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Gherkin Cultivation in Karnataka: A SWOT Analysis

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Abstract: Contract farming offers advantages of reduced capital investment, reduced risk of price fluctuation, guaranteed returns and provision of technical assistance to the farmers. A sizable number of small and medium farmers taking contract farming in gherkin cultivation in Karnataka. However, the performance of contract farming in gherkin cultivation is not adequately studied. In this background, this paper studies the specific objective of strengths, weaknesses, opportunities and threats.

Key words: gherkin cultivation, contract farming, SWOT Analysis

Introduction

Gherkin is an export oriented vegetable crop. Which belongs to the family of 'cucurbitaceae'. This has been introduced in India in the year 1989. Karnataka state accounts for almost 90 percent of export of preserved gherkins. Gherkins are cultivated by one lakh farmers (Small and Medium/marginal). Nearly one lakh farmers involved in gherkin cultivation Karnataka produced 2.65 tons in 50000 acers. (Prabhu, 2010-11). The cultivation of gherkins is undertaken in 20 districts of Karnataka. This is covering the both north and south parts of Karnataka. Cucumber is used for pickling and an ingredient to prepare hamburgers. Gherkin cultivation in India is grown largely through contract farming. Karnataka State contributes 80 percent of country's production. Lack of domestic marketing is one of the reasons for the success of gherkin cultivation under contract farming. Contract farming offers advantages of reduced capital investment, reduced risk of price fluctuation, guaranteed returns and provision of technical assistance to the farmers. A sizable number of small and medium farmers taking contract farming in gherkin cultivation in Karnataka. However, the performance of contract farming in gherkin cultivation is not adequately studied. In this background, this paper studies the specific objective of strengths, weaknesses, opportunities and threats.

SWOT Analysis of Gherkin Cultivation in Karnataka

Strengths:

1 Scope for adoption of new technology
2 Aversion of price risk
3 Income stability due to assured price
4 Timely supply of Inputs and production by the firms
5 Credit facility by the companies
6 Guidance from qualified staff

7 Development of new skills through better extension

8 Opening of small and marginal farmers to International markets
9 More bargaining power for small holders due to large number of companies
10 Incentive for better performance and welfare fund for growers
11 Higher yields due to better management
12 Match between Demand and Supply balance due to fixed allocation of quota in advance
13 Availability of Grower's Record
14 Higher level of income
15 Support from local scientific agencies and government

Weaknesses:

1 Risk of cultivating new crop and hence problem in adoption of new production technology
2 Risk of over matured fruits due to delay in harvesting just by a day
3 Risk of Refusing to purchase the specified quota in the case of decline in export
4 Exploitation by the firms by offering relatively lower price as compared to export price
5 Improper advise by the staff of the firms
6 Weak legal backup for the growers i.e. No arbitration agency in case of dishonoring contracts
7 Misunderstanding between growers and representative of firms on adoption of production practices
8 Poor quality of seeds and other inputs
9 Delay in payment of sale proceeds
10 Chagrining higher prices for inputs
11 Irrespective of grades, imposition of price cuts
12 Non availability of domestic market

Opportunities:

1 Pooling of resources at one place
2 Lower cost of production due to cheaper inputs
3 Ensures supply of inputs to the farmers and output to the firm 4 Helps to overcome land constraints
5 Maintenance of uniform quality of the produce
6 Lot of potential exists for export
7 Encouragement of the system by government policies
8 Emergence of strong grower associations
9 Better technology transfer and Sharing of ideas among growers 10 The firm's participation in community affairs
11 Increase in private investments
12 Promotion of processing and value addition
13 Reduction of migration from rural areas
14 Backward and forward linkage is possible

Threats:

1 Farmers non-acceptance for new crop
2 Breach of contract either by growers or by company
3 Diversion of inputs to other crops by the farmers
4 Indebtedness of growers due to excess advances
5 Chances of creation of monopsony market
6 Social and cultural constraints between contract and non-contract farmers
7 Due to entry of more firms, cutthroat competition exists among firms
8 Leads to monocropping
9 Government policies affecting trade
10 Firms may disappear from the area
11 Fear of possession of land by the companies
12 Poor cultural acceptability
13 Intermediary may take undue share in the 'Intermediary Model of Contract Farming'

Conclusion: Diversification of crops and the new farming system involves tremendous amount of technological input and market orientation requiring additional capital resource of mammoth proportion. In this direction, the corporate sector is coming forward to play a crucial role in agricultural development through contract farming systems. The government of India, emphasizing the need for a new legislation for farm sector, amended the APMC Act recognizing contract farming system and making several provisions to regulate the system. It is the order of the day that we have to move forward from traditional farming to value added contract farming to improve the lot of rural population emphasizing the need for a new orientation for farm sector and the states should create new laws for enabling contract farming on commercial basis and enabling corporate to contract their requirements from farms. The farming community is also waiting for the change for better living conditions and the solution to the problems of traditional technology and management practices. Their low bargaining power with input suppliers and produce markets, inadequate infrastructure and market information, lack of post-harvest management expertise and inadequate capital to grow quality product are the major constraints faced by them. The commitment driven contract farming is no doubt a viable alternate to farming model provides which overcomes the burning problem of diminishing farm size and assures reliable input supplies to farmers and deliver farm produce to the contracting firms, and solves their marketing problems in one stroke. The successful models like gherkin model in Karnataka should be encouraged and extended progressively to the rest of the agricultural commercial enterprises for mutual benefits of the farmer and the consumer in particular and the development of Indian agriculture in general.

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