

Category	: International Rice Research Conference
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Keyword 1	: Strengthening seed systems
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Title of Entry	: Group contracts and sustainability - Experimental evidences from smallholder rice seed production
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Abstract : Contract farming in seed production has played an instrumental role in bringing private investment into seed research and production. Seed producers are the most important part of the supply chain. However, inefficiencies in the institutional mechanism hinder the seed producers from realizing the full potential benefits of seed contracts. The present study attempts to analyze the producer's preference for group contracts and its impact on the welfare of actors in the seed value chain. We propose two types of group contracts, viz, contract B (company-organizer-seed producers group (SPG)) and C (company-SPG). We carried out an economic experiment using real producers and organizers currently engaged in seed production. Producers face a choice between an existing contract and either of the proposed group contracts. The experiment consists of two treatments, i) concealed and revealed price information and ii) presence and absence of local organizer while making the choice decision. We find that preference for contract B is higher than contract C and the existing contract. Contract B shows higher price bargaining under the concealed price information compared to revealed treatment. Average group life of SPG is 3.78 periods and more than half of the groups (53%) survived throughout the five rounds indicating a very high sustainability.

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