

Seminar on
Efficient Resource Utilization on Small Farms: Evidence from Horticulture Crops

Speaker

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Abstract

The issue of viability of small farm agriculture has always remained a cause of concern in the context of on-going process of liberalisation. However, it has also been contended that diversification of agriculture towards high value horticulture crops can improve viability of small farms, and, consequently raise income and employment of smallholders. Evidences have shown that vegetable production, in particular, is more profitable and labour intensive, which suits small farm production system since smallholders have greater family labour at their disposal. Smallholders always have comparatively greater advantage in the cultivation of labour intensive fruits and vegetable crops as compared to labour constrained large landholders. Efficient utilization of family labour resources helps smallholders to generate quick and regular returns from labour intensive vegetable crop production. Although factors such as growing urbanization and globalization, change in consumption habits and rise in per capita income have led to rise in demand for high value crops in both domestic and international market, the prevailing constraints like lack of assured market and a lack of developed seed sector pose considerable hindrance for smallholders to fully exploit emerging opportunities in vegetable crop cultivation. There are also other constraints that restrict smallholders to adopt high value fruits and vegetable cultivation. Constraints such as high price and yield risk, lack of access to credit, lack market infrastructure and efficient marketing system, greater magnitude of post harvest losses, lack of bargaining power due to low volume of supply, etc. result in inadequate motivation of smallholders to practice high value fruits and vegetable cultivation. The smallholders are also at receiving end in fruit crop cultivation due to high capital requirement and greater gestation lags, which prevent them to enter into riskier fruit crop cultivation. One of the strategies to strengthen farm-firm linkages is the contract farming which can not only help smallholders to overcome various constraints but also encourage them to take greater price, yield and market risk. Evidences have shown that smallholders have benefited immensely from public intervention, which facilitates better risk management through improved information system, development of financial markets and promotion of market based price and yield insurance schemes.