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Suggestive Measures towards Sustainability of Contract Farming in Sugarcane Cultivation

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Abstract:

Critics of contract farming tend to emphasize the inequalities of the relationship and a position to sponsors than growers. The study conducted with 240 sugarcane growers under contract farming in sugarcane cultivation from four blocks in two districts of Odisha revealed that the respondents had stated very pertinent suggestions in planning, technological support, input supply, credit and finance, monitoring and supervision, policy framework, procurement and payment. Engaging experience and sincere field staffs, timely diagnosis of field problems, liasoning for credit facilities, timely input supply, involving related departments for resource mobilization, timely harvest, transparency in measurement, remunerative price and authority of Government with legal system were the important suggestions for the sustainability of sugarcane cultivation under contract farming.

Keywords: Contract farming, sugarcane cultivation, suggestions, sustainability

1. Introduction

Contract farming is an approach that can contribute to both increased income for farmers and higher profitability to sponsors. It is essentially viewed as benefitting sponsors by enabling them to obtain cheap labour and transfer risks to growers. The officials of the sponsoring firms have to coordinate production activities and delivery of products by the farmers. All activities should be undertaken in a transparent and participatory fashion so that the growers fully understand the obligations of the sponsors. Harmonious relationship between contracted growers and contracting firms are very much essential. Critics of contract farming are therefore tend to emphasize the inequality of the relationship and stronger position of sponsors in comparison to the growers.

Contract farming in sugarcane cultivation gained momentum after establishment of the sugar factories both at private and cooperative sectors in Odisha. It has been realized that the growers are not getting adequate support for which they are not getting adequate profit. An attempt was therefore made to invite the suggestions of the sugarcane growers for sustainability of the contract farming in sugarcane cultivation.

2. Materials and Methods

The study was undertaken in Dhenkanal and Khurdha districts of Odisha during 2012. Sugarcane is grown in these districts traditionally and farmers are very much involved under contract farming. All total 120 sugarcane growers involved under contract farming from two blocks of each district were selected randomly, with total sample size of 240. Planning, technological support, input supply, credit and finance, monitoring and supervision, procurement and policy as well as policy considerations were selected as the variables. The data was collected personally on scale point of essentially required, required and not required over the framed statements were analyzed with a score value of 3, 2 and 1 respectively. Mean score, gap percentage and critical ratio tests were employed to reveal the results.

3. Results and Discussion

Proper planning facilitates timely execution of tasks and reduces uncertainty. It also accelerates effective implementation of all activities and ensure for the desired production with quality parameters. Suggestions of the respondents towards planning for sugarcane cultivation under contract farming revealed (Table- 1) that the respondents of both the districts were of similar opinions as significant

Sl. No.	Suggestion	Mean Score		Diff. (%)	C.R. Value	Total Mean score (n=240)	Rank
		Dhenkanal district (n=120)	Khurdha district (n=120)				
1.	Community and group approach	2.28	2.66	14.29	0.148	2.47	III
2.	Site selection with common agreement	2.36	2.58	8.53	0.086	2.47	III
3.	Beneficiary selection with discussion	2.46	2.53	2.77	0.027	2.50	II
4.	Assured irrigation facilities	2.44	2.55	4.31	0.043	2.50	II
5.	Participatory decision making	2.55	2.53	0.78	0.008	2.54	I
6.	Agreement on duties and responsibilities	2.29	2.47	7.29	0.071	2.38	IV

Table 1: Suggestions towards better planning
(Maximum obtainable score – 3)

gaps were not observed with critical ratio tests. The respondents had suggested for participatory decision making, assured irrigation facilities, beneficiary selection with discussions, site selection with common agreement, community and group approach, agreement on duties and responsibilities. The suggestions are justified and suggested to plan accordingly by the sponsoring firms. The field staffs of the contracting firms have the prime responsibilities to develop the skill competency of the growers to adopt the technologies introduced. Besides; the technologies introduced should be within the capabilities of the growers. The important suggestion on technological support stated by the respondents

