

'Consult industry in framing contract farming law'

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Union Budget 2017-18 has said that a model law on contract farming would be circulated among States with a view to help farmers realise better value for their produce. In this context, *BusinessLine* spoke to Muhammed Majeed, Founder and Chairman, Sami Labs, a maker of nutraceuticals, cosmeceuticals and probiotics, and a contract farming player. Excerpts:

What do you expect to see in the draft law?

It should generate a win-win situation for farmers, the industry and the crop in question. Interests of both farmers and industry should be taken care of.

It should spell out well-defined guidelines for entering into a contract farming agreement, which should be binding on all stakeholders. The role of the industry, farmer and any government/

other agencies should be defined clearly.

The quantity and quality of the produce depends on various factors and inputs such as seed material, location of the farm, efforts of the farmer and the industry, and the vagaries of weather.

All these factors should be defined properly in the law so that chances of conflicts are minimised. But chances of natural calamities affecting the crop are always there; so a provision for insurance should be mandatory.

Being an integral part of the contract farming agreement, the industry must be consulted before preparing the draft and during the process of finalising the template.

Aren't fears of contract farming bringing in its wake large-scale monoculture farming well-founded?

No, these fears are unwarranted. Farmlands in India



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MUHAMMED MAJEED
Chairman, Sami Labs

are already segmented too much; all farmers in an area may not accept the concept of contract farming.

Further, when we say over 90 per cent of medicinal plants are collected mercilessly from the wild, it is our responsibility to go for large-scale cultivation to have a sustainable arrangement.

At least in the case of

medicinal plant cultivation, which is mainly of herbs, we usually advocate rotation of crops and inter-cropping.

Wouldn't contract farming also increase farmers' dependence on seeds and equipment?

Contract farming is a mutual agreement to harness the desirable material. As such, it does not make the farmers more dependent on seeds and equipment.

Barring a few examples, the industry engaged in contract farming does not advocate a farmer's dependence on seeds.

As farming flourishes, companies in the seed business may make their entry, which can be taken care of in the law.

Dependence on equipment will be a necessity in the coming days as availability of farm labour is shrinking day by day.

Will contract farming end conflicts between farmers and procuring agents on

quantity, quality and post-harvest losses?

Contract farming alone will not be a solution to the conflicts between farmers and procuring agents on quantity and quality. There will always be farmers not willing to take responsibility for the quality of the produce. The industry will try to blame the farmers for deviations in quality. These can be taken care of only if proper provisions are made in law.

There will be conflicts on quantity since farmers may try to sell outside the contract when the price is high in the open market or try to procure from there if the price is low.

The industry may also try to reject intake if production is over-and-above the requirement. Proper provisions should be made in the law to take care of all these aspects.

At Sami Labs, we handle the post-harvest aspect directly so that farmers do not have to suffer for post-harvest losses.

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