

Contract Farming: Empowering Millets and Revolutionizing India's Agricultural Landscape

Neha¹ and Charu Bisht²

^{1,2} Assistant Professor, Teerthanker Mahaveer University, Moradabad, Uttar Pradesh

ARTICLE ID: 16

Introduction

India has a deep-rooted agricultural legacy, and millets have played a vital role in its culinary traditions for many centuries. Millets, a cluster of petite-seeded grasses, boast excellent nutritional value and thrive well in arid and less fertile areas. Unfortunately, the consumption of millets has experienced a substantial decline in India in recent decades, as wheat and rice have taken over as the primary staples. This transition has resulted in adverse effects on both the environment and the well-being of the population. In the past, staple crops like rice and wheat have long held sway over Indian agriculture. However, due to shifting dietary preferences of a health-conscious population and the pressing necessity to address climate change, millets have emerged as a versatile and resilient alternative. Millets, encompassing types such as pearl millet, finger millet, and sorghum, possess exceptional nutritional value, can withstand drought conditions, and demand fewer resources in comparison to traditional crops.

Contract farming is a system in which farmers establish a partnership with a buyer, typically a company, to cultivate specific crops. Under this arrangement, the buyer supplies the farmer with necessary resources like seeds and fertilizers and commits to purchasing the harvested crop at a predetermined price. This system offers farmers a reliable market for their produce, leading to improved income and food security. In the context of millet cultivation, contract farming presents opportunities for smallholder farmers to access markets and enhances their livelihoods. Nevertheless, there are challenges associated with this practice, including imbalances of power between buyers and farmers and the risk of farmers being burdened with unsold crops if the buyer fails to fulfil their obligations.

In the past few years, India's agricultural sector has experienced a notable change, with a greater focus on sustainable and nourishing crops. Among these crops, millets have garnered considerable interest and are now recognized as a catalyst for fostering a healthier



and more resilient food system in the country. At the forefront of this transformation lies contract farming, an adaptable arrangement that holds the power to empower millet farmers and bring about a revolutionary shift in India's agricultural sector.

Contract farming offers several advantages. To begin with, it grants farmers a secure market for their agricultural products, mitigating the risks linked to fluctuating prices and uncertain market conditions. This certainty motivates farmers to embrace millet cultivation by empowering them to make informed choices based on stable prices and market demand. Additionally, contract farming facilitates the participation of small and marginalized farmers in modern agricultural techniques, knowledge, and resources. By leveling the field, it promotes inclusivity within the agricultural sector. Contract farming also plays a significant role in promoting the sustainable utilization of land and water resources. Millets, known for their minimal water requirements, are particularly advantageous for regions grappling with water scarcity. The cultivation of millets, which contract farming actively encourages, aids in the effective management of water resources, making them an excellent option. This approach supports the conservation of invaluable resources and helps minimize the environmental impact of agricultural practices.

In addition to its advantages for farmers and the environment, contract farming has the capacity to revolutionize the food industry in India. The rising demand for millets as a nutritious and gluten-free choice makes contract farming a valuable source of reliable and top-notch raw materials for food processing companies. This, in turn, enables the creation of a wide variety of millet-based products that cater to the changing tastes of health-conscious consumers.

Significance of Contract Farming in Boosting Millet Crop Production

Contract farming is an agreement between farmers and processing or marketing companies, aiming to produce and supply agricultural products. It offers farmers opportunities to access markets, technology, and resources, ensuring a steady provision of high-quality crops for buyers. In India, contract farming holds great potential in supporting millet cultivation. It can facilitate market access and technological advancements, contributing to increased production and consumption of millets, while also improving the livelihoods of small-scale farmers. Numerous studies have emphasized the advantages of contract farming for millets in India. For instance, research conducted in the Kolli Hills of



Tamil Nadu identified collective action and contract farming as crucial factors in effectively marketing minor millets. Another study carried out by MSSRF, in collaboration with universities in Bangalore, Dharwad, and Uttarankhand, as well as communities, self-help groups (SHGs), farmers' clubs, and women's associations, revealed that contract farming played a significant role in enhancing farmers' skills in millet cultivation.

Advantages of Contract Farming in Promoting Millets

Contract farming can provide several benefits to millet farmers in India. Here are some of the advantages of contract farming for millet farmers in India:

- 1. Access to credit:** Contract farming typically provides farmers with the opportunity to obtain credit for financing production inputs. In the majority of instances, it is the sponsors involved in contract farming who extend credit to the farmers.
- 2. Access to inputs:** Contract farming involves a situation where the purchaser or contractor supplies the essential resources needed for farming, such as land preparation and technical expertise. This arrangement contributes to the enhancement of input levels, leading to increased production as these resources are provided by the buyers or contractors.
- 3. Guaranteed market:** Contract farming offers farmers a secure market for their agricultural yield, assuring them of a predetermined demand. To fulfill their end of the agreement, farmers are obliged to cultivate the specified crop quantity within a prearranged timeframe established by the buyer. Simultaneously, the buyer is responsible for supplying the necessary farming inputs to the farmer and ensuring their commitment to purchasing the products.
- 4. Higher income:** Contract farming provides a reliable income stream for individual farmers, as they receive full compensation in cash for their farming efforts. The farmer receives proper recognition and remuneration for the agricultural work they have undertaken.
- 5. Quality control:** The purchasers will additionally offer additional services to the farmer to ensure that the product meets their required standards. This, in turn, guarantees increased production of crops of superior quality.
- 6. Reduced risk:** Contract farming reduces the risks associated with production, pricing, and marketing expenses, thereby facilitating enhanced income for farmers. By



participating in contract farming, farmers are able to minimize the uncertainties arising from fluctuations in production and prices, ultimately leading to improved financial stability.

