



# AN OVERVIEW OF MNC'S AND FARMERS ENGAGED IN CONTRACT FARMING IN INDIA

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## Abstract:

In India the only source of Income is agriculture. About more than 50% of people in India are dependent on agriculture. Agriculture plays a crucial role in India's economy, about 58% of people are earning because of farming. Contract Farming is an agreement between farmers and cooperative firms or companies for the supply and production of agriculture goods, under predefined agreements and price. This study focused to know the overview of MNC's and farmers engaged in Contract farming. This study is conducted with the help of Secondary sources of data.

**Keywords:** MNC's, Contract Farming, Farmers etc.

## INTRODUCTION:

In India the only source of Income is agriculture. About more than 50% of people in India are dependent on agriculture. Agriculture plays a crucial role in India's economy, about 58% of people are earning because of farming. It is the backbone of our economic system. Farming is the process of working on the surface of the ground, planting seeds, and growing good to eat plants.

Contract Farming is an agreement between farmers and cooperative firms for the supply and production of agriculture goods, under predefined agreements and price. Contract farming is a straightforward notion with far-reaching implications on the farmers. In Contact farming, farmers work for a company or a cooperative under the terms of a contract. The corporation may pre-specify the product's quality, variety, pricing, and other details. As a result, the farmer cultivates his land accordingly.

The contract farming company provides farmers with easy access to seeds, equipment, and methods. The farmer benefits from improved quality and yield while reducing production costs and hassles. Since the middlemen are out of the equation, the farmer gets a better deal for their produce. That translates into higher profitability. With financial and technical assistance available, small farming can stay competitive and contribute to global food security. Plus, they can skip loans with hefty interest rates and stringent conditions. The arrangement significantly reduces the financial risk for farmers. In the event that the yield is destroyed by pests, excessive rains, or natural calamities, the company bears the losses. Also, it provides access to markets that were otherwise inaccessible to small farmers. Goals of contract farming

- This also helps farmers in generating a permanent source of income for every farmer.
- It also generates employment opportunities in rural areas, farmers are getting paid for working on the field and for many other agricultural works.
- It reduces the load on central and state-level occupation systems.
- With the help of contract farming the investments of the private sector in agriculture are also increasing.
- It also brings the market focus of crop selection by Indian farmers.
- This overcomes the migration level in India of rural people who shift to urban areas due to the condition of unemployment.

## **OBJECTIVE:**

This study focused to know the overview of MNC's and farmers engaged in Contract farming.

## **RESEARCH METHODOLOGY:**

This study is conducted with the help of Secondary data sources such as Websites, books, journal, research papers and so on.

## **TOP MNC'S AND FARMERS ENGAGED IN CONTRACT FARMING:**

For all the loopholes, contract farming can be a lucrative proposition, provided you choose your contract farming company wisely. Here's a list of the contract farming companies in India. The point is to help you arrive at informed decisions without much due diligence.

### **1. Big India Farms**

Big India Farms (BIF) is a mission dedicated to maintaining a constant food supply and improving farming practices in India and abroad. It's owned by 7 Avenues, a group of companies with diversified operations, including finance, retail, supply chain, and more. As of now, BIF has over 1500 acres under cultivation. The acreage is expected to reach 10,000 acres in the coming 5 years.

BIF has a thriving statewide network of farmers and is headquartered in New Delhi. They rely on the company to help them choose crops, seeds, fertilizers, tools, and equipment, among other things. In addition,

the farmer receives total assistance with planting, nutrition, and harvesting. BIF has a reputation for being very transparent with its network farmers and for honoring contracts. Mango, neem, gumler, giloy, mulberry, lemons, roses, millets, papaya, mahua, and jackfruit are among the fruits grown by the company. The full product selection is made available to retail establishments locally and regionally with short lead times. BIF, unsurprisingly, is at the top of India's leading contract farming enterprises, and its dominance will continue for some time.

## 2. Dabur Contract Farming

Dabur has been setting standards in contract farming. The company focuses on cultivating medicinal plants and herbs through sustainable techniques. With the help of local NGOs, Dabur trains farmers and rural communities in the latest, resource-efficient farming methods to boost production and safeguard rare herb species. The company has the numbers to be among the top 10 contract farming companies in India. It owns a vast 1411-acreage in 13 states across India. This is a 41.5% upturn in acreage since 2013-14. At last count, 1674 farmers were under contract with the company. This is 57% more than last year. So far, it has organized 12 training camps attended by over 800 farmers and distributed 5 lakh seeds for free. As the name indicates, Dabur Contract Farming is owned and operated by Dabur India Limited. Established in 1884 in Kolkata, Dabur is presently the world's leading Ayurvedic and Natural Health Care company with an annual turnover of INR 9500 Crores. From hair care, dental care, and ginger-garlic paste to honey, coconut milk to mosquito repellent, Dabur offers it all and more.

