Prospects of Agribusiness Ventures in Kerala

Summary

The study intended to see how far agribusiness can play a vital role in the development of agricultural economy of Kerala by examining the cropping pattern, analysing the extent of value addition and agro-processing and identifying the viable processing units especially in fruits and vegetables.

Kerala has been undergoing a structural transformation indicating a shift from agrarian economy towards service sector dominated economy. The domination of commercial and horticultural crops in the cropping pattern of Kerala offers a great scope for a variety of agribusiness opportunities. The concept of agribusiness is not popular among the farmers and the extent of processing and value addition is very low. Only 2 per cent of vegetable and 4 per cent of fruit production in India are being processed in sharp contrast to other developing countries like Malaysia (83 per cent), Philippines (78 per cent), Brazil (70 per cent) and Thailand (30 per cent). The fruit and vegetable processing industry is highly decentralized and the units are in the small scale sector.

Fruits and vegetable processing is highly unorganised and lack of infrastructure to transport and store is the major challenge faced by this sector. The literature review reveals that there is great scope to do agribusiness with fruits and vegetables like mango, papaya, guava, pomegranate, lime, sweet orange, banana, grape, sapota, carrot, cabbage, cauliflower, beans, tomato, onion, pea, mushrooms etc. Indian Council of Agricultural Research (2011) placed a high priority to ‘secondary agriculture’ that concerns with pre-production and post-harvest management to reduce crop losses and to facilitate the processing of the produce into value-added products by developing multi-commodity processing technologies.

Expansion of agribusiness in India can be motivated by increased market demand, liberalization of policies governing investment in agribusiness, advances in the basic science and engineering, strengthening of intellectual property rights and increased government investment in research and education (Carl and Latha, 2012). Mobile vans are arranged in Delhi to bring Kerala greens at the doorsteps of various colonies at a particular day every week with the help of Kerala State Horticultural Products Development Corporation Limited (Shobha, 2012). Kerala youth set a new trend by opting
for agribusiness in banana cultivation supported by Kerala State Horticulture Mission, Janashree Mission and Rashtriya Krishi Vighyan Yojana (Laxmi 2013).

The study reveals that the domestic supply of quality fruits and vegetables is less than the domestic demand in the state and the deficiency is due to limited area of cultivation, high post harvest losses, poor transportation facilities, improper storage and low processing capacity coupled with the growing population. Farmers complain of low price for the produce and this happens because they sell it in the raw form due to lack of facilities and awareness of the potential of value addition and processing. Production fluctuates due to the vagaries of nature, low productivity and low price especially during harvesting season. Cost of cultivation is very high due to increasing labour charges, high price of fertilizers, insecticides and farmers often face the problem of labour shortage. Agricultural marketing system is not sufficiently networked except the limited role played by VFPCK.

It is evident from the field survey that, there is reasonable surplus produce after leaving for domestic use and 95 per cent farmers sell their produce in raw form through VFPCK. Kodakara block has a high marketable surplus in rice, banana and jackfruit. The important processing, value added products with potential are identified from the block and they are rice powder, rice aval, rice ball, rice fried and sweet, rice dishes, banana powder, banana chips, banana sugar cot, banana wafers, banana halva, banana dishes, jack fruit chips, jack fruit sugar cot, jack fruit papad, jack fruit in row form, jack fruit halva and jack fruit dishes. The identified projects are found to be financially and economically viable and feasible with a Benefit Cost Ratio of 1.6.

Promotion of processing and value addition helps to increase more employment opportunities in the block, to make agriculture more profitable, to attract the younger generation to agriculture, to get fair price for farmers’ produce and to reduce poverty and inequality. Farmers opined that they do not get time for value addition and processing and thus it is appropriate to suggest the alternatives of processing and value addition since there is enough potential for agribusiness activities. The following policy measures are suggested to support processing and value addition.

Krishi Bhavan can take the initiative to educate farmers to select crops based on agro climatic conditions and other scientific norms and effective input supply management and distribution can increase productivity. Viable and feasible value added products and projects can be identified with the help of local self government institutions. Banks and
government can provide financial support and incentives. Processing and value addition can be done through small individual units or group activities or through Agri Clinics under the NABARD scheme or linkage with decentralized units with the assistance of VFPCK, SHGs, Kudumbasree, NGOs and women empowerment activities. Start crop and location specific ‘agro processing clusters’ for promoting value addition and processing. Strengthen the role of Agricultural universities with respect to the training given to potential entrepreneurs.

Internal quality grading standards is to be set compatible to international standards to integrate global agriculture with domestic agriculture. Problems of power failure and erratic power supply is to be solved due to the perishable nature of fruits and vegetables. Government should give assurance with respect to the marketing and storage of value added products in rural areas. Encourage the marketing of local fruits with brand name, packing and labelling through local fruit stalls.

The younger generations are not motivated and involved in agricultural operations due to ‘low profile’, and ‘preference for white collar jobs’. There is an urgency to avoid the next generation from quitting this sector which is regarded as the backbone of the economy as well as the poor. To give awareness about the potential of agribusiness and to attract the youth, include agricultural operations, processing and value addition in the school curriculum.

In order to solve farmer’s problems and to tap the potential of soil fertility and favourable climate for raising fruits and vegetable production in Kerala, we have to establish forward and backward linkages. In this respect, the existing as well as new agri-entrepreneurs should come forward with new and diversified agro-processing technologies and value addition methods to make more nutritive food items from low grade row fruits and vegetables.

**Works Cited:**


2. Indian Council of Agricultural Research. "Priorities in Agriculture during the XII Five Year Plan", 2011
