

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1307

ANSWERED ON:16.11.2010

CONTRACT FARMING

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government proposes to promote contract farming in the country;
- (b) if so, the details thereof;
- (c) the percentage of agricultural land on which contract farming is being carried out;
- (d) the details of the multi-national and Indian companies engaged in contract farming;
- (e) whether the farmers of the country have been benefited by the contract farming; and
- (f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b): Yes, Madam. The Model Agricultural Produce -Marketing (Regulation) Act circulated by the Ministry of Agriculture to all States / Union Territories (UTs) in 2003 for implementing marketing reforms has provisions for the registration of contract farming sponsors and recording of contract farming agreements with the Agricultural Produce Marketing Committee (APMC) or a prescribed authority under the Act; protection of title or rights of the farmers over the land under such contracts; dispute settlement mechanism and a model draft agreement suggesting various terms and conditions. By now, relevant provisions have been made by 17 State Governments / UTs in their respective APMC Acts for providing a legal framework to contract farming. As there is no APMC Acts in 7 States/UTs, there is no regulation of contract farming in such States / UTs. The Model Act circulated by the Ministry of Agriculture is suggestive in nature and since agriculture is a State subject, it is for the State Governments to decide on the implementation and monitoring of contract farming arrangements in their States. To help States in the formulation of Rules in this regard, the Ministry of Agriculture has also circulated in November, 2007, a set of Model APMC Rules for adoption.

(c): As per information received from the States, details of percentage of agricultural land on which contract farming is being carried out are given at Annexure - I.

(d): State-wise details of the main multi-national and Indian companies engaged in contract farming are given at Annexure -II.

(e) & (f): Yes, Madam. The contract farming has provided a mechanism to make small scale farming competitive by enabling them to access technology, credit, marketing channels and information while lowering transaction cost. At the same time, a feasible and viable model of private sector participation in agriculture on a large scale has also been offered. Successful Contract Farming has also given a platform for supply of reliable agricultural produce of specified quality for the establishment and development of processing sector and reliable and competitive channels for supply for exports.