CONTENTS

Acknowledgements i
List of Tables vi
List of Figures vii
List of Appendices viii

1. INTRODUCTION 1-17

1.1 Evolution of Government Intervention 1
1.2 Nature of Dualism in Foodgrain Markets 5
1.3 The Magnitude of Intervention 9
1.4 A Review of Past Models 11
1.5 Objectives, Methodology, Data and Chapter Plan 15

2. PRICE POLICY AND PRICE FORMATION FUNCTIONS 18-71

2.1 Introduction 18

2.2 Nature of Agricultural Prices and Price Policies 18

2.3 Support Price Determination: Concepts and Criteria 21

2.3.1 Role of Cost of Production 26
2.3.2 Parity Principle in Price Fixation 30
2.3.3 Support Prices and International Prices 36
2.3.4 Role of Trends in Wholesale Prices 39
2.3.5 Political Economy of Farm Prices 41
2.3.6 Results and Discussion 43

2.4 Open Market Prices: Structure and Determinants 46

2.4.1 Temporal and Spatial Behaviour of Wholesale Prices 46
2.4.2 Determinants of Open Market Prices 52
2.4.3 Results and Discussion 60

2.5 Fixation of Issue Prices 62

2.5.1 Structure of Issue Prices 62
2.5.2 Determinants of Issue Prices 66
2.5.3 Results and Discussion 68

2.6 Summary 70

3. PRODUCTION OF RICE AND WHEAT: GROWTH TRENDS AND SUPPLY RESPONSE 72-88

3.1 Introduction 72

3.2 Production of Rice and Wheat: Structure and Growth 73
6.4 The Validation of the Model 155

6.5 Dynamic Behaviour of the Model: Some Simulations 173
   6.5.1 Hike in Fertiliser Prices by 10 per cent 174
   6.5.2 Increase in Irrigated Acreage by 1 per cent 177
   6.5.3 Hike in Fertiliser prices by 10 per cent and
       Increase in Irrigated Acreage by 1 per cent 178
   6.5.4 Rainfall 1 per cent above Normal 180
   6.5.5 Increase in Non-Agricultural GDP by 1 percent 180

6.6 Summary 181

7. SUMMARY AND CONCLUSIONS 182-190

APPENDICES 191-244

REFERENCES 245-256