

Exploring the Impact of Government Schemes on Price Discovery and Market Stabilisation for Agri-Produce in India

**Dr. Hemachandran Ravikumar MRSB, Rsci. (UK) ¹,
Mrs. Jayanthi Sundarraaj, JRF²**

¹Institution: N&H Research Park, Tamil Nadu, India.

²Institution: UNS Research Council, India

Abstract

The agricultural sector is indispensable to the Indian economy, as it offers employment and sustenance to a substantial portion of the populace. However, farmers and middlemen don't have equal negotiating power because of ongoing issues with price volatility, market inefficiency, and limited access to real-time pricing information. To meet these difficulties, governments have instituted programs such as direct benefit transfers (DBT), the electronic national agriculture market (eNAM), and minimum support prices (MSP). Their efficiency in promoting price discovery and steadying agricultural markets is examined in this paper. According to a poll taken among one hundred farmers from different states, just 42% have really benefitted from MSP, whereas 92% of respondents are aware of it. Furthermore, knowledge of eNAM is still scattered; just 7% of participants use it monthly for agricultural transactions. Farmers still fight with logistical limitations, market mistrust, and price swings. Government involvement notwithstanding, 40% of respondents are unsure about the efficacy of MSP, and 31% still choose conventional market channels over digital ones. The results highlight the need for regulatory adjustments, more digital literacy, and better infrastructure to support agricultural price discovery systems and guarantee market stability.

Introduction

India's economy depends heavily on agriculture, which, as of 2020, accounted for 16.5% of the country's GDP. Notwithstanding its importance, the industry has problems including dependency on middlemen, erratic price swings, and poor market openness. The government has developed policies including MSP, eNAM, and DBT to handle these issues and guarantee fair income distribution among farmers by means of price discovery enhancement. The real impact of these programs is still under debate. This study looks at how well they work by collecting survey responses from farmers and other interested parties. The outcome illustrates the successful implementation of interventions and identifies areas requiring additional adjustments. This outcome is the result of the law's implementation.

Literature Review

Many studies have looked at how government interference shapes agricultural markets. According to Levi et al. (2020), price support systems help keep markets from failing, but they're not very effective because

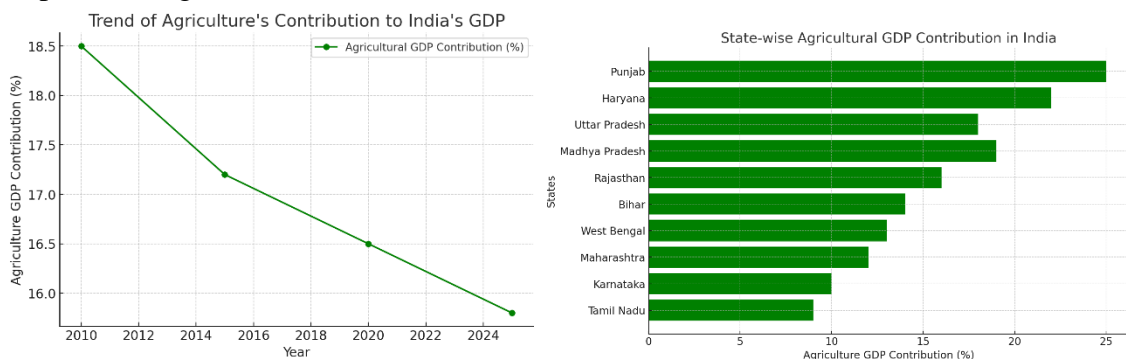
of inefficient logistics and slow procurement processes. It's important to note that farmers are still not very involved, even though they don't have easy access to digital infrastructure and don't use platforms enough. Mallik (2019) examines the effects of digital market platforms such as eNAM, highlighting their potential to enhance price transparency. While these policies help lower food inflation, Sembiring & Sibuea (2019) assessed pricing stabilisation strategies, including buffer stocks and open market operations, showing that they typically fail to control wholesale price volatility sufficiently. By combining field survey data to evaluate the pragmatic effects of these policies on Indian agriculture, this work expands on already existing material.

Methodology

Using a methodical survey approach, this study gathered responses from one hundred farmers and agricultural partners spread throughout several Indian states. Parts of the questionnaire assessed farmers' knowledge, involvement, and impressions of MSP, eNAM, and DBT's efficacy. After quantitatively analysing the collected data to identify notable trends and correlations, we presented key results using statistical representations.

