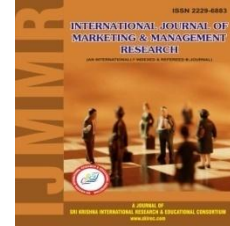




The Journal of Sri Krishna Research & Educational Consortium
**INTERNATIONAL JOURNAL OF
MARKETING AND
MANAGEMENT RESEARCH**
Internationally Indexed & Listed Referred e-Journal



A NEW HORIZON IN AGRICULTURE MARKETING: CONTRACT FARMING

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ABSTRACT

The new market realities due to focus on liberalization, privatization and globalization of the post—WTO regime are here to stay, bringing in its wake new opportunities and challenges as well. The agriculture sector, like any other sector of the economy, has got to put its act together to evolve a response mechanism to face this ineluctable reality. This may call for a paradigm shift in its focus and approach. Introduction of reforms in agricultural marketing is the need of the hour to bring the requisite changes in its structure and to push the sector to take off from its low growth rate of 2-3% to at least a respectable 4-5%. In this context, contract farming is billed to be a veritable instrument to address many of the traditional ills affecting the agriculture sector and the farmers, such as fragmentation of holdings, long chain of market intermediaries, ignorance about the requirements of the buyers, low farm mechanization, inadequacy of capital and distress sale and consequent heavy losses to farmers etc. This paper will throw light on how contract farming can act as an effective tool in mitigating the risks faced by farmers while marketing of agricultural produce to final consumers.