Gokhale Institute of Politics and Economics
(Deemed to be University)

Report on the Special Guest Lecture on "Price Policy Support for Indian Farmers: A Reality Check and the Way Forward" on the occasion of National Farmers' Day (*Kisan Divas*) held on 23rd December, 2025

The Agro-Economic Research Centre (AERC), Gokhale Institute of Politics & Economics (GIPE), Pune, organized a special guest lecture on the occasion of National Farmers' Day ('*Kisan Divas*') on 23rd December 2025. The lecture, titled '*Price Policy Support for Indian Farmers: A Reality Check and the Way Forward*', was delivered by Professor C.S.C. Sekhar, Professor and Head, Agro-Economic Research Unit, Institute of Economic Growth (IEG), University of Delhi. The programme was held in the New Seminar Hall, Academic Building, GIPE, from 11:00am to 1:30pm. A total of 49 participants, including students, faculty members, staff, and the Vice-Chancellor of GIPE, Professor Umakant Dash, attended the event.

National Farmers' Day is observed to commemorate the birth anniversary of Bharat Ratna Shri Choudhary Charan Singh, the fifth Prime Minister of India and a prominent advocate of farmers' welfare. In this context, the guest lecture was organized to highlight the contribution of farmers to the Indian economy and to deliberate on key policy issues affecting the agricultural sector. The theme of the lecture – agricultural price policy – was chosen in view of its continued relevance and complexity in addressing farmers' income and food security concerns. Professor Sekhar was invited as the resource person given his extensive academic work in agricultural market structure and price formation, food security, agricultural trade, rural development, development economics, and law and economics.

The programme commenced with an opening address by Professor Jayanti Kajale, In-charge, AERC, Pune. In her address, she emphasized the significance of National Farmers' Day and underscored the pivotal role of Indian farmers in ensuring food security and contributing to national economic development. She also briefed the participants on the mandate of AERC and its role in evaluating agricultural and rural policies implemented by the Government of India. This was followed by a welcome address and felicitation of the guest speaker by the Vice-Chancellor, Professor Umakant Dash, who highlighted the importance of evidence-based policy analysis in understanding and addressing the multifaceted challenges faced by Indian farmers.

Professor Sekhar then delivered the guest lecture, focusing on the distribution of food subsidy among producers (farmers), consumers, and the administrative costs borne by the government. Using data on Minimum Support Prices (MSPs), Market Prices (MPs), Central Issue Prices (CIPs), and administrative costs – including procurement incidentals and distribution expenses – he estimated producer subsidies, consumer subsidies, and government costs for the period 2016-17 to 2022-23. The analysis indicated that consumers were the primary beneficiaries of price subsidies for both wheat and rice, accounting for approximately 81 per cent and 79 per cent of the total subsidy, respectively. A significant proportion of the subsidy was also absorbed by procurement and distribution costs (21 per cent for wheat and 20 per cent for rice). In contrast, producers received a negligible share of the subsidy benefits. This trend remained consistent over the period under study, suggesting that food subsidies predominantly benefitted consumers rather than farmers.

Considering farmers as consumers, Professor Sekhar further examined the extent to which agricultural households benefitted from the Public Distribution System (PDS). The findings showed that 37 per cent and 24 per cent of agricultural households accessed subsidized rice and wheat, respectively, through the PDS. Among these beneficiaries, landless, marginal, and small (LMS) farmers accounted for a substantial share of the subsidies – 92 per cent for procured rice and 86 per cent for procured wheat. The lecture also discussed alternative policy instruments for farmer support, including Deficiency Payments (DP), Direct Income Transfers (DIT), and expansion of open agricultural markets. An assessment of the fiscal implications of these policy options indicated that a comprehensive deficiency payment system covering all crops, including wheat and rice, would entail a relatively lower fiscal burden on the government. The lecture also highlighted the need to strengthen agricultural output markets beyond Agricultural Produce Market Committees (APMCs) and drew attention to the challenges arising from imperfect factor markets for land, labour and capital. The lecture concluded by emphasizing the need to balance policy trade-offs in line with specific objectives, such as increasing domestic production, enhancing farmers' incomes, or promoting environmental sustainability.

The lecture was followed by an interactive Question & Answer (Q&A) session, during which students and faculty members engaged with the resource person. The discussion encompassed a wide range of issues related to agricultural price policy and broader agricultural policy concerns, including the impact of support prices on international agricultural trade, rural labour productivity and livelihoods, environmental sustainability – particularly land degradation and sinking groundwater levels, income support mechanisms for farmers, the role of farmers' lobbies in policy-making, the significance of the Public Distribution System (PDS) in ensuring food security to the poorest population, and the role of technology adoption in agriculture. The ensuing discussion was enriching and insightful, shedding light on the multifaceted challenges confronting Indian agriculture. The programme concluded with a vote of thanks delivered by Dr. Dayakar Peddi.

Photos of the event: