



A Study on Gherkin Cultivation in Karnataka under Contract Farming

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Abstract: *Contract farming is new idea, in karnataka gherkin cultivation plays an important role. it contributes 90 per cent in total exports. Contract farming provides livelihood for millions of farmers. It is better and alternate solution for acces of agriinputs to farmers. Since crop gherkin is labor intensive is suitable for Karnataka. This crop is economical viable and geographically feasible.*

Key Words: *Contract farming, gherkin cultivation , Karnataka*

1.1 Introduction

Contract farming is system of cultivation which provides livelihood for millions of farmers as well as comprehensive source of income for hundreds and direct and indirect employment for lacks of farmers in India. Through contract farming marginal, small, medium and large farmers can receive remunerative prices for their agricultural/horticultural produces. Specially marginal and small farmers are unable to access agri-inputs like good quality seeds, fertilizers, pests and controls, credit, technical guidance etc., through contract farming Agri-business firms provides all of above.

Gherkin Cultivation

Contract farming is defined as production and supply of agricultural/horticultural produce under forward contract between producers/suppliers and buyers (farmers and agribusiness firms). The essence of such an arrangement is the commitment of the producer/seller to provide an agricultural commodity of a certain type, at a time and a price and in the quantity required by a known and committed buyer. (Spice, vol. 4, March 2003). Gherkin cultivation in Karnataka since 1990's is better source of income and employment because gherkin (hybrid

cucumber) is labor intensive crop. It is a 120days old crop which is ready to consume, being sold in both domestic and external markets. This crop is suitable for India's all weather conditions, whereas this can be grown in few seasons in abroad countries. With increasing gherkin cultivating about 30000 farmers, 15000 hectares of land is covered in around, Bangalore Rural, Chitradurga, Dharwad, Tumkur, Bagalkot and Hassan districts. (2nd may, 2013, The Hindu).

Karnataka has contributing 90 percent of gherkins India's total exports, in 2000-01, Rs 69 crores, in 2002-03 Rs. 105 crores, in 2003-04, Rs. 140.70 crores, in 2004-05 143 crores and in 2014-15 more than Rs.1203 crores, (more than 1.51 million tones of gherkin). Karnataka exports 50000 metric tons of gherkin to Russia, US, Germany and Europe. In Hassan district gherkin (pickling cucumber) cultivation proved profitable for Vinod and Kumaraswamy and to 300 others who are employed by them directly. Annually they export 7,500 tonnes of gherkin and earn \$450 lacks. The State Government has honored Mr. Vinod with Export Excellence award in 2006, 2007, and 2008. Till 1996 Mr. Vinod engaged in coffee cultivation, later he deciding to diversify, he, along with



Mr.Kumaraswamy took to cultivation of gherkin crop. Both the partners started the cultivation on 75 acre land to begin with and now less than 10 years' time they are providing financial and technical assistance to several farmers to cultivate the crop in about 1,500 acres of land spread across the State. On each acre of land they spend about 25,000 on seeds, fertilizers, pesticides and fungicide. They give all this to the farmer who takes the responsibility of cultivating gherkin. By employing 1500 graduates they provide technical know-how about the cultivation. when the yield is ready Mr.Vinod says they send their vehicle to the yield from the farmer at his doorstep. According to MrVinod on an average a farmer earns Rs.30000 to 40000 per acre after deducting all expenditure. In some cases, farmers ear even more (Puttappa earned Rs 72000 on his 15 gunta of land. According to Mr.Vinod and Kumaraswamy the yield starts on 35th day of sowing and it continues till 120 days. They brought the crop at Bharathi Coffee , processed and packed carefully with utmost care so that their freshness remains same. They export it to Europe, France, Netherlands, Spain, USA, Australia, Russia and Ukraine. (Shama Sunder, The Hindu, 18, Nov 2008).

Variety of crops like crops like tomatoes, potatoes, vegetables, fruits, flowers in general is cultivated across the country, gherkin in particular cultivated in Karnataka. Central govt. provided incentives through abolishing of cess levy imposed on cultivation of gherkin, financial institutions also providing loan of Rs 18000 per acre. Gherkin is highly demand crop because of its medicinal qualities. 85 percent of small farmers are engaged in cultivation of gherkin in India (Singh, 2013, Frontline). If farmers will have better bargaining power contract

farming functions successfully, this is possible by forming a group of 10-15 farmers.

Review of literature

An attempt has been made to explore the contract farming related literature from various studies in this paper.

Mathew and Key (2001) undertook an empirical case study of the impact of a contract farming scheme on Senegal's rural community. Small holders in Senegal's peanut basin contract under the Arachide de Bouche (ARB) programme to provide confectionary peanuts for the international market. ARB contracting farmers received seeds, fertilizers, pesticides and herbicides on credit and were required to sell back their produce to the programme.

Singh (2005) also reviewed cases where many of the studies found that the contracts invariably, short – term and ambiguous. However, he has concluded that, "It is not the contract per se which is harmful but how it is practiced in a given context". His review introduced the situations where CF brought benefits. For example, apart from providing farmers more reliable incomes, CF generated employment especially for women, provided new farming skills, and did away with the patron – client relationship between large and small producers (Singh 2005, Glover and Kuserer 1990, Fulton and Clark 1996). However, "the contracts were biased and enforced strictly, firms provided poor extension service, over – priced their services, passed on the risk to the producers, offered low prices of produce, favored larger farmers, delayed payments, did not provide compensation for natural calamity loss, and did not explain the pricing method (Singh 2005)"



Glover and Kusterer 1990; Ghosh 1994; Singh 2002).

