

Contract Farming in Present Scenario in India

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Abstract

Contract law sets out the legal rules on promise, formation, performance and enforceability. Modern contract law has now been a specialist branch of law. The two must be provided and approved in order to create juridical relations between the parties. It is objective to test the purpose. A significant aspect which the Court takes into account is the alleged motive of the parties. If required, the court will investigate the parties' actions and much can be derived from the behaviour. The Court does not concern the parties' intellectual purpose, but rather the purpose of the parties, under all the circumstances of the case, as a fair man would say. Conducts that have altered the meaning and facets of conventional contractual terms have taken place new innovations. Contracts for entertainment and sports are increasing in number for minors. The courts no longer adhere to the principle that a contract with a minor is invalid. In such cases, free contract law prevails over the decisions of the courts. The contract law today has to be taught by incorporating new facets of practices and problems facing contemporary contracts. This paper also shows that the standard player contracts that exist today in India are highly inequitable and India has to strive to build on fairly negotiated collective bargaining agreements to produce such agreements more consciously. A standard form contract is a dynamic issue, which changes with time as the nature of the job and scope of the job progresses. The terms and conditions of a contract of employment represent an organization's work style and culture. You must describe the relationship in a reasonable and unequivocal way when employing an individual in your organisations or in your company. A contract of employment allows an organization to preserve its interests while being fair to the employee.

Keywords: *Contract Farming, Legal Rules, Employment, India.*

1. INTRODUCTION

In India, it's a new concept. In an age of market liberalisation, globalisation and expanding agro-business, small-scale participation in market economy is likely to be difficult. In the age of globalización, the 'Contract Farming' model is an important means of organising and encouraging agricultural production and marketing. 'Contract Farming can be understood to be an Arrangement for the Manufacture and Supply of Agricultural Products between the Farmers and the Processing and Selling Companies for the Production and Supply of Agricultural Products under forward Agreements, sometimes at a fixed price.' Contract farming is distinguished by the fact that the buyer / contractor gives technical advice to the cultivator on all input materials. Not only tree and cash crops, but also more and again fruit and vegetables, poultry, pigs, milking products and even cream and fish are being used in this approach. In fact, the "enormous diversity" of the contracted products, is characterised not only by contract farming but also by the various ways in which it can operate. Depending on the physical, social and market conditions, the benefits, drawbacking and problems arising from contract farming vary. In particular, risk distribution depends on factors such as the essence of both the raw materials and the processed product's markets, the availability for farmers of alternative income opportunities and the degree to which the contract farmer has relevant technical knowledge.

Over time, these factors and the distribution of risks will likely change. The history of contract farming can date back to the colonial time when the Indian farmers for the English factories produced goods such as Collin Indigo. For over four decades, seed production has been successfully carried out in the country through contract farming through seed companies. The new 2000 agricultural policy aims to facilitate private sector involvement in agri-

business development through contract agriculture and land-keeping agreements to speed up technology transfers, capital inflows and the safe market for crops. The colonial era saw the introduction in different parts of the country of cash crops like tea, coffee and rubber, poppy and indigo, primarily through the central expatriate estate surrounded by a model of small farmers. In the 1920s in the coastal Andhra Pradesh, the ITC introduced cultivation of Virginia tobacco, which incorporated most elements of a fair contract farming method. In 1984 the auction was replaced. Located in the 1960s, organised public and private seed companies. In the nineties, the Pepsico started tomato culture in Punjab, under farming, in order to receive inputs for its paste factory set up as a requirement for entering India. It was sold to Hindustan Lever in 2000 and the Kissan Karnataka had already been purchased. In virtually all food processing ventures envisaging the 1980s and 1990s, contract farming was the strategy of choice. Contract agriculture is newly modelled and has even been tried to produce livelihood crops such as paddy, maize and wheat in bulk. Commodities cooperatives established in the 1950s provided their members with the majority of the services envisaged for ideal contract farming and bought back supplies at contract prices although these did not constitute purely contractual agreements. The succeeded enormously, leading to their replication and compelling private companies also to adopt similar approaches. In the past thirty years the contract farm has been promoted as an institutional innovation to improve the performance of agriculture within the less developed countries and is a remedy for market imperfections. This arrangement was implemented and used for the provision of price incentives, technology, and other agricultural inputs as one of its promising institutional mechanisms. The contract farming schemes included Local governments, private local businesses, multinational enterprises, some foreign assistance, credit agencies, etc. (Glover, 1993).

2. DEFINITION OF CONTRACT FARMING

The dictionary meaning of the term contract farming can be aptly described as a contract for managing or working on an area of land, used for growing crops and/or keeping animals.

Advantages for Farmers

The prime advantage of a contractual agreement for farmers is that the sponsor will normally undertake to purchase all produce grown, within specified quality and quantity parameters. Contracts can also provide farmers with access to a wide range of managerial, technical and extension services that otherwise may be unobtainable. Farmers can use the contract agreement as collateral to arrange credit with a commercial bank in order to fund inputs. Thus, the main potential advantages for farmers are:

1. Provision of inputs a
2. Access to credit;
3. Introduction of appropriate technology;
4. Skill transfer;
5. Guaranteed and fixed pricing structures; and
6. Access to reliable markets. Provision of inputs and production services –

In addition to the supply of essential inputs such as seed and fertilizer, many contractual contracts provide significant production support. Sponsors can also provide for land development; farming and harvesting as well as practices are pursued with a view to achieving anticipated yields and qualities. But such arrangements are in danger of causing a farmer to be nothing more than a worker on his own territory. Small farmers outside the contract-based farming environment also find it difficult to access inputs. Structural adjustment measures have especially disrupted fertilizers distribution measures across Africa, and the gap generated by closure of parasitic agencies has been adequately filled by the private sector. A vicious cycle has grown in many countries that do not adversely affect the supply and use of inputs as a result of low demand for inputs. By means of bulk ordering through management, contract farming can help overcome many of these problems. Entry to lending is difficult to secure loans for production inputs for most smallholder farmers.

With the collapse or restructuring, in the past the credit supply to farmers has been made difficult rather than decreased by many agricultural development banks and the closure of numerous boards for export crop marketing (especially in Africa). In order to finance production inputs, contract agriculture usually allows farmers access some form of credit. It is the sponsors who generate credit through their management in most cases. Agreements can, however, be rendered by crop lenses that are guaranteed by the sponsor, i.e. the contract serves as collateral, with commercial banks or public agencies. If significant investments, such as packaging or grading sheds, tobacco barns or heavy machinery are required for farmers, banks will not usually make loans without the sponsor's guarantees. Certain farmers' propensity to manipulate credit agreements through the sale of crops to purchasers other than sponsors (extra contractual marketing) or by diverting management input to other purposes prompted some sponsors to re-think their supply of most of their inputs and to opt instead for only seeds and basic agro-chemical products. The policies and conditions controlling progress are usually defined in contract attachments.

3. JOINT VENTURE AGREEMENTS

Meaning and Definition of Joint Venture

It is also a new term in contract law. Joint Venture may be defined as a contractual agreement or a business relationship between two or more people for the purpose of executing a particular business undertaking. All parties agree to share in the profits and losses of the enterprise.³⁶⁸

Types of Joint Venture

Joint ventures may take two different types, that is, joint ventures and joint ventures, both from a legal and organisational perspective. A new company, in which each of them has a given share of the share capital, is formed by two or more partners in shareholdings of joint companies. However, the only internal legal interactions between the parties on the one side and third parties on the other are restructured and governed on a contractual basis in contractual joint ventures. This is absent. Joint ventures of the equity type may include passive portfolio investments. Again, there are cross-company co-operative arrangements that are non-equity forms that may include practical relationships between the Company through intellectual property, know-how and other non-equity arrangements. The most common form of company is joint venture in India. For joint ventures there are no separate laws in India. Even with up to 100% foreign equity, the companies incorporated in India are treated equally with national businesses. One of the companies available in India could be a joint venture. For the time being in force in India, no law or legislation has defined the term "joint venture as well." In the case of Faqir Chand Gulati vs. Uppal Agencies, however, the Hon'ble Supreme Court of India. The Ltd. and Anr.] debated whether a partnership arrangement or joint venture arrangement for the contractor was agreed to make housing development for the property owner, or whether the contractor's operation falls firmly within the limits of the concept of "service to the land owner." In the case of the nature and nature of the instrument / document and the true purpose of the document, it was observed by the Hon'ble Supreme of India that a title, or a title, or a nomenclature of the instrument / document is not the determining factor in the terms of the document which are expressed in the intention of the parties. As such, the Apex Court sought to describe the term 'joint venture' and kept the word 'joint venture to be a legal entity of the nature of a partnership which is engaged in a mutual benefit transaction or an association of individuals or companies that jointly carry out a trade entity in which both contribute assets and share risks. This was the case with the Apex Court. Therefore, if there are no provisions for joint ownership of interest or business, or joint responsibility for damages, the use of the words «sojoint venture' or «social partnership' in the title of agreement, or in the body of an agreement shall not be a joint venture.

