*, 65(2), 267–274. <https://doi.org/10.46852/0424-2513.2.2020.20>
- Bhue, C., & Kikon, R. (2020). Issues and Challenges of MSP as an Income Enhancement Approach in India. *The Indian Economic Journal*, 68(2), 290–295. <https://doi.org/10.1177/0019466220951106>

- Sudhakar, G., & Wale, Z. (2017). Minimum Support Prices and Their Impact on the Agricultural Economy. In *IIARD International Journal of Economics and Business Management* (Vol. 3, Issue 2). www.iiardpub.org
- Aditya, K. S., Subash, S. P., Praveen, K. V., Nithyashree, M. L., Bhuvana, N., & Sharma, A. (2017). Awareness about Minimum Support Price and Its Impact on Diversification Decision of Farmers in India. *Asia and the Pacific Policy Studies*, 4(3), 514–526. <https://doi.org/10.1002/app5.197>
- Poddar, S. (2014). *Agricultural price policy in India*. Indian Institute of Technology, Kharagpur.
- Narayanamoorthy, A. (2013). Profitability in crop cultivation in India: Some evidence from the cost of cultivation survey data. *Indian Journal of Agricultural Economics*, 68(1), 105–122.
- Ali, S. Z., Sidhu, R. S., & Vatta, K. (2012). Effectiveness of Minimum Support Price Policy for Paddy in India with a Case Study of Punjab §. In *Agricultural Economics Research Review* (Vol. 25, Issue 2). <https://doi.org/10.22004/ag.econ.137357>