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Attitude of paddy growers towards contract farming in Jammu region of J&K State

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Abstract

Contract farming is a way to raise small-farm income by delivering technology and market information to farmers, incorporating them into remunerative new markets. The study was conducted in Jammu and Kathua districts of Jammu division with 100 paddy contract farmers and 100 non-contract farmers and worked with an objective to assess their attitude regarding the benefits assessed through contract farming. The study showed that 55 per cent of the farmers have most favourable attitude towards contract farming and 45 percent of the farmers have least favourable attitude. The farmers also agreed to it that practicing agriculture under contract farming gives them better access to modern inputs, improves and encourages quality production and is a real boon to small farmers. However, the farmers who have not adopted contract farming perceived that contract farming is beneficial for them as it provide ready market to the farmers. Education, agriculture along with other coupled sources, irrigated land of the farmers were significant factors which developed their attitude towards contract farming while age, experience, family size, caste, unirrigated land were non-significant. The overall findings strongly suggest that there is need to promote contract farming among the small farming families to strengthen their living standard and problem of ready market.

Keywords: Attitude, contract farming, summated rating scale, reliability, validity

1. Introduction

About 52 per cent of Indian population depends on agriculture for their livelihood and majority of them are small and marginal farmers. They are poor investors and depends on climate. Increased production does not essentially lead to higher incomes, particularly where prices vary widely, markets are disorganized and inefficient, market access is restricted power is weak. There is a strong feeling that in the era of liberalization and globalization, small farmers are being entirely neglected and marginalized from high value agribusiness activities and hence are unable to develop maximum benefits due to their fragmented and uneconomic size of holdings and inadequate access to external inputs and services. Against this backdrop, vertical coordination through predetermined arrangements is necessary to link product characteristics and production processes to consumer preferences. This has given rise to the concept of 'Contract Farming'. It is a form of vertical integration within agricultural commodity chains, such that the firm has higher control over the production process, as well as the quantity, quality, characteristics and the timing of what is produced. The conventional approach to vertical integration has been for firms to invest directly in production through large-scale estates or plantations (Especially for traditional tropical commodities such as tea, bananas and sugarcane). Contract farming, in its various forms, allows a degree of control over the production process and the product without the firm directly entering into production.

The companies resort to contract farming with the intention of procuring assured supply of genuine yield in required quantity at the right time, under their supervision. The farmers enter into contract farming mainly to minimize the price risk in marketing and also to reap higher profits. Incase of rice production contract farming is highly profitable, as it overcome the risk involved due to fluctuation in market price which makes it friendly for the small farmers. Farmer is assured of better returns compared to other field crops as the companies offer relatively better prices. With this background the present study was undertaken with the following specific objectives.

1. Attitude of the Contract and non-contract farmers
2. To assess the factors that determines the attitude towards contract farming.

2. Materials and Methods

The present investigation was carried out in Jammu and Kathua district of Jammu Region. Three villages from each districts having maximum number of contract farmers were selected

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purposively for the study. In each selected village the list of farmers practicing contract farming was prepared. From such a list fifty contract farmers and fifty non-contract farmers were randomly selected. Thus, 100 contract and 100 non-contract farmers constituted the sample size of the study. The data was collected through personal interview method with the help of pre-tested interview schedule. Descriptive statistics like averages, percentages were used. Further, Ranking technique was used to compile the benefits and problems faced by the paddy growers under contract farming.

3. Results

3.1 Socio-profile of the paddy growers (contract and non-contract farmers)

The data in Table 1 reveals that majority of the paddy growers

i.e. contract (52 years) and non-contract farmers(50 years) were of the middle age. In terms of education 36% of the contract farmers were illiterate and 34% of the non-contract farmers were matriculate passed. About 23% and 73% of the contract and non-contract farmers respectively had marginal land holdings. It was also observed that 59% of the contract farmers had nuclear family set up and 61% of the non-contract farmers has joint family set up. Talking of occupational profile 74% and 58% of the contract and non-contract farmers practice only agriculture as a sole occupation. Further adding to socio-economic profile 61% and 60% of the contract and non-contract farmers had an experience of more than 30 years in agriculture.