The Hon'ble Supreme Court of India, refuting the view of the Court that a corporation can not be named a joint venture when there is only a small amount of equity shares in a foreign company, owned in New Horizons Ltd vs Union Of India, that, in addition to owning an equity share in, the Indian group o is a shareholder. The SC held: â This illustrates that NHL is a joint business organisation, in which all of its assets are contributed, risks are shared and the benefit of a group of companies. Therefore it would not be right to claim that IIP, which has a major stake in the success of the undertaking and a shareholder shareholding of 40 percent, is a mere shareholder in NHL Ltd. It is therefore a Singapore corporation. As can be seen, this decision described a joint undertaking as symbols of a sharing of costs, the mutual interest, the commitment to assets, and the plan to jointly operate it. The Andhra Pradesh High Court protested that the definition of joint venture did not be clear in Gyprelmee (J V) vs. Andhra Pradesh . The Court said: — no law on India's Statute Book or State defines joint venture, but a party can be a partner with another individual , particularly adventure or enterprise, pursuant to Section 8 of the Partnership Act of

1932. In the case of such a "particular relationship" it lasts only until the reasons for which it came into being. The date for which the purpose is achieved and liabilities of individuals who join in a specific partnership for the specific adventure will only be dissolved until the purpose for which the company is formed is completed. These specific partnerships are limited to one single project in which the group members act jointly both at the tendering stage and at the tendering stage. Being unincorporated, common but over time, legal decisions acknowledged what is known as the "joint venture" of 'two or more persons/enterprises for the merger, on a specific trade basis or on general profits, of their property or labor.'The Supreme Court had the following to consider the importance of Joi in New Horizons Ltd v. Union Of India³.

Ventures without Equity Participation

If a joint venture between two companies is formed without equity participation, then in reality, partnerships are formed in which company's pool resources and maintain their respective identities. Ownership remains in the hands of each partner. One of the main advantages of engaging in non-equity venture is that they give new or foreign markets that may not otherwise be effectively accessible because of governmental barriers to foreign firms and a network of domestic enterprises that do not welcome newcomer.

Ventures with Equity Participation

In the joint venture with equity participation, each company has an invested equity stake in the joint venture. This is in contrast to the other venture, in which companies contribute machinery, technical know-how or even money but do not contribute in a joint ownership venture.

Rights of Joint Ventures

Parties in a joint venture have certain rights. Such rights include: - Equal control Equal power, control and influence over the joint venture projector transaction. However, the contract can give one party complete control.

Duties of Joint Ventures

In a shared undertaking, members have reciprocal obligations. These responsibilities include: the trust responsibility – a fiduciary responsibility simply means that any party to the joint enterprise is expected to behave in the best interests of all involved. Their duties include: That is an infringement of a fiduciary obligation for your own best interests and it may be an infringement of the contract if the joint venture is a contract. The New York Cour of Appeal held that partners within a partnership had a fiduciary obligation to warn each other of any business opportunities resulting from a commonly cited case of *Meinhard v. Salmon*. Joint liability – All parties concerned are jointly responsible if a third party is harmed by a joint undertaking. For the construction of a building a joint venture is formed. A brick drops and injures a pedestrian during construction, and then every joint venture is responsible for the injury of the pedestrian. Divulcation – The parties concerned would be disclosed with all details related to the joint venture. The contract should explicitly state which information must be shared by each party. It should be ensured. In compliance with the federal securities legislation, even tentative talks can be made public by one or both parties between the parties to a possible joint venture. However, in *Essential Inc.* the U.S. Supreme Court. Vs. *Levinson*³⁸⁵ claimed that, in view of the entirety of business entering into a joint venture arrangement, the disclosures for fundamental corporate transactions depend on a combination of both the indicated likelihood of a 'neeevent' and ,the expected magnitude of the event.

