

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:66

ANSWERED ON:26.02.2007

CONTRACT FARMING

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government proposes to introduce contract farming to help the farmers;
- (b) if so, whether the Government has advised the State Governments to initiate steps for introducing contract farming;
- (c) if so, the details thereof; and
- (d) the steps taken thereon by the Union/State Governments?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a) to (c): Small farmers in India are generally capital starved and cannot make major investment in land improvement and modern inputs. Contract farming can fill up this gap by providing the farmers with quality inputs, technical guidance and management skills and most importantly link them to assured and profitable markets. In view of above, contract-farming arrangements are supported by the Government as a measure of reform in agricultural marketing sector. While doing so, Government has sought to protect the interest of both the farmers as well as the industry equitably, by suggesting arrangement for registration of sponsoring companies and recording of contract farming agreements, in order to check unreliable and spurious companies. A dispute resolution mechanism is also suggested to be set up to quickly settle issues, if any, arising between the farmers and the company under a quasi-judicial manner and also to ensure that farmers are indemnified from any displacement. A model Agriculture Produce Marketing Regulation Act (APMC Act), inter-alia, containing provisions to the said effect has been circulated to State Governments/ Union Territories for adoption as the subject matter falls within their jurisdiction.

(d): The State Governments of Madhya Pradesh, Himachal Pradesh, Punjab, Haryana, Sikkim, Andhra Pradesh, Gujarat, Tamil Nadu, Nagaland, Chhattisgarh, Rajasthan, Orissa, Arunachal Pradesh, Maharashtra and Union Territory Administration of Chandigarh have provided legal support to contract farming by making provision for it under their respective laws.