

CHAPTER 4
CONTRACT
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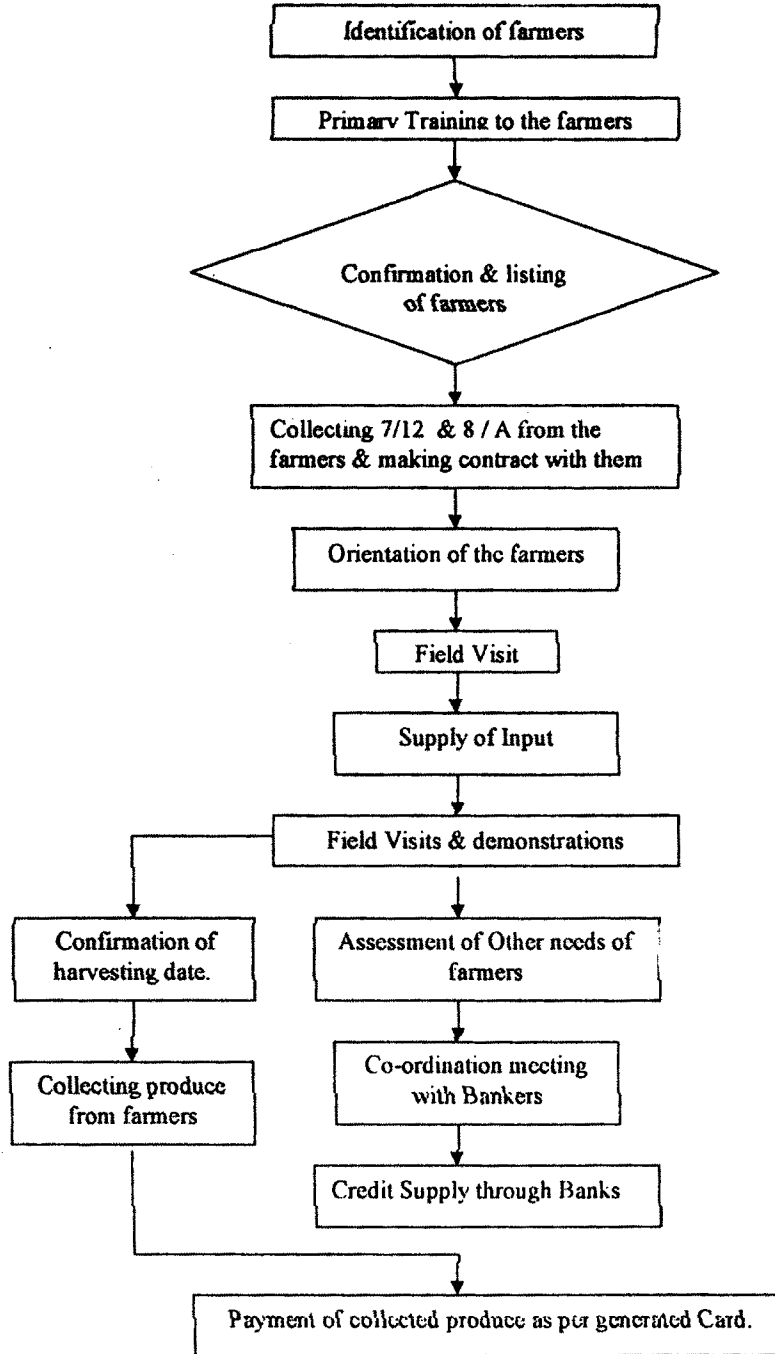
4.1 INTRODUCTION

Contract farming is defined as a system for the production and supply of agricultural produce under forward contracts between producers and buyers. Well managed contract farming is an effective way to coordinate and promote production and marketing in agriculture. It is an agreement between unequal parties. Companies or individual entrepreneur on one hand and economically weaker farmers. It is, however, an approach that can contribute to both increased income for farmers and higher profitability for sponsors. When efficiently organized and managed, contract farming reduces risk and uncertainty for both parties as compared to buying and selling crops in the open market. The advantages to farmers is that the buyer normally undertakes to purchase all produce grown within specified quality and quantity parameters contracts also provide farmers with access to a wide range of managerial, technical and extension services that otherwise may be unobtainable. The advantages to sponsors can be summarized as political acceptability, overcoming land constraints, production reliability and shared risk, quality consistency and promotion of farm inputs.

The advantages, disadvantages and problems arising from contract farming vary according to the physical, social and market environments. The distribution of risks will depend on such factors as the nature of the markets for both the raw material and the processed product, the availability of alternative earning opportunities for farmers, and the extent to which relevant technical information is provided to the contracted farmers.