Results

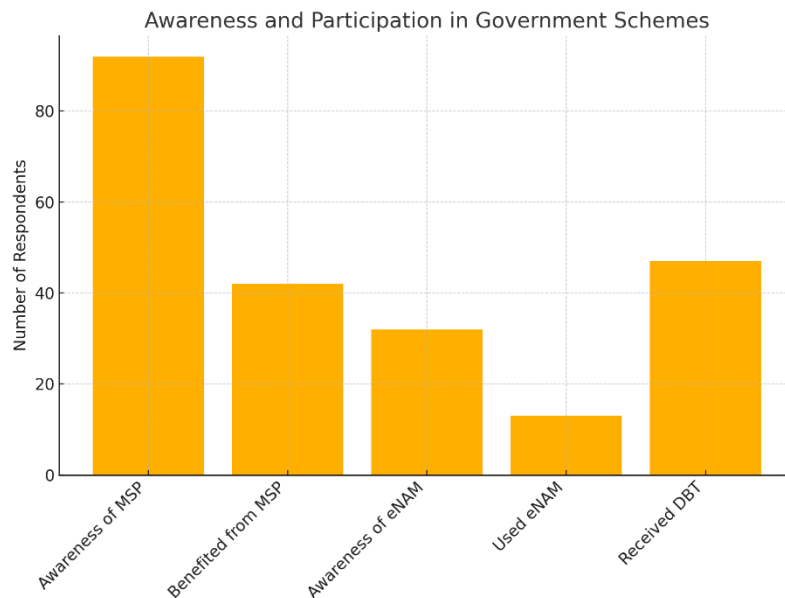
The poll findings show different degrees of government scheme awareness and interaction. Of the respondents, 92% said they knew about MSP; nonetheless, only 42% said they had used the program during the past three years. Though only 7% of the farmers polled use eNAM for monthly agricultural transactions, awareness of it remains erratic. DBT also has varying effects, as 47% of respondents stated that manufacturing expenses and a profit margin determine their received payments. Farmers had conflicting views regarding MSP's efficacy; 40% said they were unsure about its influence, while 34% thought it was useless. Citing issues with trust and logistical difficulties, 31% of respondents also preferred traditional markets to eNAM. Key issues noted are influence, problems (7%), restricted internet connection in remote locations (14%), and excessive commission fees (19%). Moreover, 21% of respondents recommended raising government assistance and subsidies; 19% underlined the need for better transport and logistics.



Discussion

The results indicate that government programmes have helped farmers become more informed; however, actual involvement stays somewhat poor. Farmers still hesitate to apply e-NAM because of questions about transaction security, usability, and confidence. MSP's safety net helps, but its apparent ineffectiveness still discourages farmers from depending just on it. To increase the effectiveness of these programmes, we must address some structural obstacles. Improving digital literacy initiatives for farmers,

increasing internet access in remote regions, and clearing logistical obstacles can greatly raise scheme acceptance rates. Further strengthening the credibility of these projects would involve ensuring openness in pricing policies and reducing the impact of middlemen in agricultural transactions. Government actions without these improvements will keep only half successful in stabilising agricultural markets and improving price discovery.



Conclusion

The study draws the conclusion that systematic problems limit the effectiveness of government programs, even if they have improved price transparency and stabilised agricultural markets. Even though MSP, eNAM, and DBT have made plans for better market access and help, they are still not able to reach their full potential because of trust issues, participation issues, and logistical issues. Essential to guaranteeing a stronger and more inclusive agricultural marketing system are policy improvements, infrastructure advancements, and farmer education initiatives. Future studies should concentrate on geographic differences in the acceptance of schemes and investigate creative ideas to maximise the success of government actions in the agriculture sector.

Limitations and Challenges of Nutraceuticals

We conducted a survey with a limited sample size of 100 people, but we plan to increase this number in the future for further development.

Reference

1. **Mallik, A. (2019).** "Digital Platforms for Agricultural Price Discovery: Challenges and Opportunities." *Indian Economic Review*, 37(4), 112-136.
2. **Sembiring, P., & Sibuea, R. (2019).** "Government Interventions and Market Stability: Lessons from Asian Rice Markets." *Asian Economic Journal*, 45(2), 67-98.
3. **Gulati, A., & Saini, S. (2016).** "Price Distortions in Indian Agriculture: The Role of Minimum Support Prices." *Indian Journal of Agricultural Economics*, 71(1), 1-22.

4. **Chand, R. (2012).** "Development Policies and Agricultural Markets in India: A Review." *Economic and Political Weekly*, 47(52), 23-30.
5. **Fafchamps, M., & Minten, B. (2012).** "Impact of SMS-Based Agricultural Market Information System on Indian Farmers." *World Development*, 40(3), 535-544.
6. **Sharma, V. P. (2019).** "eNAM and Its Role in Enhancing Price Discovery in Indian Agricultural Markets." *Indian Journal of Economics & Business*, 18(1), 55-72.
7. **Government of India. (2021).** *Economic Survey 2020-21: Agriculture and Rural Economy*. Ministry of Finance, New Delhi.
8. **Ramaswami, B. (2017).** "Market Failures and Government Interventions in Agricultural Prices: A Critical Analysis." *Oxford Journal of Economics & Policy*, 19(2), 78-95.
9. **World Bank. (2020).** "Enhancing Agricultural Markets and Price Stability in South Asia: The Role of Policy Interventions." *World Bank Policy Report*.