Research Paper	# Analysis of terms of contract and modus operandi in contract farming - A case of Mahyco, IAHS and Namdhari seeds companies in hybrid bitter gourd seed production

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ABSTRACT

The study on hybrid bitter gourd seed production was conducted in Ranebennur Taluk of Haveri district of Karnataka, which is considered to be hub of vegetable seed production in the State and also in the country. Primary data were collected from 90 farmers who were into contract with three company's *viz.,* Mahyco, Indo-American Hybrid Seeds and Namdhari Seeds. Necessary data were also collected from the contracting companies. The companies before making contract with farmers will identify the progressive farmers and leaders in the villages. They conduct meetings and select the farmers who are interested to enter into contract, with assured irrigation facility. The company officials visit the farmer's fields regularly for providing technical advice. After the harvest, the farmer has to handover the produce to the company. The company after receiving the quality test reports makes payment to the farmers. The constraints faced by the farmers in contract farming were non-availability of skilled labour, lack of capital for carrying out agricultural operations, non-availability of crop insurance for seed production and low contract price. The problems faced by the contract companies were fixing of contract price, poor quality of grading by farmers at field level, non-availability of land for seed production in the area and seeds cross purchase.

INTRODUCTION

The main objective of green revolution was self-sufficiency in food production. Though the green revolution was very impressive for two to three decades, from the mid-1990s agricultural output has been falling short of demand. At present, farming has been beset with problems such as uncertain supply of inputs like fertilizers, seeds and pesticides antiquated farming practices, declining yield and productivity, exploitative middle men and un-remunerative prices.

Around 70 per cent of India's population lives in rural areas, dealing with these problems requires addressing the problems faced by the farmers. While the majority of the farmers are depending on agriculture and related activities for their sustenance, many do not produce adequate food or earn enough income to meet their basic needs. In many situations, small farmers would be able to make efficient production choices if they were not constrained in choosing optimal input and output levels. Increased production does not necessarily lead to higher incomes, particularly in situations where price fluctuations are high, markets are unorganized and inefficient, market access is limited, or bargaining power is weak. The most common complaint of small farmers in rural India is lack of access to stable markets.

In this context, contract farming could be one of the best solutions to encourage Indian farmers access to high quality inputs to increase production and productivity and in turn reasonable level of income.

Contract farming is a contract between a farmer and a purchaser established in advance of the growing season for a specific quantity, quality, and date of delivery of an agricultural output at a price or price formula fixed in advance. The contract provides the farmer with the assured sale of the crop and at times provides for technical