Erappa, (2005) studies CF in Karnataka for Gherkin crop. In this study, Tumkur was purposively selected in Karnataka and covered 150 CFs. Educational level of the Contracting farmers was very high (99%). The employment generation was to the tune of 450 to 500 man days/year and majority of the laborers employed were women. The availability and utilization of facilities given by the companies like inputs, transport and technical support were found to be satisfactory.

The purpose of contract agreement is to organize production in such a way that the output or profit will be higher than the non-contract agreement. This could increase the income level of economic agents those who entered into contract agreement. It is argued that after entering into a contract both farmer and industry are better off. Farmer satisfaction is captured through profitability of the crop, efficiency of payments and input supply, market assurance for the produce, and farmer participation in crucial decisions relating to contract production (Singh, 2002; CDC, 1989). CF leading to a big jump in incomes and employment in agriculturally backward regions and brings a break from low levels of productivity and instability in production (Singh, 2002, 2005; Key and Rusten, 1999; Dev and Rao, 2005).

Studies carried out on whether CF raise the income and generate more employment in context of many developed and less developed countries. Most of the studies reflect that contracting helps farmers to become a better farmer and gives reliable incomes and generate employment for rural poor

people especially unskilled laborer (Glover and Kluster 1990, Key and Rusten 1999, Smith 1985, Porter and Phillips-Howard, 1995). Studies by, Bhalla and Singh (1996), Rang and Sidhu (2000), Ramswami (2005), Chidambaram (1997), Dev and Rao (2005), Glover and Kusterer (1990), Dillip, et al (2002) and Little (1994) reveals that contract production gives much higher (almost three times) gross returns compared to the traditional crops of wheat and paddy due to higher yield and assured price under contracts. A study in Africa (Watts, 1994) reflects that CFs could reduce production costs and increase production and income as a result of using the new technology and accessing the company inputs (Watts, 1994). However, this trend may not last long due to monopolistic behavior of industries as we discussed before. Some studies found that in case of commodities like potato in some regions in India, while producers end up making net losses, at the same time when traders make substantial profits from the same crop (Mitra and Sarkar, 2003).

Singh (2002) pointed out that contracts are biased and enforced strictly, that if there is crop failure due to natural calamity, no compensation is paid to farmers but there is no specific liability for the failure to buy farmers produce. The contract growers in Punjab and Haryana faced many problems like undue quality cut on produce by firms, delayed deliveries at the factory, delayed payments, low price and pest attack on the crop (Rang and Sidhu, 2000). Sometimes if the production is heavy then the company is increasing the required quality of the product, this leads to loss by the farmers because decreasing the quantity that they can sell.



Objective of the study

To study the gherkin cultivation, and employment generation under contract farming in Karnataka.

Methodology of the study

The present study is based on secondary data from various published and unpublished in India and abroad.

Results:

The crop gherkin cultivation is profitable through contract farming compare to NCF. Cost cultivation of crop gherkin is lesser than crop sericulture. For example the cost of sericulture activity ranges from Rs27445 by marginal farmer to Rs31230 by large category of farmers. whereas crop gherkin's cultivation is ranges from Rs15735 to Rs17285 for marginal farmer and Rs18920 for medium. Farmers and Rs19785 for large farmers. Net profit from gherkin for marginal farmers ranges from 40317, (CF) Rs17150 for NCF. Per household income from crop gherkin is Rs 13888 under CF. whereas crop mulberry/sericulture constituting of Rs 10864. With respect to employment gherkin provides employment 158,143,145, and 148 man days for marginal, small, medium and large farmers respectively under CF. whereas NCF for vegetable crops are 82, 83, 86 and 85 man days respectively.

Findings Based on the secondary Analysis:

Agriculture has been facing major challenges like fragmentation of landholdings, decelerating growth, increasing regional disparity among different states and suicides among the farming society. The main reason for this agrarian crisis is the prevailing of weak institutional support.

The New Agricultural Policy 2000 announced by the Government of India reflects that to accelerate agricultural growth it gave importance for private sector participation in agribusiness through CF. In response to this, CF has evolved as a new institutional arrangement in the recent past to bring down the market friction between farmer and agro-industry, and to accelerate agricultural growth.

The farmers have been enabled through CF arrangements which, includes the access to better quality inputs such as seed, fertilizers, pesticides, extension services, and credit from the sponsor.

On a wider note, it (CF) stimulates technology and skill transfer, and can support farmers in meeting vital Sanitary and Phytosanitary. Although CF opens opportunities for farmers to boost their farm income by employing resources efficiently, it creates a numerous problems both for CFs and local economy.

Usually, the company supplies the inputs (sometimes machinery) to growers in advance and takes payment in the deduction form of crop payment so that the farmer keeps contracting with the company year after year just to pay off these loans.

It is observed that in some occasions company provides poor extension services and supplied bad seeds and bad fertilizer. This has been negatively affected the crop yield, which has lead to the low production and productivity of the farmers.

It is noticed from the analysis of the data and reviewing studies that many companies do not pay the net income to the farmers in right time and some times they dislike to work with small farmers.



In the contract farming system the freedom of the farmers either to increase or decrease the land for the cultivation of specific crop is lost. This is because of the contractual arrangements between the farmers and the firm.

The success of any CF scheme depends primarily on the degree of trust that is developed among the contracting partners. It is noticed that the trust, which supposed to be the main instrument for the success of the contract relations, in terms of its degree is low.

Conclusion

Contract farming is plays a vital role in providing income, employment and improve standard of living of marginal, small farmers. With proper guidance and better understanding between farmers and agri-business CF helps to bring out changes in rural economy of our country. Especially gherkin cultivation in Karnataka is profitable.

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