## 3. Goodricke Group Ltd

Goodricke is associated with tea. In recent years, the company has made forays into the contract farming sector, engaging farmers in tea cultivation. The company ensures the cultivation is done with modern, environmentally-friendly methodologies for a higher yield and better quality produce. Goodricke provides farmers with easy access to credit and technology to keep them progressive. Based out of Kolkata, Goodricke is among India's top four tea producers. The brand has been associated with the iconic Darjeeling teas, known for their exotic flavor and delectable taste. Other offerings are equally impressive, including loose leaf tea, green tea, tea bags, and more. The loose-leaf selection features Orange Pekoe, Borbam Delight, Dejo Silver, and other coveted blends.

Goodricke is a subsidiary of Camellia PLC UK, the world's largest tea producer. It was incepted in 1977 when the brand acquired eight Sterling Companies. The company currently operates 27 production facilities and over 30 gardens in West Bengal and Assam.

## 4. Tata Coffee Ltd

For Tata Coffee, the name says it all. It's an offshoot of Tata Group and is dedicated to producing coffee varieties like Green Coffee Bean and Instant Coffee. Besides, the company also grows pepper and tea. The products are loved globally for their palatable aroma, taste, and overall quality. Even global brands like

Starbucks rely on Tata Coffee for sourcing blends. Tata Coffee aims to provide impetus to contract farming in India. The company's focus on sustainability and traceability has been legendary, making it one of the world's leading integrated coffee cultivation and processing brands. At last count, Tata Coffee had over 19 estates covering about 8000 hectares. The coffee plantations are concentrated in Southern India, with varieties like freeze-dried, agglomerated, and spray-dried coffee is grown. The tea estates are in Anamallia and its environs, producing CTC teas.

Jamsedji Tata's foundation, Tata Group, is a global conglomerate with 100 companies operating in virtually all sectors and geographies. Surging ahead with the motto of "Leadership with Trust," the conglomerate has acquired some of the top global brands lately. With over 750000 employees, it's one of the leading employers globally.

### **5. Rallis India Ltd**

The Tata Group, eager to make inroads into the contract farming segment, purchased Rallis India in 2004. Rallis, now a part of Tata Chemicals, provides crop protection, seeds, plant growth nutrients, and agri-services. The company has a strong presence across India, primarily in agricultural states like Maharashtra, UP, MP, Punjab, and Haryana. Rallis has evolved into one of the top 10 contract farming companies in India, thanks to a proactive approach and in-depth intimacy with Indian agriculture. The company adopts a well-curated quadruple-party contract farming model. Herein, the farmer receives agricultural inputs, finances, equipment, and buy-back assurance, among other perks.

The history of Rallis dates back to the 19th century when two Greek entrepreneurs came up with an unassuming outlet in London. As of now, the company caters to a major part of India through 2,300 distributors. Rallis Kisan Kutumb allows the company to interface with millions of farmers and supports their agri-service and contract farming requirements.

### **6. Pacific Herbs Agro Farms Pvt Ltd.**

Pacific Herbs Agro Farms Pvt. Ltd. has set benchmarks in the cultivation and supply of medicinal and aromatic plants. Operating out of Nagpur, the company has been around since 2003, supplying Indian herbs, natural herbs, herbal extracts, and dried flowers. In addition, the company is among the leading providers of services related to contract farming in India. The company offers specialized cultivation services for lemongrass and roshagrass. Herein, the farmer gets site surveys, feasibility reports, seeds, equipment, and technical inputs. Full support for setting up a distillation unit and marketing the end product is also delivered. To start with, the farmer requires at least 10 acres (irrigated or rain-fed) of land and up to 6 lakhs to invest.

Pacific Herbs has a nationwide footing with projects in seven states, namely Gujarat, Uttarakhand, Chhattisgarh, Karnataka, Tamil Nadu, Telangana, and Maharashtra. The majority of projects, 16 of them, are in Maharashtra. Grass Oil, Stevia, Coleus Forskohlii, Mucuna Pruriens, Guar gum, Jatropha, Tulsi, and Aloe Vera are some of the plants cultivated here.