Table 1: Socio-profile of paddy growers (Contract farmers and non-contract farmers)

Parameters	CF (n=100)	NC (n=100)	Absolute difference value	Statistics (P-value)
Mean age(years) (\pm SD)	52.16(\pm 10.57)	49.71(\pm 10.36)	2.45	t= 0.346 ^{NS} (0.726)
Upto 45 years (% farmers)	31	32	1	
45-60 years (% farmers)	39	49	10	
60 years & above (% farmers)	30	19	11	
Mean education (Formal number of schooling years completed) (\pm SD)	6.22(\pm 3.8)	5.6(\pm 3.03)	0.62	t= 0.891 ^{NS} (0.373)
Education level (%farmers)				
i) Illiterate	36	21	8	
ii) Below Primary	16	10	14	
iii) Primary	15	9	0	
iv) Middle	21	20	10	
v) Matriculate	12	34	14	
vi) Higher secondary	0	6	2	
Categorization of farm size (% farmers)				
i) Marginal farmers(<1ha)	23	73	11	
ii) Small-farmers (1-2 ha)	59	18	2	
iii) Semi-medium (2-4 ha)	18	9	13	
Family size (%)				
i) Nuclear	59	39	20	Z= 2.830* (.000)
ii) Joint	41	61	20	Z= 2.830* (.000)
Occupation (% farmers)				
i) Agriculture	74	58	16	Z= 2.388* (0.016)
ii) Agriculture + others	26	42	16	Z= 2.388* (0.016)
Average farming experience (years) (\pm SD)	31.07(\pm 10.8)	28.73(\pm 10.1)	2.34	t=1.574 ^{NS} (.117)
i) 10-23 years (% farmers)	32	35	3	
ii) 24-46 years (% farmers)	61	60	1	
iii) 47-60 years (% farmers)	7	5	2	

3.2 Summative Rating Scale

Summative rating scale was used to assess the attitude of the farmers towards contract farming.. Total 15 statements including 8 positive and 7 negative were gathered accordingly on 5 point continuum scale. To ascertain the attitude of farmers towards contract farming, the total score of each respondent was obtained by summing his score for individual statements. Total score of a statement was calculated by summing up the score given to that particular statement by all 75 respondents taken from the non-sampled area. On the basis of total score of a statement, the statements were ranked. The mean score of respondents and mean score of particular statement was also calculated. These categories were made on the basis of mean and standard deviation of attitude scores as follows:

Less favourable: Overall mean score - Standard deviation.

Most favourable: Overall mean score \pm Standard deviation.

The ratings were ranged from 1 (Strongly disagree) to 5(Strongly agree). It presents the mean score by statement in rank order as well as the overall level of attitude towards contract farming. The mean score of the items in the scale represent the farmer's attitude towards contract farming. The pre-testing was done to reduce the ambiguity of the scale and could also help to determine the length of the scale. The statements with the maximum t-value were recorded for the final construction of the scale (Table1).

Table 2: A scale to measure attitude of paddy growers towards contract farming

S. No.	't'-value	Attitude statements	Response categories				
			SA	A	UD	DA	SDA
1	2.46	Contract farming improves quality of production					
2	2.75	Contract farming protect farmers from loss					
3	2.6	Contract farming provides technical knowledge to the farmers					
4	2.3	Contract farming is better than non-contract farming					
5	3.57	In changing trends farmers should prefer contract farming					
6	2.3	Contract farming helps farmers to learn new technologies					
7	2.63	Under contract farming the farmers has to plant only the contractor's crop					
8	2.19	Contract farming reduces decision-making power among farmers					
9	1.97	Contract farming is for small-size farmers					
10	1.77	Contract farming reduces the burden of self-expenses to the farmers					
11	2.76	Contract farming favours better-off farmers					
12	2.73	To get oneself involved in contract farming, the farmers has to go through long registration					
13	3.33	Contract farming is seen as a part of rural development					
14	4.53	Contract farming doesn't solve any problem related to market system					
15	2.26	Through contract farming the farmers find it difficult to adopt new technologies					

SA= Strongly Agree, A= Agree, DA= Disagree, SDA= Strongly disagree and UD= Undecided.

3.2.1 Validity of the scale

The content of the attitude scale were derived from review of literature, consultation with experts and securing judges opinion on appropriateness of items included in the scale. Thus, it was assumed that the score obtained by administering the attitude scale measured what was intended to measure. Moreover, the 't' value being significant for all the 20 statements consisting the scale explained that the statements had high discriminating value, therefore reasonably enough, the scale was taken as valid measurement of the desired dimension.

3.2.2 Reliability of scale

The reliability of the attitude scale was worked out by test-retest method. The non-sampled contract farmers of Suchetgarh village of R.S.Pura block who were selected for pre-testing was contacted once again with the same statements listed on the attitude scale. Problem was encountered while administering the same test, as some respondents were not available due to their own hectic schedule and some showed reluctance to provide the same information again. The schedule was thus finally administered on ten non-sampled contract farmers and the correlation coefficient of test-retest was worked out.

$$r_{xy} = \frac{N\sum X - (\sum X)(\sum Y)}{\sqrt{[N\sum X^2 - (\sum X)^2][N\sum Y^2 - (\sum Y)^2]}}$$

Where,

r = coefficient of correlation

X and Y= test and retest scores

N = number of respondents

Reliability coefficient of the scale was 0.82, thus the test was considered reliable.

