

ABSTRACT

This paper is examining if the paddy production is responsive to prices in some major paddy growing states. Because farm harvest prices are close to Minimum support price announced, the paper wants to examine the price responsiveness of supply in terms of production to MSP announced at the beginning of the sowing season and as well as the farm harvest prices prevailing in the market. Four state which predominantly produce paddy have been chosen to test the responsiveness. District level paddy production response to price for 14 years (2000-2014) has been examined. Nerlovian Supply Response Model is used for estimation in this paper. The results showed that Paddy Production is responsive to Minimum Support Price and Farm Harvest Price but has no significant relationship with Annual Rainfall level.