

*Agricultural Price Policy of India has the following features or instruments:*

1. **Minimum Support Price (MSP):** The MSP for major agricultural products announced each year are fixed taking into account the recommendations of the **Commission for Agricultural Costs and Prices (CACP)**. The CACP recommends MSPs for 23 important crops. Apart from taking into account the cost of production, the CACP considers other factors such as demand-supply gap, price situation, global availability, intercrop price parity and terms of trade between agriculture and non-agriculture sectors.
2. **Price Support Scheme (PSS):** The **Department of Agriculture and Cooperation** is implementing the **Price Support Scheme (PSS)** for procurement of oilseeds and pulses through NAFED. NAFED is the central agency for procurement of cotton under the PSS in addition to the Cotton Corporation of India (CCI). Procurement under the PSS is continued till prices stabilise at or above the MSP.
3. **Market Intervention Scheme (MIS):** The **Department of Agriculture and Cooperation** is also implementing the **Market Intervention Scheme (MIS)** on request from the State Governments for procurement of horticultural and agricultural commodities generally perishable in nature and not covered under the Price Support Scheme.

The MIS is implemented in order to protect the growers of these commodities from making distress sale in the event of a bumper crop when there is glut in the market and prices fall below the economic levels/cost of production. Procurement under MIS is made by NAFED as the central agency and by the state designated agencies. Losses, if any, incurred by the procuring agencies are shared between the Central Government and the concerned State Government on 50:50 basis.

4. **Public Distribution System (PDS):** Through the **Public Distribution System**, cereals are made available to Below Poverty Line (BPL) households, as well as to Above Poverty Line (APL) households at differential prices. There is a third category of beneficiaries—**Antyodaya card holders**. Under the **Antyodaya Anna Yojana (AAY)**, 35 kg of foodgrains are being provided to the poorest of the poor families at a highly subsidised rate of ₹ 2 per kg for wheat and ₹ 3 per kg for rice.

### 17.5 Evaluation of Government Agricultural Price Policy

The Agricultural Price Policy has its achievements and shortcomings. *Some of the major effects of Agricultural Price Policy are:*

1. **Rise in Certainty and Confidence**

Over the years, MSPs have been raised reasonably. It has resulted