



Is contract farming an inclusive alternative to land grabbing? The case of potato contract farming in Maharashtra, India



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ABSTRACT

In the recent explosion of attention given to the land grabbing phenomenon, contract farming has been identified as a potentially inclusive alternative for smallholders to outright acquisition of farm land by agri-business capital. This paper responds to these claims by resituating contract farming as an equally important form of land control. The focus of the paper is a case study of potato contract farming in Maharashtra, India. While there is ‘nothing new’ about contract farming as a mode of agriculture production in India, its influence on patterns of agrarian change is poorly understood. Adopting an agrarian political economy-informed livelihoods approach, the paper argues that rather than an inclusive alternative to land grabbing, contract farming in the study site represents another way that capital is coming to control land in rural India, with just as important implications for agrarian livelihoods. While some individual households have improved their livelihoods through participation, the contract scheme acts to reinforce already existing patterns of inequality. In particular, the unequal power relations between firm and farmer skew the capture of benefits towards the firm, and render participating households vulnerable to indebtedness and loss of autonomy over land and livelihood decisions.

1. Introduction

This paper problematizes recent attempts to position contract farming (CF) as an inclusive alternative to large-scale land deals involving acquisition. Questions of land control and use are central to rural livelihoods and development trajectories, and the economic, social and political history of agrarian places (Peluso and Lund, 2011). In the context of renewed interest in public and private investment in agricultural land, the phenomenon of global land grabbing has animated debates on rural development in recent years. Mainstream accounts tend to position large-scale investments in farm land as potential development opportunities for rural households and their communities (World Bank, 2011; Cotula et al., 2009). On the other hand, the critical agrarian studies literature has emphasised the potential dispossession effects of land deals on peasant farmers and the impact on agrarian structures (Borras and Franco, 2012; McMichael, 2012). To the extent that the mainstream literature recognises these potential deleterious impacts of land deals, it suggests these can be addressed through codes of conduct to ensure ‘win-win’ outcomes for investors and rural communities (Deininger, 2011). This has included the development by the Committee on World Food Security of a set of principles for responsible agricultural investment (RAI), where the focus is on designing institutional solutions (that remain voluntary) to reduce risk and harness the development potential of land investments (Borras et al., 2011).

CF, a mode of land control with a long history in the global south, has re-emerged in this debate as one potential institutional solution to ensure the benefits of land-based agricultural investments remain with smallholders. As part of this drive to balance the need for investment in agriculture with the rights and livelihoods of rural households, CF has been suggested as an alternative investment model for agribusiness capital to outright land acquisition or long-term large scale leases (Braun and Meinzen-Dick, 2009, 3; Cotula and Leonard, 2010, 3; Paglietti and Sabrie, 2013, iv; World Bank, 2011, 34). Given that CF schemes allow smallholders to retain ownership over their land, it is argued that funnelling investment in agriculture through CF can meet the needs of corporate agri-business while potentially increasing smallholder incomes. On the other hand, Borras and Franco (2012, 2013) point out that in different contexts it may be in the interest of capital to control land without expelling smallholders through CF. That is, CF may act as an alternative to acquisition *for* capital, driven by the same accumulation logic and imperatives as acquisition, and smallholders may be powerless to control the terms of their incorporation. CF can act as a way for capital to capture land *and* cheap labour, and smallholders may be rendered dependent on agribusiness for credit, market access and inputs. Here, the implications for agrarian structures are not based in exclusion, but rather in processes of ‘adverse incorporation’ (Du Toit, 2004).

This ambivalent position of CF, as on the one hand a possible

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inclusive alternative to land acquisition, while on the other as potentially harmful to smallholders, poses some important and under-researched questions for the land grabbing literature (Borras and Franco, 2012). What are the experiences of smallholders who enter CF arrangements? Does CF represent an inclusive alternative to land acquisition? Who is included and under what terms? These questions are particularly relevant in India, where institutional context and policy settings render large-scale acquisition of land impractical for capital. In India, CF allows agri-business to achieve “similar objectives through different institutional forms” (Hall, 2011, 202). While there is a long history of critique of CF in the agrarian studies literature (e.g. Little and Watts, 1994; Glover and Kusterer, 1990; Porter and Phillips-Howard, 1997; Carney, 1988), with the exception of Singh (2002) and Sivramkrishna and Jyotishi (2008) research into CF in India has so far been dominated by narrowly-focused microeconomic analysis of the average individual income or welfare outcomes of CF participation, with little attention given to how CF schemes intersect with existing agrarian social structures (for example Birthal et al., 2005; Birthal, 2008; Chakraborty, 2009; see Narayanan, 2014). Evidence from other contexts suggests that CF schemes may result in equally negative impacts on smallholder communities as land acquisition, including loss of control over land use decisions, increasing inequality, capture of benefits by local elites, and even eventual outright loss of land (Action Aid, 2015). In India, however, little is known about the implications of CF for livelihood patterns and agrarian structures at the local scale. This knowledge gap is striking given that expansion of CF for several different crops is now an agricultural development policy priority of the Indian Government (Planning Commission, 2013), and one that is presented as more politically palatable than direct acquisition of farm land by agribusiness (Singh, 2006). CF may present new livelihood opportunities for some households compared to land acquisition, yet it is unclear who will be included and under what terms. To begin to address this gap, this paper employs an agrarian political economy-informed livelihoods approach to understand the different experiences of rural households in a case study of potato contract farming in Satara district, Maharashtra, India. Through an in-depth case study approach, I problematize the win-win narrative of CF as an inclusive alternative to land grabbing by unravelling the experiences of different households as they come to engage with potato contract farming in different ways.