## 7. Patanjali Contract Farming

Patanjali Contract Farming ventured into the contract farming sector to provide farmers with much-needed financial security and growth opportunities. The company continues to take initiatives and experiment with techniques and technologies to increase the yield's quality and quantity. Like many of the top 10 contract farming companies in India, Patanjali Contract Farming guarantees top prices for the products it buys from farmers. Plus, the payments are made upfront. The company ensures convenient access to agriculture-related information, equipment, and technical aid to keep farmers profitable. The focus is on cultivating ayurvedic herbs for Patanjali products across categories. Patanjali ensures the terms and conditions of the contract are honored all the way through. It's thoroughly scrupulous in all dealings with the farmers to uphold the highest standards of transparency. Also, contracted farmers can expect some serious increments yearly.

The parent company, Patanjali Ayurved Limited, is one of the most recognizable brands in India. It started with natural food products and later diversified its product portfolio to include personal care, Ayurvedic medications, herbal homecare products, fashion, and more. The selling is done via a growing India-wide authorized dealer network. In addition to yoga centers, and college and university campuses, Patanjali also operates an extensive publication department.

## 8. Anand Agro Group

Anand Agro Group has been providing self-employment opportunities through contract farming in India. Available in Maharashtra, MP, Gujarat, and beyond, the company's contract broiler farming model is growth-oriented, efficient, and transparent. Presently, the company has five processing units, 14 lakh broiler farms, a 250-strong workforce, and 1050 contract farmers. And, with expansion plans in the pipeline, the numbers will go up in the near future. Anand Agro has developed well-defined systems and processes, alongside a sound infrastructure to uphold quality standards. The company has a modern hatchery that can handle up to 1.5 million chicks in a hygienic environment. An integrated 12 TPH crumble/pallet feed plant, an 8 TPH mash plant, and a 0.5 TPH premix plant are also in place. In the previous FY, Anand Agro raked in a turnover of over 200 crores, which speaks volumes about the growth the company has achieved lately.

## 9. Baramati Agro Ltd

Baramati Agro Ltd, a vision of Rajendra Pawar, has been at the forefront of the poultry business in India since 1988. Lately, it has diversified its operations and emerged as a full-fledged agri-business company with a strong presence in contract farming. The company offers end-to-end contract farming solutions tailored to each client's unique business requirements. The contracts are honored and executed to maintain transparency and customer satisfaction. Besides poultry, Baramati Agro also cultivates a variety of sugar, fruits, and vegetables, along with dairy products. The company is powered by seasoned food analysts

and R&D experts who put their best feet forward to develop quality products while limiting costs. The overarching goal is to meet the food requirements globally with a sense of urgency and commitment.

As a conglomerate, Baramati Agro has recently ventured into sectors like power, retail, animal feed, distillation, QSRs, and more. Some of the company's widely recognizable brands include Delicious, Freshious, Baramati Agro Feed, Baramati Agro Sugar, Fresh Chicken, Chicken Vicken, and Food 365. The company continues to be the preferred supplier for some of the world's top retail chains globally.

## 10. Himalaya Herbal Healthcare:

A family-owned foundation since the 1930s, Himalaya is a household name associated with world-class herbal healthcare products. The company combines the conventional knowledge of herbal medicine with modern practises in healthcare to deliver a range of effective products. Their product portfolio includes four distinct categories, including: General Health, Men's Health, Women's Health and Children's Health.

Himalaya has ventured into contract farming of late. The company relies on rural communities to grow and procure medicinal herbs. The procurement happens via Gram Mooligai Corporation Ltd. (GMCL), largely in South India, from small and marginal growers. The company pays upfront and at a higher price than the market prices to help rural communities stay profitable.

## CONCLUSION:

Contract farming has to be commercially viable. To maximize profitability companies need to choose the best available farmers. Once suitable farmers have been identified it is then necessary to develop trust, as contracts will only work when both parties believe they are better off by engaging in them. To achieve this requires a willingness to collaborate and share information. Disagreements over product grading, for example, can be avoided by providing clear, simple specifications in a contract and by ensuring that farmers or their representatives are present when the produce is graded. Late payment can immediately cause a breakdown of trust and must be avoided. Contracts should be flexible to take into account the possibility of extreme events such as high open market prices or bad weather.

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