Sl. No.	Suggestion	Mean Score		Diff. (%)	C.R. Value	Total Mean score (n=240)	Rank
		Dhenkanal district (n=120)	Khurdha district (n=120)				
1.	Skill training for competency development	2.56	2.64	3.03	0.03	2.60	II
2.	Exposure visit for experience	2.59	2.68	3.36	0.034	2.64	I
3.	Supply of literature for reference	2.49	2.58	3.49	0.035	2.54	III
4.	Competency in application of inputs and materials	2.38	2.40	0.83	0.008	2.39	IV
5.	Thorough understanding on crop management	2.38	2.40	0.83	0.008	2.39	IV
6.	Linking growers with source of information	1.97	1.93	2.03	0.017	1.95	V

Table 2: Suggestions towards technological support
(Maximum obtainable score – 3)

(Table–2) were exposure visit for experience, skill training for competency, supply of reference material and thorough understanding on crop management.

The contracting firms expected to provide required inputs to the growers on production quotas and area covered. The inputs are to be reserved for timely supply to the growers for proper management. The respondents of both the districts had suggested (Table-3) for good variety and quality seed cane, farm machineries and

Sl. No.	Suggestion	Mean Score		Diff. (%)	C.R. Value	Total Mean score (n=240)	Rank
		Dhenkanal district (n=120)	Khurdha district (n=120)				
1.	Good variety and quality seed cane	2.85	2.88	1.04	0.011	2.87	I
2.	Seed treating chemicals	2.77	2.78	0.004	0.004	2.78	III
3.	Farm machineries and implements on custom hiring	2.83	2.85	0.702	0.007	2.84	II
4.	Liasoning with input dealers	2.72	2.82	3.55	0.037	2.77	IV
5.	Ensuring timely supply of inputs and materials	2.83	2.72	3.89	0.041	2.78	III

Table 3: Suggestions towards input supply
(Maximum obtainable score – 3)

implements through custom hiring, seed treating chemicals, ensuring timely supply of inputs and liasoning with input dealers for supply of required additional inputs in time.

Majority of small holders faced difficulties in getting credit for production inputs. Contract farming usually allow farmer's access to some form of credit towards production inputs. Analysis of data revealed that (Table- 4) the respondents had

Sl. No.	Suggestion	Mean Score		Diff. (%)	C.R. Value	Total Mean score (n=240)	Rank
		Dhenkanal district (n=120)	Khurdha district (n=120)				
1.	Liasoning with credit institution	2.32	2.48	6.45	0.063	2.40	V
2.	Easy procedure in availing credit	2.56	2.60	1.54	0.015	2.58	III
3.	Adequate finance for crop management	2.65	2.73	2.93	0.03	2.69	II
4.	Liasoning for subsidy facilities	2.69	2.22	17.47	0.184*	2.46	IV
5.	Flexibility in repayment	2.67	2.49	6.74	0.069	2.58	III
6.	Insurance coverage	2.72	2.70	0.74	0.007	2.71	I

Table 4: Suggestions towards credit and finance
(Maximum obtainable score – 3) * Significant at 0.05 level

suggested for insurance coverage, adequate finance for crop management, easy procedure in availing credit, flexibility in repayment and liasoning for credit facilities.

A routine analysis needs to be carried out to ensure that current and future production remains within the required quality and quantity parameters. Analytical decision, particularly production-marketing-consumption matrix are useful to evaluate managerial, agronomic and infrastructure factors necessary for successful crop raising. The important suggestions of the respondent on monitoring and supervision

Sl. No.	Suggestion	Mean Score		Diff. (%)	C.R. Value	Total Mean score (n=240)	Rank
		Dhenkanal district (n=120)	Khurdha district (n=120)				
1.	Regular diagnostic visit	2.66	2.78	4.32	0.045	2.72	V
2.	Timely guidance and advice	2.67	2.80	4.64	0.048	2.74	IV
3.	Close monitoring and supervision	2.71	2.80	3.21	0.033	2.76	III
4.	Intermediary discussions on crop management	2.18	2.24	2.68	0.025	2.21	VI
5.	Timely operation of all practices	2.72	2.82	3.55	0.037	2.77	II
6.	Immediate action on problems	2.78	2.83	1.77	0.018	2.81	I
7.	Conflict management	1.88	2.40	21.67	0.217*	2.14	VII
8.	Involving related departments for resource mobilization	2.72	2.79	2.51	0.026	2.76	III

Table 5: Suggestions towards monitoring and supervision
(Maximum obtainable score – 3) * Significant at 0.05 level

were (Table-5) immediate action on field problems, timely management of all practices, resource mobilization through involvement of related departments, timely guidance and advice as well as regular diagnostic visits.

