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Research
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The management aspects of gherkin under contract farming in Karnataka

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ABSTRACT

The present study attempts to examine the Contractual management aspects in Gherkin under contract farming in Bangalore rural district and Kunigal areas of Tumkur district in Karnataka state, India. Primary data for the study were collected through a sample of 90 gherkin growing farmers in 10 villages in the study area in September 2006 to February 2007 cropping season (*Rabi* season). Multistage random sampling procedure was used in collecting data. The findings of the study reveals that contract management aspects expose that contracts are made based on the farmer's land fertility and his holdings. The company manages the various aspects of contracts by making group meetings or conveying transfer of technology and other extension services in order to get good reputation with farmers. Contract management failure occurs due to use of expatriate staff with inappropriate cultural values in management roles. It is noticed that lack of knowledge of cultural values contributes to under performance and failure of contracts through misunderstanding of issues, inappropriate conflict resolution process and miscommunication. Hence, it is necessary for employment of local staff in contract management positions in contracting firms, in order to clear the disputes among farmers. On the other hand specific actions taken by management to facilitate achievement of successful contract outcomes like Organization of farm groups, selection of farmers, management of contract default and conflict resolution also plays a vital role in management of contracts with interested parties. However, government should facilitate the monitoring of all such companies entering into contracts which will help the policy makers in framing management regulations in contract farming.

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INTRODUCTION

The modern intensification and diversification of consumer demand and the spreading out of structured agricultural processing and marketing enterprise in India has the potential to enhance the market prospects, productivity, and earnings of farmers, including small holders. Conversely, achieving these objectives will likely require creation of new institutions and innovations to develop supply chains and facilitate linkages between farmers, wholesalers, processors, and retailers. In India, agriculture has instigate to diversify and potential sources of agricultural income are likely to come increasingly from the high value segment, driven by rising demand for high value horticultural, livestock, and fishery products. While the potential benefits of high value agriculture, including higher income and employment, are momentous, it will be necessary to overcome key challenges associated with meeting farmer resource needs and mitigating production

and marketing risk. The challenge is to identify innovative solutions, possibly based on contract farming models that are efficient and competitive in terms of operational with small holders on sustainable basis. A sizable part of the farming community falls under the small and marginal farmers' category in India (Kiresur, 2002). Contract farming, therefore, becomes increasingly important as it allows their agricultural produce to be purchased by multinationals, small companies, government agencies, farmers' cooperatives and individual entrepreneurs and by various types of private segment resource intermediation that develop backward linkages to growers.

Contract farming can be defined as an agreement between farmers and processing and/or marketing firms for the production and supply of agricultural products under a forward agreement, generally at predetermined prices. The agreements also allow the purchaser to provide a degree of production support through inputs and technical guidance for the crop cultivation. From the farmer's side,