

PROJECT TITLE : ASSESSING THE VIABILITY OF CONTRACT FARMING FOR SMALL AND MARGINAL FARMERS IN INDIA.

PRINCIPAL INVESTIGATORS :

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STUDENTS INVOLVED:

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RELEVANCE/SIGNIFICANCE:

CONTRACT FARMING IS ONE OF THE EMERGING EFFICIENT FORMS OF LINKING FARMERS TO MARKETS. CONSIDERING THAT A MAJORITY OF FARMERS IN INDIA HAVE SMALL AND MARGINAL LANDHOLDINGS, IT IS ESSENTIAL TO ANALYSE THE FEASIBILITY OF THIS METHOD FOR THIS CATEGORY OF FARMERS DUE TO LOWER INVESTMENT AND PRODUCTION CAPACITY, SMALL AND MARGINAL FARMERS ARE GENERALLY LESS FAVOURED BY COMPANIES, OR THEMSELVES LESS DISPOSED TOWARDS CONTRACT FARMING. THE REPORT ANALYSES THE REASONS FOR THE SAME AND SUGGESTS POLICIES THAT COULD REMEDY THE SITUATION. WITH THE SAME AIM, IT ALSO ANALYSES A CASE OF ORGANIC PADDY CONTRACT FARMING IN KAITHAL ACROSS DIFFERENT LANDHOLDING CATEGORIES.

IDENTIFYING PROBLEMS FACED BY SMALL AND MARGINAL FARMERS ENTERING CONTRACTS.

ANALYZING ECONOMIC, TECHNICAL, SOCIAL, POLICY ENVIRONMENT AS WELL AS MANAGEMENT ENVIRONMENT

TAKING THE KAITHAL ORGANIC CONTRACT FARMING MODEL AND ANALYSING YIELDS, INCOMES, COSTS AND PROFITS TO DIFFERENT CATEGORIES OF FARMERS

COMPARATIVE ANALYSIS OF RESULTS FOR DIFFERENT CATEGORIES OF FARMERS (SMALL, MEDIUM AND LARGE) OVER THE CONVERSION PROCESS FROM INORGANIC TO FULLY ORGANIC FARMING

DRAWING CONCLUSIONS AND POLICY RECOMMENDATIONS BASED ON CONCLUSIONS

OBJECTIVES:

#DETERMINING THE BARRIERS TO CONTRACT FARMING
#ASSESSING THE VIABILITY OF CONTRACT FARMING FOR SMALL AND MEDIUM FARMERS OF INDIA
#UNDERSTANDING THE CASE IN CONTEXT TO THE FARMERS OF KAITHAL.

METHODOLOGY:

THE VIABILITY OF CONTRACT FARMING FOR FARMERS ACROSS DIFFERENT LANDHOLDING CATEGORIES HAS BEEN ASSESSED IN CONTEXT OF KAITHAL'S CONTRACT FARMING MODEL FOR ORGANIC BASMATI RICE. WITH A SAMPLE OF FARMERS FROM SMALL, MARGINAL, MEDIUM AND LARGE CATEGORIES, AN ANALYSIS OF COSTS, PRICES, YIELDS AND PROFITS HAS BEEN MADE DURING THE CONVERSION PROCESS, FROM CONVENTIONAL TO ORGANIC. THE CROSS CATEGORY ANALYSIS SHOWS THE DIFFERENCES IN THE CHANGE OF THE ABOVE MENTIONED PARAMETERS ACROSS GROUPS.

RESULTS AND OUTCOME:

THE RESEARCH AND ANALYSIS UNDERTAKEN SPECIFICALLY WITH REGARD TO THE KAITHAL CASE SHOWS THAT ORGANIC CONTRACT FARMING CAN BE EFFICIENTLY CARRIED OUT BY SMALL AND MARGINAL FARMERS, YET THEY DO NOT FORM MAJOR PROPORTION OF THE CONTRACTING FARMERS.

THERE IS NO POLICY SUPPORT FROM THE GOVERNMENT TO PROMOTE ORGANIC FARMING OR CONTRACT FARMING, WHICH CAN BOTH BE PROFITABLE TO FARMERS.

SMALL AND MARGINAL FARMERS ARE VICTIMS OF CONTRACTS THAT ARE BIASED TOWARDS THE CORPORATE (CONTRACTOR) AND HAVE LOW BARGAINING POWER.

THE RESULTS SHOW THAT TOTAL COSTS TO THE FARMER FALLS TOWARDS THE END OF THE CONVERSION TO ORGANIC FARMING, AND NET PROFITS RISE, DESPITE THE INITIAL FALL IN PROFITS DURING CONVERSION.

CONCLUSIONS:

THE RESULTS SHOW THAT FARMERS COULD PRODUCE MARGINALLY MORE WHEN THEY WERE PRODUCING INORGANIC BASMATI. HOWEVER, WE SHOULD CONSIDER ASSURED PRICES AND ASSURED MARKET PROVIDED BY THE CONTRACT-WHICH ARE OF DIRECT ADVANTAGE TO FARMERS.

NET PROFIT TO SMALL AND MARGINAL FARMERS INCREASES DUE TO DIP IN COSTS AND HIGH PRICE RECEIVED TOWARDS END OF CONVERSION PROCESS.

SMALL FARMERS ARE MORE EFFICIENT IN PRODUCTION THAN LARGE FARMERS BUT THEY ARE STILL APPREHENSIVE OF CONTRACT FARMING DUE TO THE LARGE RISK AND INVESTMENT FACTOR.

COMPANIES PREFER LARGER FARMERS DUE TO LOWER TRANSACTION COSTS

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