Government can do much to foster success of the contract farming by developing linkages between sponsors and the growers as well as play an important role in protecting farmers by ensuring financial and managerial reliability along with an efficient legal system for the contracting firms. Important suggestions towards policy

Sl. No.	Suggestion	Mean Score		Diff. (%)	C.R. Value	Total Mean score (n=240)	Rank
		Dhenkanal district (n=120)	Khurdha district (n=120)				
1.	Engaging experience field staffs	2.83	2.86	1.05	0.01	2.85	I
2.	No intermediary transfer of staffs	2.60	2.82	7.80	0.081	2.71	V
3.	Sincerity and interest of the field staffs	2.83	2.83	0.00	0.00	2.83	II
4.	Farmer's representative in the management	2.80	2.78	0.71	0.007	2.79	IV
5.	Authority of Govt. on the organization	2.80	2.80	0.00	0.00	2.80	III
6.	Reasonable support price	2.85	2.84	0.35	0.004	2.85	I
7.	Stand as Guarantee in availing credit	2.44	2.52	3.17	0.031	2.48	VI

Table 6: Suggestions towards policy consideration
(Maximum obtainable score – 3)

consideration stated by the respondents (Table-6) were engagement of experienced field staffs with sincerity and interest, authority of Government over contracting firms, reasonable support price, farmer's representative in the management and the checking intermediary transfer of staffs.

The ultimate goal of the farmers is timely procurement and immediate payment. The sponsoring firm needs to assess the realistic yield in order to forecast the production by the farmers that can be profitable at prices, the sponsors able to pay. As observed from Table-7, the respondents had suggested immediate payment,

Sl. No.	Suggestion	Mean Score		Diff. (%)	C.R. Value	Total Mean score (n=240)	Rank
		Dhenkanal district (n=120)	Khurdha district (n=120)				
1.	Discussion and finalization for harvesting	2.81	2.83	0.71	0.007	2.82	III
2.	Timely harvest	2.82	2.84	0.70	0.007	2.83	II
3.	Immediate lifting	2.78	2.83	1.77	0.018	2.81	IV
4.	Transparency in measurement	2.83	2.83	0.00	0.000	2.83	II
5.	Prior discussion for unknown charges	2.38	2.23	6.30	0.063	2.31	VI
6.	Price fixation in considering production cost	2.73	2.80	2.50	0.026	2.77	V
7.	Immediate payment	2.83	2.85	0.70	0.007	2.84	I

Table 7: Suggestions towards procurement and payment
(Maximum obtainable score – 3)

timely harvest, transparency in measurement, participatory decision for harvesting, immediate lifting and price fixation considering production cost.

4. Conclusion

Well managed contract farming is an effective way to coordinate and promote production as well as marketing in agriculture. Sugarcane is a long duration crop with greater risks which require proper planning and efficient management. The suggestions of the respondents towards planning, technological backstopping, input supply, credit and finance, monitoring and supervision, procurement and payment as well as policy consideration are very much required for the continuance of sugarcane cultivation under contract farming.

It is therefore suggested that the Government should have authority over contracting firm with efficient legal system and farmer's representative in the management. The contracting firms should engage experienced and sincere field staffs with interest for timely diagnosis of the problems and all management support. The sponsors have to liason for credit facilities, insurance coverage, timely supply of inputs, involving related departments for resource mobilization, timely harvest and transparency in measurement with remunerative price. These supports will definitely make success of the contract farming in sugarcane cultivation benefitting both the contracting firms and contracted growers.

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