

IMPACT OF CONTRACT FARMING ON COUNTRY BEAN PRODUCTION DURING COVID-19 IN NARSINGDI DISTRICT OF BANGLADESH

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Executive Summary

The study assesses the impact of contract farming on country bean production in Narsingdi district of Bangladesh. The study employed descriptive statistics, Probit model, Propensity Score Matching method to achieve the set objectives. Data were collected from 120 contract and 180 non-contract farmers by using pre-tested interview schedule. Simple random sampling technique was used to select the sample. Significant T value indicated that there was significant difference between contract and non-contract farmers in case of years of schooling, access to modern seeds, ownership of bicycle, and bean cultivation area. It was found that bean production was profitable both for contract and non-contract farmers. The PSM results showed that contract farming has positive significant effect on bean production, gross margin, net revenue, and market price of bean. To check the robustness of the results, inverse probability weighting (IPW), and inverse probability weighted regression adjustment (IPWRA) gave the similar results. Probit model showed that farmer's age, market information, credit source from company had positive significant impact on the determinants of adoption of contract farming in the study area. On the other hand, farmer's ownership of bicycle and rented land had negative significant impact on the adoption of contract farming. Contract farmers mentioned different problems in the research area. Their two crucial problems were companies do not advance cash to the farmers and the companies do not share risk of the farmers. On the other hand, price fluctuation of bean and lack of capital with low interest rate were the fundamental problems of non-contract farmers. Most of the contract farmers did not have any written document and it is necessary to have written document of the contract for the contract farmers. Proper monitoring should be taken from local agricultural office for farmer's different agricultural contract with different companies to improve the existing production and marketing of bean in the research area.

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