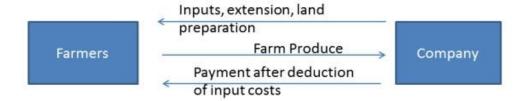


# **Contract Farming (CF)**

## Why in News?

Recently, India turned from an importer to an exporter of frozen French Fries through Contract Farming (CF).

• Contract Farming (CF) - It is an <u>agreement between farmers (producers) and buyers</u>, where both agree in advance on the terms and conditions for the production and marketing of farm products.



- **Conditions of CF** It usually specify the following:
  - Price to be paid to the farmer.
  - Quantity and quality of the product demanded by the buyer.
  - Date for delivery to buyers.
- **Contract** It includes more detailed information on how the production will be carried out or if inputs such as seeds, fertilizers and technical advice will be provided by the buyer.
- **Products best suited** There is *no restriction to the types of agriculture products*, but certain products are more suited for contract farming practices than others.



#### **Disadvantages** Advantages **Farmers** • Loss of flexibility to sell to alternative buyers when prices increase. Easier access to inputs, services and credit. • Possible delays in payments and late Improved production and management delivery of inputs. skills. · Risk of indebtedness from loans provided by Secure market or access new markets. the buyer. Reduction of price-related risks. • Environmental risks from growing only one More stable income: better planning. type of crop. • Introduction of new technologies. • Unequal bargaining power between farmers and buyers. **Buyers** Consistent supply of raw materials. • Products conform to quality and safety High transaction costs from contracting standards. with many small farmers. • Reduced input and labour costs when • Risks of side-selling if farmers decide to compared to integrated production on break the contract and sell to others. company-owned land. • Potential misuse of inputs if farmers use seeds and fertilizers provided. • Better chance to secure products of a consistent quality. • By the company for another purpose. • Can help to overcome land constraints. • Loss of flexibility to seek alternative supply. • Production more reliable than open-market | • Reputational risks if things go wrong. purchase.

India has emerged as a major exporter of French Fries (FF), which owes much to companies procuring potato directly from growers and deepening farmer engagement.

### **India's French Fries (FF) Exports**

- India's Potato production Around 60 million tonnes (mt) and is next only to China.
- Varieties of potato for FF Santana, Innovator, Kennebec, Kufri Frysona and Kufri FryoM.
- Exports Are mostly to Southeast Asia (Philippines, Thailand, Malaysia, Indonesia and Vietnam), Middle East (Saudi Arabia, UAE and Oman) and even Japan and Taiwan.

India exported 135,877 tons of French Fries (FF) valued at Rs 1,478.73 crore. During April-October 2024, exports were 106,506 tonnes and worth Rs 1,056.92 crore.

### References

- 1. The Indian Express India as an Exporter in French Fries (FF)
- 2. FAO Contract Farming