4. OUT SOURCING CONTRACTS

Outsourcing includes one or more usually — in-house, through external agents, operational tasks. Outsourcing is primarily motivated by the reduction in prices, in particular offshore outsourcing, which is possible because the per capita cost of labour in almost all offshore destinations is considerably lower. Taking these activities also enables businesses to develop their own business and to compete better with other firms in terms of better logistics, more competitive inventories, faster time markets, etc. The current wave of transactions outsourcing has changed many companies' view of business. Multiple-operating organisations also compete with smaller, more flexible firms that have reduced costs and lower priced goods and/or services. In some ways it has redefined the concept of growth, as the new mantra for businesses located in advanced economies concentrates on their "core competencies" and makes

it possible for other processes to be outsourced to India and China, thus reducing their operations essentially! And capital, Technology.

Reasons for Outsourcing

In order to prevent certain expenses – such as peripheral or "noncore" expenses, high taxes, high energy costs and excessive government regulation / mandates, production and/or labour costs – contract companies primarily outsource their businesses. US companies may be given greater incentives for outsourcing because of unusually high corporate taxes and prescribed benefits, such as social security, Medicare and security protection regulations (OSHA regulations). At the same time, US companies appear not to outsource executive or managerial costs to reduce their own incentives. Executive salaries in the US, for example, were over 400 times higher than the average number for workers in 2007, 20 times higher than in 1965. In 2011, 26 of the largest US companies paid the CEO's more than they paid in federal taxes. Such statistics imply that companies outsource the fact that they do not generally avoid costs but that specific types of costs are avoided.

Digital Outsourcing

The lack of available resources locally is a strong reason for outsourcing. This is especially true with regard to IT outsourcing, where US resources are lacking. Outside major cities this knowledge gap is noticeable. Countries like India and China's digital workforce are paid only a fraction of the US minimum wage. In contrast to the \$40,000-\$100,000 in countries such as USA and Canada, software engineers in Indian countries receive average range of 120,000 to 800,000 rupees (\$4,000 to US \$23,000). However, in comparison to traditional sweat shops and production facilities, most digital workers are able to choose their working times in developing countries, which are their businesses. Many individuals working away from home don't need to allocate additional funds for office setup, management salary or employee advantages for companies that require this type of work as these people are contractual workers. Another outsourcing method is to use a micro work service in order to perform repeated tasks otherwise for employees. More physically, there is a change in management methodology between higher management and employees on the production floor because inspection and feedback cannot be as direct and frequent as in internal processes. This typically includes assimilating new communications methods such as voice over IP, Instant Messaging and Problem Monitoring Systems and new time management methods such as time tracking software.

5. CONCLUSION

The superior party drawing up the contract can use fine paper together with the knowledge that the consumers rarely read the terms and conditions in the underlying transaction to profit the unsuspecting consumer. Buyers often buy on the basis of prices and quality, but several other factors deserve consumer attention in printing such transactions. These laws can and sometimes operate against the interests of consumers. While some people claim that customers can still walk on their feet or dollars and opt for these purchases, sometimes the customer does not know the conditions until they try to implement them against the customer, because they have not read the fine print. Worse, contracts with these unfair provisions often apply to whole industries and thus the consumer has no meaningful alternative choice. Worse still, companies often reserve the right of change to the terms of the contract, which makes comparison shopping unnecessary if there are always changes to the contract or the future contract. In addition to injury, such contracts often contain provisions on the compulsory arbitration, venue and/or choice of law, so that the dispute settlement no longer takes place in a forum in the public courtroom; they take place in a private sector of arbitrary arbitrators, which are neither obligated nor subject to supervision by the private sector. In a process which often has unknown and unquestionable results, contract law and consumer days have been â privatized.

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