



# Evaluation of Bhawantar Bhugtan Yojana in Context to Modal Price of Blackgram

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## ABSTRACT

The focus of government is to doubling farmers' income by 2020 for the benefit of farmers. The government announces Minimum Support Price for crops and procures the same. Apart from this to reduce the enlarging gap between minimum support price and price received by farmers, the government of Madhya Pradesh introduced Bhawantar Bhugtan Yojana in August, 2017. The study analyzed the pre and post implementation modal price and arrival comparison for black gram in Agricultural Produce Marketing Committee, Jabalpur (M.P.). The study revealed that after the implementation of scheme the modal price of black gram have reduced by 52 per cent as compared to 2016 in Madhya Pradesh indicating cartel formation by the traders. Data on arrivals indicated that the arrivals also increased for black gram in Jabalpur by 62 per cent leading to price drop due to increased arrivals. The result concludes that there is need to put floor price ceiling to avoid dropping of prices along with shift in the marketing period to avoid increased arrivals with proper checks and balances.

**Key Words:** Bhawantar Bhugtan Yojana, Black Gram, Modal price.

## INTRODUCTION

It is being realized that farmers are under increasing stress during last four years. First, there were two consecutive droughts (2014-15 and 2015-16) and then farm prices of large number of commodities ranging from pulses to oilseeds fell way below their minimum support prices (MSP) in 2016-17 and 2017-18 as reported by Gulati *et al* (2018) in states like Maharashtra, Madhya Pradesh and Karnataka. Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices. Primarily the crops procured are wheat and rice as they can be spent in Public Distribution System. Even after this there are circumstances when procurement cannot be done and the modal prices fall much below MSP. Extreme volatility in the prices of agricultural commodities resulting into low income due to high production rate as reported by Saxena *et al* (2017). This causes distress sale by farmers leading to agitation and dissatisfaction among farmers. With

increasing farm distress in the wake of falling farm prices in 2017, the five time Krishi Karman award winner in 2011-12, 2012-13, 2014-15 for total food grain production and 2013-14 and 2015-16 in the field of production, Government of Madhya Pradesh (GoMP) came out with an innovative scheme called Bhawantar Bhugtan Yojana, a Price Deficiency Payment (PDP) scheme, to support farmers. This scheme deals with payment of price difference between (MSP) and modal price of the notified crop by the government. It goes on to suggest that the system of price deficiency payment can to some extent improve the prices received by farmers (Haque and Joshi, 2018). This paper deals with comparison of modal prices of black gram in pre and post implementation of the scheme and arrival pattern of the crop in Krishi Upaj Mandi, Jabalpur.

## MATERIALS AND METHODS

The study is based on secondary data. Data on price and arrival of black gram were collected from

Krishi Upaj Mandi Jabalpur and other sources like Bhawantar Bhugtan Yojana portal. Price Deficit Financing Scheme was introduced as a pilot scheme in Madhya Pradesh in *kharif* 2017, therefore this state was purposively selected. Out of 246 main wholesale markets in Madhya Pradesh, Krishi Upaj Mandi Jabalpur is a dominating wholesale market of the state serving farmers of Jabalpur district and nearby areas. The period of data was for month October 2016 to March 2017 for pre implementation phase and October 2017 to March 2018 for post implementation phase. Descriptive statistics like percentage was used to analyze the data.

Percentage change= (New value- Old value) X 100/ Old value

## RESULTS AND DISCUSSION

### Modal prices before and after the implementation of the scheme

Modal price is the prevailing wholesale price of the crop in the mandi while Minimum Support Price is announced by the government. In Bhawantar Bhugtan Yojana the modal price of the crop is calculated according to the following method-

### Estimation of Modal Rate

- The modal price for the given time period the average of prices of modal mandi of Madhya Pradesh and two other states giving 1/3 weightage to each.
- The modal rate is declared after the end of the selling period and uploaded on the Bhawantar Bhugtan Yojana portal.
- The average yield is decided from state revenue department based on previous year's district wise crop cutting experiments average yield and productivity.

