

## Short Communication

# DIVERSIFICATION IN AGRICULTURE: A FRAMEWORK OF AGRI BUSINESS FOR LINKING FARMERS TO MARKET

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## ABSTRACT

Agricultural diversification involves use of resources from low value commodity mix to high value commodity mix. It mainly focuses on horticulture, dairy, poultry, and fisheries sector. Agribusiness encompasses, agricultural inputs, agricultural production, agro processing, marketing and trade. Agribusiness provide backward and forward linkage related to production, processing, marketing, trade, and distribution of raw and processed foods, feed and fiber including supply of inputs and services. This study provides conceptual frame work for linking farmers to markets in an entrepreneurial way and discuss the need of diversification, for minimize the risk in agriculture and how farmers can shift from agriculture to agribusiness. Most of the farmers in our country are small and marginal and they are cultivating crops only for home consumption or as subsistence farming. So there is need to encourage them for diversify their farming and link them to the markets for better price. Regular and quicker return is obtained from various enterprises and less risk to crop failure and market price of the product is one of the most important advantages for farmers. Farmers need good price for their produce in market, transportation cost for small holding farmers is constraints and distress sale is the problem for most of the farmers. So diversification in agriculture is the option for farmers to start different crops enterprises. The concept of agribusiness with linking farmers to market is the new changing perspective of agriculture for the country.

## INTRODUCTION

Diversification in agriculture involves the flow of resource from medium or low commodity value to high commodity value. It mainly focuses on integrated enterprise like agriculture, horticulture, dairy, poultry, fisheries etc. Diversification in agriculture helps in reduce risk and helps in daily earning and profit. Fruits, vegetables and others exportable crops often termed as 'high value' crops in the ongoing diversification-led growth of Indian agriculture (Joshi *et al.* 2007) In our country different crops can be cultivate, so diversification in high value cash crops can possibly increase farm income. Study provides conceptual frame work for linking farmers to market in an entrepreneurial way and discuss the need of diversification, for minimize the risk in agriculture and how farmers can shift from agriculture to agribusiness. Change in consumer taste and preference also lead to increase demand of various value added product which come from agriculture. The farmers are draining to include or additional high value crops in to the cropping system (Singh, 2011).

Opportunities for diversification are increasing because growing new crops and raising income from livestock

possibly government also taking initiative for increasing farm income specially the concept of doubling the farmers income's by 2022. So shifting from agriculture to agribusiness is emerging concept in agriculture and this is profitable for the farmers to earn additional income. National Horticultural Board giving subsidies to the farmer for raising the orchard on the farm and so many agricultural financing institution or banking also giving subsidies to raise the animal for milk production. Some new scheme initiated by government for linking farmers to the market. Agriculture is producing 4ps feed, fiber, fuel, food and other goods by systematic growing and harvesting of plants and animals ( De and Jirli, 2017) Precision horticulture may help the Indian farmers to harvest the fruits of frontier technology without compromising the quality of land and produce. In the overall perspective, with the introduction and adoption of modern technologies, agriculture sector is expected to achieve a vertical growth (Himani B. Patel, 2016)

a.Agricultural Credit–Availability of credit helps to farmers to timely purchase basic agriculture inputs and for regular functioning of the enterprise.

b. Pradhan Mantri Fasal Bima Yojana- Scheme mainly for when the crops losses due to natural calamities, and incentives given to the farmers by government.

c. Soil Health–Established mini lab in the country and KVK (Krishi Vigyan Kendras) for soil testing.

d. National Agricultural Market- Direct linking farmers to the traders for selling their produce for better price of their produce.

e. Agro-Processing Units-Contract farming by many organization and initiative taken by government for opening processing unit in the country.

f. Dairy-Subsidy for dairy infrastructure and raising dairy animal, loan given by National Bank for Agriculture and Rural Development, etc.

g. Direct Market System- Where distance between producer and consumers short, direct transaction between two groups can take place.

honey and wax is high, bee play an important role in the pollination of many crops and also helps in increasing the yield of the crops. Crop diversification, which can provide continuous succession of blooming bee forage, is urgently required (Singh, 2015).

Silk production- Demand of good quality silk is increasing in domestic market and government also initiating this enterprise by giving finance. Forestry enterprise is good for the silk production at the farm. India rank second in silk production in the world. Different varieties and good qualities of silk India is producing, in which mulberry silk accounts more than 71 percent, Eri silk account more than 17 percent, tasar silk account more than nine percent and some other good quality silk like muga silk also producing in the country (Anitha, 2011)

Button mushroom production- Mushroom production not require high cost and it gives good return on small investment, and good quality of mushroom having good demand and rate in the Indian markets.

Modern Nursery- By raising modern nursery farmer can increase their income. Seedless variety of fruit crops and nurseries of vegetables crops can be established on the farm.

### Table 3. Farmer Organization for Collective Marketing

Collective marketing	Collective Activities
	1. Savings and loan groups
	2. Producer groups
	3. Collective marketing groups
	4. Cooperative marketing
	5. Supply and value chain
	6. Agri-commodity farmers producer linkage

**Table 1. Status of value added products (2013-14)**

Commodity	India (%)	Developed country (%)
Milk	35	70
Marine product	26	65
Buffalo Meat	20	65
Poultry	06	70
Fruit& Vegetables	2.2	65
Whole agri Produce	10	65-70

Source: <http://www.hillagric.ac.in/edu/coa/AgriEcoExtEd uRSocio>

### MATERIALS AND METHODS

This paper based on the secondary data information which is collected from different source like research papers, various books, Journals, magazine and different websites. The paper helps in identify opportunities in different agri based enterprises their need and importance of agriculture diversification. Different enterprises like dairy and poultry at the farm generate daily income and employment opportunities for the farmers (Shinde, 2016). The data and related information is mainly on status of value added product, demand and supply of food commodity in the country and various schemes provided by the government discussed in this paper.