3.3 Attitude of the farmers towards Contract farming

Contract farming depends on the satisfaction of both farmers and firms, with profitability as a key component. In the initial stage, farmers' perceptions and their attitudes towards contract farming are important. On the basis of their mean score obtained and standard deviation, the respondents were categorized into two categories i.e. Less Favorable and More Favorable. It was evident from the tables that mean attitude score of contract and non-contract farmers was 49.739 on the premise of which the classifications were made. The outcomes inhibited that 55% of the contract farmers had favorable attitude towards contract farming. Out of 100 non-contract farmers, just 26% of them were not aware about contract farming. From non-contractors just 31% of the respondents had positive disposition towards contract farming. From unfavorable class, 45% and 69% of the contract and non-contract cultivators had less favorable attitude towards contract farming.

The contrast between contract and non-contract farmers was statistically insignificant ($p=0.276$) as they were coordinating in these parameters. Be that as it may, in the event of less favorable, contract and non-contract agriculturists was statistically significant ($p=0.29$). The results of the present study confirm the findings that Kumar (2007) [3] who reported that lately more farmers in India opted for contract farming due to positive attitude as a result of price protection for their crops. The results were further in coordination by the findings of Mann and Kogl (2003) [1], where they emphasized that bigger profits garnered through contract farming will be a catalyst for having more people to have a positive attitude and accept contract farming.

Table 3: Attitude of sampled respondents regarding contract farming on the basis of Γ score

Attitude	Contract farmers (n=100)	Non-contract farmers (n=26)	Absolute difference value	t-value (P-value)
	%	%		
More Favorable (>51)	55	31	24	1.09(0.276)
Less favorable(<50)	45	69	24	2.358*(.029)
Mean attitude score	-	-	-	49.739
SD	-	-	-	8.700

*significant at 5% level.

3.4 Factors that effect the attitude of the Contract farming

The study that effects the attitude of the contract farming depends upon the characteristics of the respondents and their attitude which motivate them to adopt contract farming. The logit model was employed to calculate the factors affecting the attitude of the contract farming (Table 3). Education, agriculture along with coupled sources, irrigated land of the contract farmers was significant factors to adopt contract farming. The major benefits drive from the Contract farming responded by the contract farmers were Improvement in living standard, benefits of higher income and benefits of higher yield. These were other factors which motivate farmers to adopt contract farming. The study conducted by Minot and Roy (2006) [4] and Reardon *et al.* (2003) [2] also studied that contract farming is a growing trend in Asia due to high-value

agriculture, supermarkets, processing, and export-oriented agriculture which suggest the importance of contract farming. Farmers having larger landholdings were having more favourable attitude towards contract farming. This might be because contracting agencies prefer mostly large farmers for contracting as well as large farmers were in better position to meet the quality expectations as compared to small farmers (Shukla *et al.* 2011) [5]. A report by the National Institute of Agricultural Extension Management, Hyderabad also says that the contract farming is “very promising in its early years. Farmers benefit from improved technology and higher productivity, quality and production. The contract price does not matter much in the early years. Once the farmers are confident of being able to deploy new technology, problems start cropping up.”

Table 4: Factors affecting the adoption of the contract farming among contract farmers

Factors affecting the adoption of contract farming	Coefficient (B)	S.E.	Wald	Probability	Remarks
Age	-0.55*	.022	6.041	.014	$\chi^2 = 69.470$ Nagelkerke $R^2 = .391$ -2 log likelihood = 207.789
Education	.268*	.061	19.416	.000	
Occupation					
Agriculture	-19.020 ^{NS}	4.019	.000	1.000	
Agriculture + other source	1.025*	.383	7.182	.007	
Experience	-.010 ^{NS}	.017	.359	.549	
Type of family					
Joint	-1.254*	.405	9.560	.002	
Caste					
General	.768 ^{NS}	1.069	.517	.472	
SC/ST	1.027 ^{NS}	1.088	.891	.345	
Owned	-2.010*	.582	11.940	.001	
Irrigated	1.834*	.619	8.779	.003	
Unirrigated	-.071 ^{NS}	.151	.221	.638	

4. Conclusion

The study concludes that majority of farmers carry a positive attitude towards contract farming as it provides assured returns and a ready market. However, issues related to small holders participation, price determination and long term productivity must be paid attention. There is need to organize farmers into groups to increase their bargaining power. Moreover, farmers need to be educated about the importance of contract farming. Provision of incentives to agribusinesses that are embracing and promoting contract farming is paramount. The study calls for taking corrective measures to resolve the constraints since the model of contract farming has great potential and promise for ensuring assured economic returns in agriculture.

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