



Contract Farming Problems, Prospects and its Effect on Employment in N.S.P Left Command Area of Nalgonda District

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ABSTRACT

This farm study was conducted in the N.S.P Left command area of Nalgonda district of Andhra Pradesh has reported the effect of contract farming on employment generation and has identified constraints in and prospects of contract farming. Employment generation has been found higher, almost double on contact farming than non contact farming. The study has observed dominance of female labour on both types of farms. Delayed payment for crop produce, lack of credit for crop production, scarcity of water for irrigation, erratic power supply and difficulty in meeting quality requirement have been found to be the major constraints faced by the contact farmers. The scarcity of water for irrigation, erratic power supply, lack of credit for crop production and low price for crop produce have been identified as major constraints of non- contract farmers.

Key words : Contract farming, Constraints, Employment generation, Prospects

Indian agriculture has undergone a phenomenal transforming during the past five decades. The metamorphosis was brought by not only technological changes such as green revolution, but also by institutional innovations in delivering farm inputs and marketing of output. Contract farming is one such institutional initiative undertaken in recent years to address some of the problems faced by the Indian farmers. Contract farming is a system for production and supply of agricultural/ horticultural produce under forward contract between producers/ suppliers and buyers (Haque 2000). The contractual agreement encompasses three areas, viz

- i) Market (grower and buyer agree for future sale and purchase)
- ii) Resources(buyers agree to supply inputs and technical advice)
- iii) Management specifications (growers agree to follow the recommended package of practices for crop cultivation) (Wright 1989). Due to the market liberalization, globalization and expansion of agribusiness, there is a growing concern that the small and marginal farmers may find it difficult to complete in the market economy.

It is also being witnessed that they are being marginalized as the scale of economies assumes increasing importance for profitable crop production. There is a continued drift or migration of small and marginal farmers to the urban areas, which is a consequence of their growing economic challenges. On the other hand, the agricultural based food industry requires timely and adequate inputs of good quality agricultural produce. Keeping this in view, the present study was conducted with the following specific objectives a). to study the effect of contract farming on employment generation b). to identify the constraints and prospects of contract farming.

MATERIAL AND METHODS

The present study was carried out in N.S.P Left command area of Nalgonda district. A sample of 33 contract and 33 non contract farmers of maize crop was randomly selected from four villages (two villages from each mandal) making the total sample size of 66 farmers. The data was collected from these farmers by personal interview method using pre- tested questionnaire. To analyze employment of farmers, simple statistical tool was used. Constraints in contract farming were prioritized by using Garrett's ranking technique in the following manner:

Table 1. Per- hectare employment generation on contract and non- contract farms

Particulars (human-days)	Contract farms (human-days)	Non-Contract farms (human-days)	Change over non contract farms(%)
Hired human labour			
Male	13	8	4(50)
Female	67	32	34(106)
Total Hired human labor	80	40	40(100)
Family human labour			
Male	51		
Female	21	23	28(122)
Total family humanlabour	72	8	13(162)
		31	41(132)
Total human labour			
Male	64	31	33(106)
Female	88	40	48(120)
Total human labour	152	71	81(114)

Table 2. Ranking of various constraints faced by farmers in contract and non- contract farming based on Garrett

Constraints	Contract farms		Non – Contract farms	
	Score	Rank	Score	Rank
Lack of credit for crop production	56.8	II	53.0	III
Lower price for crop produce	49.4	VI	51.0	IV
Scarcity of water for irrigation	54.8	III	57.4	I
Difficulty in meeting quality requirements	51.1	V	-	-
Lack of quality inputs	45.6	X	38.9	X
Delayed payment for crop produce	60.0	I	-	-
Frequent power cutting	53.0	IV	54.6	II
Scarcity of labour during peak periods	47.4	VII	45.7	VIII
Lack of provision for rain fed crop	-	-	49.8	V
Lack of government control	-	-	47.8	VI
Cheating by market functionaries	-	-	47.4	VII
Faulty grading by contracting agency	47.1	VIII	-	-

$$\text{Percentage position} = 100 \frac{(R_{ij} - 0.5)}{N_j}$$

Where

R_{ij} = Rank given for the i^{th} item by the j^{th} individual, and

N_j = Number of items ranked by the j^{th} individual.

The percentage position of each rank was converted into scores using Garrett table. For each constraint, scores of individual respondents were added together and were divided by total number of respondents for whom scores were added. Thus, mean score for each constraint was ranked by arranging them in the descending order

RESULTS AND DISCUSSION

Employment generation:

The results for employment (per hectare of maize crop has been presented in Table 1.

Employment generation per ha of gross cropped area of maize crop on contract and non contract farms, presented in Table 1, indicated that contract farms employed more hired human labor than that on non- contract farms. The family human labor employed on contract farms was also higher on contract than non- contract farms, by 41 human- days/ ha. Thus, family labor employed per hectare was 132 per cent more on contract farms. The overall average human labor employment generation was more on contract than non- contract farms, by 114 per cent.

Constraints in contract farming:

Based on the information furnished by sample farmers, the constraints being faced by contract farmers in practicing contract farming and problems being faced by non- contract farmers in adopting contract farming were ranked and prioritized by using the Garrett's ranking method, and have been recorded in Table 2

On contract farms, delay in payment of produce was the most important constraints (60 Garrett score) followed by lack of credit for crop production (56.8 score), scarcity of water for irrigation (54.8 score), frequent power cutting (53.0), difficulty in meeting quality requirements (51.0 score) and lower price for crop product (49.4 score) where as in non- contract farms, scarcity of water for irrigation was the most

important constraint (57.4 score) followed by frequent power cutting (54.6 score), lack of credit for crop production (53.0 score), lower price for crop produce (51.0 score) and lack of provision for rain-fed crops (49.8 score). It was observed that some constraints like scarcity of irrigation water, lack of credit for crop production, erratic power supply, lower price for produce, lack of labour during peak periods, etc. were being faced by both contract and non-contract farmers. There were some constraints specific to contract farmers while there were others concerning non- contract farmers too.

Prospects of contract farming

The study on prospects of contract farming revealed that 57.6 percent of farmers were willing to retain the existing area under contract farming, whereas 36.4 per cent wanted to decrease the existing area under contract farming. Only 6 per cent farmers showed inclination towards increasing their existing contract farming area. The contract farmers expressed difficulty in marinating more area under contract farming due to labor- intensive nature of crops under it. A high percentage of non- contract farmers were interested to join contract farming provided the problem of irrigation was solved. Contract farming system was brought under government jurisdiction, and provision was made for rain-fed crops also.

Conclusions

It was concluded that employment generation on contract farms has also been found almost double compared to that on non- contract farms. Female labor has been observed to dominate over male labor on both types of farms. Delayed payment for crop produce, lack of credit for crop production are the major constraints expressed by contract farmers whereas, scarcity of water for irrigation, erratic power supply, lack of credit for crop production and lower price for crop produce are the major constraints expressed by non- contract farmers.

LITERATURE CITED

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