Promoting Millets cultivation through Contract Farming: Government's Strategic Measures

The Indian government has implemented numerous measures to encourage the growth of millet farming within the country. Several initiatives have been undertaken in this regard:

- 1. National Millets Mission (NMM):** The year 2007 marked the initiation of the Millet Promotion Program (MPP) aimed at fostering the growth and utilization of millets. Its primary objective was to encourage the cultivation and consumption of millets among the population.
- 2. Price Support Scheme (PSS):** The Price Support Scheme (PSS) is a government initiative that offers financial aid to farmers engaged in millet cultivation. This program aims to provide support to farmers by assisting them with the necessary funds for growing millets.
- 3. Development of Value-Added Products:** The government promotes the creation of millet-based products with added value in order to boost the demand and consumption of millets.
- 4. Promoting Millets in PDS:** The government has incorporated millets into the Public Distribution System (PDS) in order to ensure their availability and affordability to the general population.
- 5. Promotion of Organic Farming:** The government is actively encouraging the practice of organic farming for millets in order to boost the production and consumption of organic millets.
- 6. Agri-Infrastructure Fund Scheme:** The government is promoting the Agri-Infrastructure Fund Scheme as a means to encourage farmers, Farmer Producer Organizations (FPOs), and entrepreneurs to take advantage of interest subsidy on loans up to 2 crores. This scheme aims to assist in the establishment of primary processing units specifically focused on millets.
- 7. State-Level Initiatives:** Certain states, like Odisha, have enacted a millet mission with the aim of encouraging millet farming and augmenting the output of cereal crops.

- 8. Civil Society/Other Initiatives:** Civil society organizations and other stakeholders in India have implemented various initiatives to support and advance the cultivation of millets. These measures aim to promote millet farming and its associated benefits.

Challenges of Contract Farming for Millet Cultivation

- 1. Power asymmetry and bargaining ability:** Power imbalances and unequal bargaining power can arise in contract farming, creating challenges for farmers, especially smallholders, in negotiating fair contract terms and prices. It is crucial to establish equitable agreements and offer legal assistance to farmers to address this issue effectively.
- 2. Contract enforcement and dispute resolution:** The enforcement of contracts and timely resolution of disputes are pivotal for the success of contract farming arrangements. Difficulties in accessing legal support and complex dispute resolution procedures can impede the effectiveness of contracts, eroding trust and hindering long-term engagement.
- 3. Market risks and price volatility:** Despite contract farming offering some protection against market risks, fluctuations in millet prices can still occur. Factors such as market demand, global supply and demand dynamics, and policy changes have the potential to impact millet prices. It is crucial for agribusinesses and farmers to collaborate in order to effectively manage these risks and establish mechanisms that stabilize prices.
- 4. Limited farmer agency and loss of crop diversity:** Contract farming often prioritizes specific crop varieties that are preferred by agribusinesses, which can limit farmers' autonomy in deciding what to grow. This may result in a reduction in crop diversity, which in turn affects local food systems and traditional farming practices. Striking a balance between the demands of agribusinesses and the preservation of farmers' independence is of utmost importance.
- 5. Infrastructure and logistics:** Robust infrastructure is a prerequisite for successful contract farming, encompassing transportation, storage, and processing facilities. Unfortunately, in many regions, inadequate infrastructure poses challenges to the smooth functioning of the contract farming system. Investments in infrastructure



development are necessary to optimize the benefits of contract farming for millet cultivation.

Conclusion

Robust infrastructure is a critical factor in the success of contract farming for millet cultivation. However, inadequate infrastructure in many regions poses significant challenges to the efficiency of the contract farming system. To fully optimize the benefits of contract farming, it is essential to prioritize investments in infrastructure development. This involves improving transportation networks to ensure the smooth and timely movement of millet produce, constructing proper storage facilities to preserve quality and minimize losses, and establishing modern processing units for value addition and increased market value.

Collaboration between governments, private sector entities, and international organizations is crucial to secure the necessary funding and expertise for infrastructure development. Governments should allocate financial resources and formulate supportive policies and regulations to facilitate infrastructure projects. Public-private partnerships can play a pivotal role in driving infrastructure investments for contract farming.

By addressing infrastructure gaps, regions can unlock the full potential of contract farming, leading to improved market access, higher incomes for farmers, and overall agricultural development. Investing in robust infrastructure is a fundamental step toward maximizing the benefits of contract farming and ensuring its long-term success in millet cultivation.

References

<https://www.mdpi.com/2071-1050/7/7/8904>

<https://www.fao.org/3/Y0937E/y0937e03.htm>

<https://www.agrifarming.in/contract-farming-objectives-importance-advantages>

<https://agriculturepost.com/policy/govt-to-roll-out-programs-popularising-millets-and-other-nutri-cereals/>

<https://omdena.com/chapter-challenges/precision-millet-farming-leveraging-geospatial-technology-to-optimize-crop-selection-and-yield/>