### RESULTS AND DISCUSSION

Dry-flower production -Demand for dry flower increasing both in domestic as well in international market. India exporting dry flower to Europe, Japan, USA. Demand of dry flower increasing at 8-10 per cent per annum therefore a lot opportunities for the Indian entrepreneur to enter in the global flower market (Singh, 2009). India position first in export of dry flower with a variety of plant. Industry export more than 400 varieties of flower to the more than 15 countries.

**Table 2. Agri Business activities**

Agribusiness	
Particulars	Activities
Production	hybrid seeds, organic manures etc.
Processing	Millet, Sugar cane, etc.
Infrastructure	Cold chain, storage warehousing
Trade and others	Awareness and value chain of agriculture

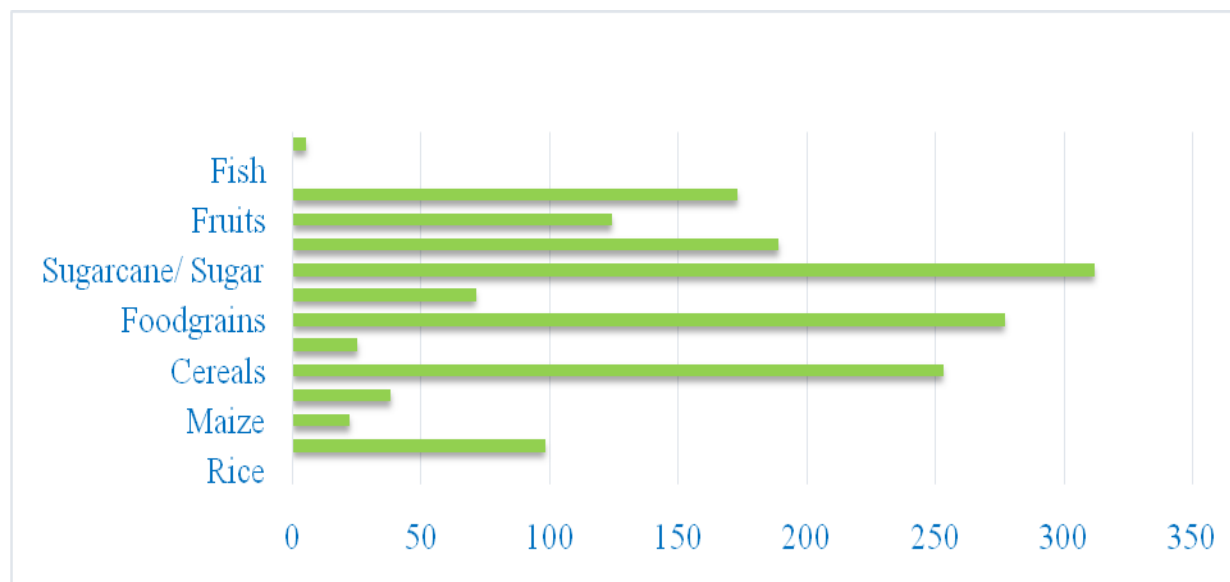
Beekeeping as an income generation activity- Rearing of honey at commercial levels as well as farm level as integrated enterprise, production and bee keeping require less time, infrastructure and money. Market potential for

Agri-Business -Agribusiness are the supply of inputs like seeds, organic fertilizer, and plant protection product. It include crop production, processing, marketing and distribution activities. Fisheries, dairying, processing and small animal's products also find an important place in agribusiness. Good opportunities in animal husbandry, animal husbandry sector currently account for over 25 per cent of the gross value of agriculture output. The market size is already large and is continuously expanding. Under organic farming condition fresh fruits and vegetables for export are grown in rural areas, changing scenario of agribusiness in India reveals good scope of entrepreneurial venture in agribusiness (S.K. Acharya et.al 2015) The farmers' Market linkages (both

backward and forward linkage) have also increased, farmers are shifting low value to higher value crops. Identify the potential zone for cultivation of various high value crops. To establish agri enterprises such as setting up of food and feed processing, seed processing unit,

flower production mushroom production units, bee keeping, vermicomposting units, plantation of trees and bamboo and cultivation of Jatropha (Vinoth and Paramasivam, 2016).

**Fig. 1. Projected demand and supply of food commodity in India in million tones (2020-2021)**



Source: Ministry of Agriculture & Farmers Welfare, Govt. of India (ON1162), [www.indiastat.com](http://www.indiastat.com)

### Market linkage approaches

The needs of individual farmers or groups of farmer for marketing of the produce is important, collectively marketing of the produce reduces the cost of transportation and they can get good price of the produce. Cluster making approach among the group of the farmers is also helps in receiving good market price for their produce.

### Contract farming

Contract farming provides selling and cultivation opportunities to small land holders, farmers with direct sales agreement for a specific product. In case of new crops and specific crops market for their product is not available in that case they can contract with the firm which engaged in contract farming activities.

### CONCLUSION

The concept of agribusiness with linking farmers to market is the new changing perspective of agriculture for the country. Agribusiness provide backward and forward linkage related to production, processing, marketing, trade, and distribution of raw and processed foods, feed and fiber including supply of inputs and services. Diversification in agriculture is option to minimize risk in agriculture and it also gives daily returns for working capital or day to day expansion. Linking farmer to market

is necessary step which should be taken by government. Cooperative and marketing in cluster is good practices to get fair price in the market.

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