4.2

NINA'S CONTRACT FARMING : FLOW CHART



4.3 FORMS

NINA FOODS, KOLHAPUR.			FARMER'S PRIMARY INFORMATION										
Village:-	Tal:-		Dist.:-										
Name of the Farmer:-													
Phone No.:-													
Total Area:-													
Water Available for Crop	Daily	Twice in a Week	Any	Other									
Water Holding Capacity of Land													
Irrigated Area:-				Non Irrigated Area:-									
Irrigation Source:-	Well	River	B. Well	Ele. Motor									
				Self:	Hired:								
Soil Type:-	Low	Medium	Black	Salty	Calcinated								
Area for Baby Corn													
Cultivation of Baby Corn	Whole Year / Twice / Once.												
	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	TOTAL
Area for Gherkin													
Cultivation of Gherkin	Whole Year / Twice / Once												
	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	TOTAL
Total No. of family members:-	Male		Female		Child over 15		Total						
Total Pets:-	Cows :			Bullocks:									
	Buffalos :			Other pets:									
Interested in:-	Baby-Corn / Gherkin / Both												
Land Tenure:-	Own / Rental												
Peeling Site													
Collection Point													

Above mentioned information is true, I agree to go in contract for Baby Corn / Gherkin cultivation as per Nina Food's rules and regulation.

Date:

Signature

4.4 PROCEDURE FOR CONTRACT FARMING

Process adopted by Nina Foods in Contract Farming

Nina Foods have adopted contract farming since 1992. A detailed survey of farms at the distance of 25-30 kms away from factory was made and the products like baby corn, gherkin were evolved. Contract farming is the essence of success of Nina Foods. Firstly identification of farmers and then training them is a crucial job. For primary training a training centre is established in the factory premises whereby various agricultural field experts are available for educating the farmers. Farmers are guided throughout the farming activity. Once the farmers are educated regarding the specifications of the required products the confirmation list of farmers is prepared and paper work of 7/12 & 8/A is done and a contract is signed with the farmers. A farmers primary information form, farmers enrollment form is filled and kept in the records. Specimen forms have been attached. A glance at this form reveals a complete information regarding each and every detail.

Field visits are arranged and survey of the fields is done and decided which of the fields are suitable for the various products. A thorough study of the area selected, its geographical advantages as well as disadvantages, irrigation facilities, soil condition, etc is done and the field areas are finalized.

Next step adopted is the supply of seeds and various fertilizers, pesticides, technical guidance at various steps needed by the farmer. Field visits and demonstrations at various stages are organized and the farmers are guided. Various other needs of the farmers are also looked upon.

The main hurdle of finance is met by coordination meeting with the bankers. Nina Foods helps the farmers in mostly each and every stage. A proper record of each farmer is maintained regarding information of supply of input to the final payment.

4.5 LIST OF FARMERS

Some of the names of the villages supplying produce at present, are given here, which will help to understand the areas covered by Nina Foods for contract farming.

Name	Taluka	District
Kasarwada	Radhanagari	Kolhapur
Abdullat	Shirol	Kolhapur
Yadavwadi	Chikkodi	Belgaum
Chikkodi	Chikkodi	Belgaum
Dhonestwadi	Chikkodi	Belgaum
Birdevwadi	Hatkanangale	Kolhapur
Navlihal	Chikkodi	Belgaum
Dhungunwadi	Chikkodi	Belgaum
Nainglaj	Chikkodi	Belgaum
Titave	Radhanagari	Kolhapur

4.6 COVERED AREAS

The areas covered are on the border i.e. Maharashtra and Karnataka border. The farmers are provided with seeds and then as per the agreement the output is collected at the site and loaded and brought in the factory for further processing.

4.7. PROBLEMS

The main feature of food industry is its sensitivity. The drawback of contract farming is its utmost dependence on nature which is unpredictable. The whole supply of raw material is through the channel of contract farming. Thus Nina Foods has faced this type of problems during the years 2005-2006. Due to floods most of its produce was lost. At these times if farmers are asked to take the crop at the time of summer, they are reluctant to sow seeds in summer due to lack of water or irrigation facility.

Gherkin and corn being unique products they have certain drawbacks. Again the specification requirement of the buyer has to be fulfilled. This demands for proper cutting, sorting, cleaning of the produce. To fit the product in its specified parameters is a challenge, which has to be accepted by training the farmers regarding proper handling of the product.