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Research Paper

An economic effect of contract farming on papaya cultivating farmers in Tamil Nadu

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ABSTRACT : The study has evaluated the effect of contract farming on price, yield, employment and net income of contract farmers in Erode and Dindigul districts of Tamil Nadu. The study found that the family labour participation was higher in small farms than in large farms in contract farming. Price fluctuations were very low in papaya contract farming because of pre-price fixation by the firm. Price uncertainty was very high in alternative crops. Minimum profit receivable in a month per hectare from papaya cultivation was between Rs. 7501-15,000 with a probability of 48 per cent. Similarly probability of getting a maximum profit of Rs. 22,501- Rs. 50,000 was 60 per cent and reported that papain production was a profitable enterprise but there is a potential to further increase the profit. Contract farming of untraditional products like papain should be implemented under the close supervision of developmental department to avoid contract breach.

KEY WORDS : Papaya contract farming, Yield and profit, Tamil Nadu

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