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Opinion: Horticulture—Driving India's agricultural growth

Horticulture got a major boost post 1991 reforms when the markets began to liberalise and small and marginal farmers spotted the business opportunity in cultivating fruits, flowers, vegetables, and spices

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By-M

Srikanth and G Narendra Kumar

As the number of marginalised farmers in India continues to swell, diversification of cropping

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these times has emerged as a popular diversification to adapt to the changing needs given the current rise in urbanization, higher disposable incomes, changing dietary habits of the populace, etc.

As per the latest [Food and Agriculture Organization](#) data regarding the situation of farmers in India, small and marginal farmers increased from 65% in 1980 to 82% in 2019. This group of farmers face several challenges owing to the diversification of cropping patterns.

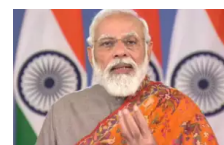
The new trends have, however, resulted in higher consumption of fruits, vegetables, and dairy products beyond staple cereals and ultimately led to sustainable growth in the Indian agricultural sector.

The background: India attained self-sufficiency as well as market surplus in food grains after the successful launch of the green revolution. This shifted the focus of Indian farmers from 'subsistence farming' to 'sustainable farming'. Since the 1980s, the [government of India](#) promoted diversified cropping patterns in agriculture, through various research institutes and extension services, in order to make it lucrative. Consequently, horticulture got a major boost post 1991 reforms when the markets began to liberalise. More specifically, the small and marginal farmers spotted the business



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vegetables, and spices which are in high demand and are relatively remunerative when compared to food grains.

Hence, the gross cropped area increased from 3.97% in 1980 to 6.77% in 2016, and the value of output in the horticultural sector more than doubled from 13.37% to 32.13% during the same period (Government of India, 2019).

Issues in horticulture: While the importance of horticulture and livestock activities is well recognized for better income of small and marginal farmers and nutritional security of the nation, some researchers highlighted the challenges faced by the farmers engaged in horticulture: lack of access to adequate and timely bank finance, absence of market intelligence and infrastructure (post-harvesting) facilities.

The farmers don’t have free access to institutional credit due to huge documentation formalities, lack of collateral security, financial literacy & education, etc. Besides, insufficient storage and processing facilities make the horticultural produce as highly perishable commodities. The horticultural crops such as cashew, mango, and rubber have longer gestation periods when compared to food grains and are capital intensive.



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not enjoy a safety net in the form of Minimum Support Price (MSP). It is a formidable challenge for small and marginal farmers to cope with the high price fluctuations especially when the supply exceeds the demand in the market. This is also evident from demonetization and Covid-19 times when the prices of fruits and vegetables were highly volatile. Further, the farmers don't have market intelligence which deters them in capitalizing on export business opportunities.

Horticulture as a growth driver: Notwithstanding the above, India is the second largest producer of fruits and vegetables in the world and holds the first rank in production of banana, ginger, lemon, mango, okra, and papaya. India's total horticulture production stood at 313.85 million tonnes during 2018-19. According to Table 1, horticulture emerged as a key driver of growth in the Indian economy between 1992 and 2017.

Table 1: Growth Rate of Agriculture and Horticulture (%)

Period	Agriculture	Horticulture
1992-97	4.80	5.06
1997-2002	2.50	5.34
2002-07	2.40	4.20
2007-12	4.10	5.30
2012-17	1.30	2.65



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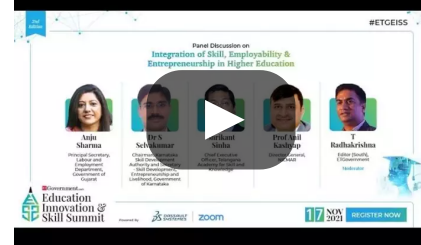


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However, India's share in export of processed fruits and vegetables is less than one per cent of the global market. Essentially, horticulture development is a function of rainfall/irrigation, availability of fertilizers, average size of land holding, population density, per capita income and marketing infrastructure, etc. As the average size of land holding of Indian farmers (1.08 ha) has been shrinking continuously, small and marginal farmers resorted to cultivation of fruits, vegetables, and flowers since family labour is normally available for them.

The way forward: Indian farmers can double their income sooner than later if all the stakeholders strive towards integration of horticultural activities i.e., from farm to home. Around 30 per cent of fruits and vegetables produced in India are wasted and do not reach the final consumer owing to inefficient supply chain management. As a result, post-harvest losses are estimated at around Rs 2 lakh crore per annum. Government's recent initiatives such as extension of 'Operation Greens (TOP – Tomatoes Onions Potatoes)' to all fruits and vegetables, creation of farm-gate infrastructure for cold chains will enable long-term investments in agriculture thereby strengthening agricultural value chains as well as post-harvest management, thereby reducing wastages.



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infrastructure such as all-weather roads, ports, power, telecom, cold storages (physical infrastructure facilities), hospitals, schools (social infrastructure facilities), etc. This will ensure that horticulture will continue to be a profitable business.

Similarly, the cluster-based approach and scheme for formalization of [Micro Food Enterprises](#) will create sustainable livelihoods for the small scale entrepreneurs in food processing industry and leverage on consumption driven/self-reliant Indian economy. As the small and marginal farmers do not reap the benefits of economies of scale due to structural issues in agriculture, farmer producers organizations (FPOs) have the potential to take off in a big way as in the case of Sahyadri Farms in Nashik, that exports grapes to Europe at remunerative prices. Further, convergence of FPOs with self-help groups helps in reaping the synergies of entire agricultural value chain i.e, farm to fork.

The PM Street Vendors Atma Nirbhar Nidhi (PM SVANidhi) scheme, that provides affordable and collateral-free working capital loan to street vendors, may be extended to small and marginal farmers cultivating fruits and vegetables. Further, the training and capacity building of farmers should take place in respect of various government schemes namely Krishi UDAAN (better air connectivity for export of perishable

subsidy of up to Rs.5 crore for establishing food processing units), and Production Linked Incentive Scheme (for Food Processing Industry to support creation of Indian food brands in the international markets).

In sum, horticulture is a promising source of income enhancement, rural development, and export promotion. India can process 25% of its fruits, and vegetables and become a major exporter if sufficient emphasis is given to resource allocation, technology, infrastructure development, and better policy framework for the horticulture sector.

(Srikanth is Associate Professor and Director (Finance), DDU-GKY, and Narendra Kumar is senior IAS officer posted as Director General, [National Institute of Rural Development and Panchayati Raj](#), Hyderabad. Views are personal.)

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