The paper is structured as follows. I firstly expand on the treatment of CF in the global land grabbing literature, before reviewing the development of CF in India and how it has been conceptualised in the literature. I then describe the case study methodology employed in the paper and outline the livelihood context of the case study village. In the final two sections, I interrogate how the CF scheme intersects with local livelihood patterns in the village, using the lens of contract participation. I conclude with a critical assessment of the ‘win-win’ narrative around CF and its potential as an inclusive alternative to land grabbing.

2. Contract farming in the land grabbing debate

Notwithstanding the popularisation of the term ‘land grab’ in the media in recent years, Peluso and Lund (2011) argue that contemporary land deals are just the latest iteration of practices of *land control* that have animated and driven the historical development of capitalism. While the mechanisms, actors and frontiers of contemporary land control are certainly new, many of the practices (enclosure, exclusion, alienation) are remade in different contexts. Land control remains no less important to contemporary capital as it seeks to fix and consolidate forms of access and exclusion to enable accumulation (Peluso and Lund, 2011, 668). In terms of drivers, the new wave of land deals in the Global South is primarily attributed to a confluence between global food and energy crises (Wood, 2009; Hall, 2011; White et al., 2012). The social and political implications of the 2007/2008 global food crisis, where food crop prices spiked to unprecedented levels, combined with the emerging biofuels complex, has increased pressure on

governments to secure access to cheap food for their populations. This ‘scramble for land’ particularly focused on Africa (Oxfam, 2011). However, as Borras et al. (2012) argue, the contours of contemporary land control go well beyond this simple food-fuel-Africa nexus. Rather, the dynamics of the corporate food regime, namely market liberalization, the financialization of agriculture and the expansion of corporate-controlled and export-oriented agri-food value chains, have created the conditions for a new global enclosure that takes many forms (White et al., 2012). Increasingly mobile agribusiness capital is seeking out new opportunities to control agricultural land for accumulation, sometimes aided by states under the pretense of food and energy security, other times through everyday processes of enclosure (McMichael, 2012; Borras et al., 2012). Contemporary land control deals therefore differ greatly in scale, geography and form, with different outcomes for local people.

In response, a number of typologies have been developed to capture the institutional, economic and social nuances of land control deals, a project initiated by Borras and Franco (2010, 2012) who argue that we must account for the ‘many faces’ of contemporary changes in land control. Building on this, Hall (2011) suggests a fivefold typology of models through which land control deals take place. Hall’s first three types - *extraction*, *enclave* and *colonist* models - typically involve the outright dispossession of local land users. However, not all types of land grabbing or land control deals necessarily involve the expulsion or dispossession of people from their land (Borras and Franco, 2012; Borras et al., 2012). Borras et al. (2012, 850) emphasize this distinction through the concept of *control grabs*, where land deals are really about “grabbing the power to control land and other associated resources...in order to derive benefit from such control of resources.” Forms of control grabbing may involve outright purchase or dispossession, but equally may involve short or long term leasing arrangements or CF. For example, it may be in the interest of capital in particular contexts to control agricultural land use through CF, rather than establish corporate farming models through outright ownership.¹ However, the resulting impact on agrarian structures may be no less significant, as capital still comes to control land as a key factor of production as it introduces or expand production relations determined by the accumulation imperatives of capital (Little and Watts, 1994; Borras et al., 2012). Accounts of land control deals that are restricted to only large-scale acquisition of land will therefore miss the diverse ways in which land deals that do not involve dispossession impact upon agrarian relations. As Hall (2011, 206, emphasis added) argues “(T)he presumption that land grabbing produces ‘development-induced displacement’ of smallholder farmers may obscure the degree to which...it *incorporates* smallholder producers in new social relations and patterns of accumulation.” Hall (ibid) therefore suggests two additional models under which land control deals may take place: an *outgrower* model, where peasant farmers are incorporated into commercial value chains through a core processing estate, and *commercialisation in situ*, where peasant farmers are incorporated into new or transformed value chains without any core estate. In both these types, capital typically seeks to control land through CF arrangements.

This view of CF (as another form of land control for capital) contrasts with an emerging view of CF as a potentially less harmful or more inclusive *alternative* to land grabbing. For example, IFPRI (Braun and Meinzen-Dick, 2009, 3) argues that:

“contract farming and outgrower schemes that involve existing farmers and land users can enable smallholders to benefit from foreign investment while giving the private sector room to invest... contract farming or outgrower schemes are even better (than lease or purchase) because they leave smallholders in control of their land but still deliver output to the outside investor.”

¹ White et al. (2012, 634) refer to these arrangements as “control grabs without enclosure”.

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