

## Agribusiness Potential of Commercial Crops in India

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### SUMMARY

India is an agriculture-based country and agribusiness has played a key role in India's economy for decades. Commercial crops such as cotton, sugarcane, jute, coffee, tea, and rubber have long been important to the Indian agricultural industry. These crops have significant potential to drive growth in the agribusiness sector of the Indian economy. This paper explores the agribusiness potential of commercial crops in India and discusses some of the challenges associated with their cultivation and marketing. For example, cotton is the most important commercial crop in India, accounting for approximately 5% of its GDP. It is grown predominantly in the states of Maharashtra, Gujarat, Punjab, and Haryana. Similarly, sugarcane production is concentrated in the states of Uttar Pradesh, Maharashtra, and Karnataka. The cultivation of coffee is limited to southern India, with Karnataka, Kerala, and Tamil Nadu being the major coffee-producing states. The cultivation of tea is concentrated in the north-eastern states of Assam and West Bengal. And lastly, rubber is grown primarily in Kerala and Tamil Nadu. While these commercial crops offer significant potential for agribusiness growth in India, there are several challenges associated with their cultivation, including the need for improved technologies and infrastructure, the high costs of inputs, and competition from other countries. Nonetheless, with the right policies and investments, the potential for growth in the agribusiness sector of India's economy is significant.

### INTRODUCTION

India has a vast potential for agribusiness in commercial crops. Some major commercial crops grown in India include food grains, cotton, sugarcane, tea, coffee, spices, and fruits. India is the world's second-largest producer of wheat and rice, and these crops are considered the backbone of Indian agriculture. Cotton is another important commercial crop in India, and it is the world's largest producer and second-largest exporter of cotton. Sugarcane is also an important commercial crop in India, mainly used for sugar production. India is also known for its spice production, with many spices being grown in the country, including pepper, cardamom, turmeric, cumin, coriander, and others. Tea and coffee are also important commercial crops in India, with India being the world's largest producer and exporter of tea. Fruits are another important commercial crop in India, with India being one of the largest producers of horticulture crops. Overall, India has a vast potential for agribusiness in commercial crops, with many crops grown in different regions. These crops are grown in food crop sequences in other agro-climatic conditions. In the 12th Five-Year Plan, under the NFSM, the cropping system approach is being adopted by including commercial crops like cotton, jute, and sugarcane to meet the demand for both food & cash crops.

As per 2nd Advance Estimates for 2020-21, total oil seed production in the country is estimated at 359.5 lakh tonnes. The output during 2020-21 is also higher by 324.8 lakh tonnes than the previous ten years (2010-11 to 2020-21) total oil seed production. The entire production of Coffee during 2020-21 is estimated at 3340 lakh tonnes. It is higher by 320 lakh tonnes than the ten years' total production of 3020 lakh tonnes. Production of Cotton is estimated at 352.5 lakh tonnes. It is higher by 22.5 lakh tonnes than the total cotton production of 330 lakh tonnes. Production of raw jute & Mesta is estimated at 93.5 lakh tonnes. It is lower by 12.7 lakh tonnes than the total raw jute & Mesta production of 106.2 lakh tonnes. Production of Sugarcane is estimated at 4054 lakh tonnes. It is higher by 630.2 lakh tonnes than the total Sugar production of 3423.8 lakh tonnes. Production of tea is estimated at 12803.3 lakh tonnes. It is higher by 3136 lakh tonnes than the total tea production of 9667.3 lakh tonnes. Production of tobacco is estimated at 7.6 lakh tonnes. It is lower by 1.2 lakh tonnes than the total tobacco production of 8.8 lakh tonnes (<https://www.indiastat.com/data/agriculture/commercial-crops>).

Total world production of saffron is around 300 tons per year. Iran, India, Spain and Greece are the major saffron producing countries with Iran occupying the maximum area and contributing about 88% of world's saffron production. Though, India occupies the 2nd largest area but produces approximately 7 per cent of the total world production. Jammu and Kashmir is the only state in India where saffron is produced. Spain with 600 ha of land is the 3rd largest producer with an average productivity of 8.33 kg/ha which is highest in the world. The total

area under saffron cultivation in J&K is 3715 ha with production and productivity of 16 MT and 3.0 – 4.0 kg/ha, respectively. Saffron in J&K is primarily cultivated in four districts (Pulwama, Budgam, Srinagar, Kishtwar) with 86% saffron farming system in heritage site of Pampore over 3200 hectares. Pampore being peri-urban is under threat of commercialization /colonization therefore extending saffron cultivation in new potential and non-traditional areas of J&K will provide more sustainability to the saffron cropping system. This will help to further improve overall saffron production of J&K keeping in view National demand of 100 M.T besides providing livelihood security to the marginally poor farmers of J&K (<https://iiim.res.in/saffron-production>).

#### **Financial security ensure through commercial crops:**

Commercial crops play a crucial role in ensuring financial security in India. These crops are primarily grown commercially and sold in the market to generate income. Some major commercial crops grown in India are cotton, sugarcane, tea, coffee, spices, oilseeds, and cashew nut. Commercial crop cultivation helps generate farmer income, provides employment opportunities, and contributes to the country's overall economic growth. It also helps reduce dependence on traditional crops, often affected by weather, pests, and diseases. The government of India has taken several steps to promote commercial crop cultivation in the country. It provides financial assistance to farmers for crop production, offers subsidies on fertilizers and pesticides, and promotes modern technologies to enhance crop yields. Additionally, the government has introduced several schemes to enhance the marketability of commercial crops. The National Agricultural Market (eNAM) is an online trading platform that enables farmers to sell their produce directly to buyers nationwide. The scheme helps eliminate intermediaries and ensures better prices for farmers. The government has also launched projects to ensure credit availability to farmers for commercial crop cultivation. The Kisan Credit Card (KCC) scheme provides farmers easy access to credit for crop production, post-harvest expenses, and other agricultural activities.

