**SYNOPSISES**

**CONTRACT FARMING IN A DEVELOPING COUNTRY WITH POSSIBLE RENEGING: CAN IT WORK?**

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One of the Millennium Development Goals adopted by the United Nations is the eradication of extreme hunger and poverty. Since a large proportion of the population in developing countries is rural, and engaged in agriculture, this goal is closely related to profitability and crop yield management of small-scale farmers in those countries. The most common approach for addressing the problems of the global and national food security as well as the rural poverty and equity issues has been government intervention. While such interventions are well intentioned and often provide short-term relief to farmers, their outcomes have been at best mixed in terms of providing long-term sustainable solutions. Meanwhile, the private sector may play an increasing role in improving the overall efficiency in the agriculture industry and the agri-business industry. One of the avenues of forming a symbiotic partnership between private corporations and farmers is through contract farming. Despite several potential advantages of contract farming to both the corporation and the farmers, one of the problems associated with its implementation is that farmers may sell outside the contract. Motivated by this concern, we consider a model of contract farming which explicitly accounts for the possibility of the farmer’s reneging. We show that granting farmers the option of reneging on the contract may improve the manufacturer’s expected profit, and identify the conditions under which such an improvement can be expected.

**EFFICIENCY DYNAMICS AND SUSTAINABILITY OF THE INDIAN IT-ITES INDUSTRY: AN EMPIRICAL INVESTIGATION USING DEA**

Sankalpa BHATTACHARJEE

The Indian IT-ITeS industry has been successful in positioning itself as one of the most favoured outsourcing destinations, especially since the beginning of the 21st century. However, in recent times, issues concerning sustainability of the industry have come to the forefront with the outbreak of the sub-prime crisis in major industrialised nations (notably the US). This has resulted in lower offshore outsourcing; alarming wage inflation eroding cost arbitrage; stiff competition from various low-cost destinations eating into India’s share in the offshore outsourcing pie; lack of product innovation leading to overwhelming specialisation in services (and not products) and thereby lower earnings; and exchange rate vulnerabilities resulting in uncertain export realisations. In view of these developments, efficiency considerations have assumed prominence. Using the DEA technique, this paper argues that the key to sustainability rests on the operational efficiency of the players. Primary data for this study has been collected from STP Kolkata for a period of 15 years. The results reveal that (technical) efficiency varies across industry segments. In particular, software development units are more efficient compared to their counterparts in the ITeS segment. Further, efficiency increases with greater global orientation of the unit. The study brings to light the inherent heterogeneity in the industry which is apparent on two fronts. On the one hand, there are a few big players and a large number of smaller units which ensure that the industry remains highly concentrated. On the other hand, segment wise analysis reveals that whereas the software development units continue to be leading foreign exchange earners, the ITeS segment seems to provide ample employment opportunities, albeit lower compensation. In view of these findings, the study prescribes segment-specific policies for sustainability of the industry instead of a uniform policy that has been the usual practice.