The modal prices of black gram before and after the implementation of the scheme were compared. The selling period for black gram was 16<sup>th</sup> October to 15<sup>th</sup> December, no deficit was paid to produce sold after 15<sup>th</sup> December. The percentage difference of price received by farmers in 2017 and modal price in 2016 was calculated (Table 1). It was revealed that after the implementation of the scheme the modal prices lowered down significantly in the Krishi Upaj Mandi, Jabalpur. After the end of purchase period i.e. 15<sup>th</sup> December, 2017, the modal prices have seen a slight rise but were significantly lower

**Table 1. Modal prices of black gram before and after implementation of the scheme**

MONTH	2016-17 (Rs)		2017-18 (Rs)		Price received after adding price deficit	Percentage change in price received (E-B/B) *100
	MSP	Modal price	MSP	Modal price		
	A	B	C	D	E	F
October	5000	6450	5400	3000	5400	-16.2
November	5000	6105	5400	3070	5400	-11.5
December	5000	5450	5400	3300	5400	-0.9
January 2018	5000	4980	5400	3120	3120	-37.3
February 2018	5000	4535	5400	3460	3460	23.7
March 2018	5000	5350	5400	3260	3260	-39

Source-Krishi Upaj mandi Jabalpur 2018

Note- numbers in parenthesis indicate percentage reduction in price received in 2017 as compared to modal price of 2016. Deficit is different for each month.

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than the modal prices in the year 2016 for *kharif*. October 2016 witnessed highest modal price *i.e.* Rs.6450/-q while the same for October 2017 was Rs.3000/-q and after adding the deficit it summed up to Rs.5400/-q, which was 16.2 per cent lower than the modal price in October 2016. Indicating that prices have dropped down rendering farmers receive lesser as compared to pre-implementation period. In March 2018, dip in price received by farmers was highest *i.e.* 39 per cent lower than modal price of March 2017. This has reduced the returns of the farmers as they don't receive any price deficit for the months after December. So selling of produce within the marketing period at prevailing prices has become compulsory for the farmers.

### The arrival pattern of black gram before and after the implementation of the scheme

As the supply reaches its peak during the main marketing season, prices in surplus areas fall to their lowest levels. Thus, arrival of produce in the market has inverse relation with the prices received by the farmers. In order to work out major reasons for drop of modal price of black gram in Krishi Upaj Mandi Jabalpur, the arrival details of black gram for every month in quintals and average monthly modal price before and after the implementation of the scheme were compared. Percentage change was worked out and average modal price was taken into consideration for comparison purpose (Table 2).

The above table reveals that the arrival of black gram in Jabalpur during *kharif* 2016 was 1,12,585 q which increased in the year 2017-18 by 70,778 q in the period from October 2017 to March 2018 after the implementation of the scheme. Around 63 per cent increase in arrivals lead to drop in prices by around 41 per cent. On whole the arrivals of year 2017-18 increased 62.86 per cent as compared to the year 2016-17 for the six month period of October to March. Average monthly modal price of black gram reduced significantly by Rs.2217/q *i.e.* by 41 per cent after the implementation of the scheme. This showed that increase in arrivals because of fixed marketing window has led to reduction in prices.

## CONCLUSION

Agriculture in its true sense is gambling in terms of dealing with climate, produce, prices and returns. The study revealed that the modal price of black gram in Krishi Upaj Mandi Jabalpur fell down significantly *i.e.* 0.9 to 39 percent while the increase in arrival was around 60 per cent. There is need to keep a check on deliberate lowering of prices by the traders through setting floor prices. In order to deal with the increased arrivals the window for marketing of the produce should be increased. Thus through proper check and balances the scheme can be saved from manipulations and benefit the farmers in real terms.

**Table 2. Arrival details of black gram in Krishi Upaj Mandi, Jabalpur (q)**

Month	Pre-implementation <i>kharif</i> 2016-17	Post-implementation <i>kharif</i> 2017-18	Change	Percentage change
October	37,822	41,299	3,477	9.19
November	13,440	60,203	46,763	347.93
December	12,763	40,054	27,291	213.82
January	17,195	15,316	-1,879	-10.92
February	11,401	17,189	5,788	50.76
March	19,964	9,302	-10,662	-53.40
Total	1,12,585	1,83,363	70,778	62.86
Average monthly modal price (in Rs.)	5419	3,021	-2,217	-40.92

Source-Krishi Upaj Mandi, Jabalpur 2017-18

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