#### **e-NAM leverages better marketing of commercial crop:**

The e-NAM platform leverages better marketing of commercial crops by providing farmers with a more extensive customer base, transparent pricing, reduction of intermediaries, better quality control, and payment security. These factors encourage farmers to grow more commercial crops and contribute to the growth of the Indian agriculture sector.

#### **Type of support required for Commercial crop growing farmers:**

Commercial crop farmers require various types of support to maximize their yield, increase profitability, and ensure sustainability. Commercial crop-growing farmers need a range of support - financial, technical, market linkages, infrastructure, and research and development. Governments, private organizations, and other stakeholders can provide this support to ensure the sustainable growth of the commercial crop farming sector.

#### **Weather and price risk in commercial crops:**

Weather and price risks are some of the significant challenges that commercial crop farmers face. These risks can significantly impact the profitability and sustainability of farming operations. Here are some ways to address weather and price risks in commercial crops that require a combination of strategies, including diversification, crop insurance, irrigation, market intelligence, and contract farming. These strategies can help farmers manage their risks and improve their profitability and sustainability in the long run.

#### **Intense competition in the International market while exporting the commercial crop:**

There are several ways farmers can face intense competition in the international market while exporting commercial crops. Here are some strategies they can adopt: focus on quality, build relationships with buyers, differentiate their products, collaborate with other farmers, invest in branding and marketing, and Stay up-to-date with market trends. By implementing these strategies, farmers can better position themselves to compete internationally while exporting their commercial crops.

#### **Type of value addition extent for processing of commercial crops:**

Value addition refers to enhancing a product's value through various stages of processing, packaging, and marketing. The extent of value addition for the processing of commercial crops can vary depending on the harvest and the market requirements. Here are some examples of value-addition techniques that can be applied to commercial crops: Cleaning and Sorting, Grading and Standardization, Drying, Milling and Grinding, Roasting

and drying, Packaging, Branding, and Marketing. By applying these value-addition techniques, farmers can add value to their commercial crops and make them more competitive. This can lead to higher prices, increased profits, and a more Sustainable agriculture business.

#### **Financial Assistance is required for growing commercial crops:**

Agriculture can be a capital-intensive business, requiring significant investments in land, seeds, fertilizers, machinery, and other inputs. Here are some common ways farmers can obtain financial assistance for growing commercial crops: Agricultural loans, Government subsidies, Crop insurance, Agricultural grants, Crowdfunding, and Farming cooperatives. By obtaining financial aid through these and other means, farmers can finance the growth of commercial crops and ensure a stable income.

#### **The existing scheme available from MA&FW for supporting commercial crops:**

The Ministry of Agriculture and Farmers Welfare (MA&FW) offers several schemes and programs to support the cultivation and marketing of commercial crops. Here are some of the existing schemes:

**Pradhan Mantri Fasal Bima Yojana (PMFBY):** This is a crop insurance scheme that provides financial assistance to farmers in case of crop losses due to natural calamities, pests, and diseases. The scheme covers all food and oilseed crops, as well as commercial crops.

**Paramparagat Krishi Vikas Yojana (PKVY):** This is a scheme that promotes organic farming and sustainable agriculture practices. Under this scheme, farmers can receive financial assistance for the conversion of their farms to organic farming, as well as for the adoption of organic farming practices.

**Rashtriya Krishi Vikas Yojana (RKVY):** This is a scheme that supports the development of agriculture and allied sectors in the states. The scheme provides financial assistance for various activities, such as crop diversification, seed production, and the promotion of agro-processing industries.

**National Food Security Mission (NFSM):** This is a scheme that aims to increase the production of food crops, including commercial crops, through the adoption of modern technologies and improved farming practices. The scheme provides financial assistance for various activities, such as the distribution of high-yielding varieties of seeds, the promotion of integrated pest management practices, and the development of post-harvest infrastructure.

**Market Intervention Scheme (MIS):** This is a scheme that aims to support farmers by providing them with a minimum support price for their crops. Under this scheme, the government procures crops at a pre-determined price and sells them in the market to stabilize prices and ensure a fair return to farmers.

These are some of the existing schemes available from MA&FW for supporting commercial crops. Farmers can take advantage of these schemes to improve the productivity and profitability of their agricultural activities.

#### **CONCLUSION**

India has significant agribusiness potential in the production and marketing of commercial crops. The country has diverse agro-climatic conditions suitable for growing various commercial crops, including cereals, oilseeds, pulses, fruits, vegetables, and spices. The government also has a large and growing domestic market for these crops and a growing demand in the international market. However, the agribusiness potential of commercial crops in India is still largely untapped due to several challenges, such as low productivity, inadequate infrastructure, post-harvest losses, and limited access to finance. Nevertheless, the government of India has implemented several schemes and programs to support the cultivation and marketing of commercial crops, such as the PMFBY, PKVY, RKVY, NFSM, and MIS. It is essential to improve productivity and quality, enhance post-harvest infrastructure, promote value addition and branding, and strengthen market linkages. By addressing these challenges and implementing appropriate policies and programs, India can develop a vibrant and sustainable agribusiness sector that can contribute significantly to the country's economic growth and food security.

#### **REFERENCES**

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