

The role of Small Farmers Agribusiness Consortium (SFAC) Towards Doubling Farmers' Income: The Case of Kerala

Abstract

This paper describes the proactive interventions and positive impacts made by SFAC Kerala in the agribusiness sector. As we all know, doubling farmers' income is the main target of the country's agriculture sector during this period. SFAC Kerala also strives to achieve the same goal. Here, the performance of the 54 agribusiness units initiated by SFAC Kerala in the last five years (from the 2017-18 financial year to the 2021-2022 financial year) duration has been considered for analysis and interpretation. Census methodology has been adopted in this study. Primary data was collected from all the above agencies through the telephonic interview method. Barring a decline phase during the Covid pandemic, SFAC's efforts towards doubling farmers' income have been successful. The average monthly income of farmers has increased by over sixty percent in the last five financial years. If the current growth rate is maintained, SFAC will achieve the target of doubling farmers' income within a minimum of five financial years through the agribusiness sector. Advanced technology adoption and professional management approach in the field of agribusiness are more helpful in the journey towards it.

Keywords: SFAC, Agri-business units, Doubling Farmers' Income,

Introduction

The concept of farm-to-fork has become popular all over the world today. Agribusinesses are the best examples of modern profitable agriculture. Individual farmers are at a loss in the agricultural sector, which depends only on the monsoon. But when agriculture becomes an agribusiness, its economics and management take on new dimensions. For a balanced growth of the economy, an appropriate coordination between agriculture and industry is vital (Theodore W Schultz 1953). The integration between these two sectors however does not come quickly and automatically. The

Agribusiness concept is a deliberate effort to be made for the same. The price elasticity of demand and economies of scale concept provides more opportunities in the field of agribusiness. That is why today agriculture and allied sectors are emerging as potential fields of entrepreneurship. During the covid-19 pandemic period, employment opportunities in all other fields have collapsed drastically. Surprisingly, profitable and innovative new opportunities emerged in agriculture, especially in the agribusiness field, at that time as well. The agri-input sector, food processing sector, and agriculture commodity marketing sectors were on the path of growth during that time. Many new generations entrepreneurs are entering this field with lots of hope and enthusiasm. SFAC has been able to make full advantage of this favorable condition and created a sustainable growth in the country's agribusiness field.

Small Farmers Agribusiness Consortium (SFAC) is an autonomous body established in 1994 under the Societies Registration Act XXI (1860). It is promoted by the Ministry of Agriculture, Government of India. This initiative was started with the aim of economic empowerment of small and marginal farmers in the agribusiness sector. The SFAC took the initiative to establish the Farmers Interest Group (FIG), Farmers Producer Organization (FPO), and Farmers Producer Company (FPC) for the first time in the country. This has greatly helped in enabling economies of scale in agriculture. Above all, SFACs have done commendable work in freeing the farmers from the clutches of middlemen and increasing their bargaining power to provide more profit to the farmers. Based on the above objectives, most of the major states of the country have set up state-level SFACs and are making their merits available to the farmers. Similarly, SFAC Kerala was established under the Travancore Cochin Literary Charitable Societies Registration Act 1995. SFAC, Kerala's operation area covers the entire state of Kerala. The primary objective of SFAC Kerala is to facilitate the production, processing, and marketing of agricultural commodities in the small farm sector by fostering group activities on a sustainable basis.

Government of India through Small Farmers' Agribusiness Consortium (SFAC), is promoting Agribusiness Units and Farmer Producer Organizations (FPOs) by mobilizing the farmers and helping them in registering as companies and providing them with hand holding support and training for their sustainability. SFAC has undertaken various agribusiness and FPO promotion programs in the country such as through Vegetable Initiative for Urban Cluster (VIUC), Mission Organic Value Chain Development (MOVCD), National Food for Security Mission (NFSM), and Mission for Integrated Development of Horticulture (MIDH) etc. In early days the number of Agribusiness units and FPOs were very less. But after the pandemic lockdown period, lots of educated young farmers and techies come out with various types of small scale agri-business models. They have developed various types of business ventures in the fields of the Agri-input sector, agriculture

processing and value addition sectors (Tapioca processing units/Jack fruit processing Units) agriculture product retail sectors (Farm fresh products apps/Packed Farm fresh outlets) and in agriculture mechanisation and labour supply sector (mobile farm mechanisation units/Farm labour supply apps).

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SFAC Kerala is an organization formed by the Department of Agriculture under the Government of Kerala. The ultimate goal of this organization is for the promotion of agribusiness for the benefit of farmers and entrepreneurs by providing necessary linkages for establishment and running of successful agribusiness. The primary objective of SFAC Kerala is to facilitate production, processing and marketing of agricultural commodities in the small farm sector by fostering group activities on a sustainable basis. SFAC Kerala is catalyzing agro business ventures in the state to achieve its major objective of doubling farmers' income. It is trying to make this possible by promoting, assisting or undertaking programs for production, processing, product diversification and by-product utilization for the development of such commodities and enterprises. Post-harvest processing manufacturing units in the public, private and cooperative sectors are being identified and promoted. They are also promoting women empowerment in the field of agribusiness. Moreover they identifying gaps in the existing system and establishing appropriate linkages through liaison with the Government departments and other stake holders. SFAC provides input supply and production services with public private sector participation. Along with all these, they have sponsoring specific research projects relevant to the activities of the society to the research organizations with appropriate funding and organizing special training programs for the transfer of technology so developed. In addition to the above, Small Farmers Agribusiness Consortium (SFAC), Kerala has been entrusted with the implementation of schemes for promotion of value addition of agriculture products, Promotion of FPOs and Agri -startups in the state.

Every year since 2017 under the leadership of SFAC, a week-long exhibition-cum-seminar called VAIGA (Value Addition for Income Generation in Agriculture) has been organized. This program is very beneficial for bringing innovative changes and growth in the field of agribusiness to the farmers and for making the farmers of the country aware of the new business opportunities in the world class in the value addition sector. Moreover, this exhibition provides a platform to Agribusiness Startups, Farmer Producer Companies, International, National and State Level Technology Development and Research Institutions and various Agencies working to Promote Agribusiness Ecosystem in Kerala, India and different parts of the World.

Even though SFAC and other agencies are carrying out all the above-mentioned activities to create awareness in the agricultural sector, doubling farmers' income remains an enigma among the farmers in Kerala. It is important because the small -marginal farmers and farm laborers are still not working as an organized system. Because, farmers are averse to adopt new technologies and the need-of-the-hour concepts like Agri-Business Management. The need for modern management concepts and marketing strategies in the agricultural sector is very clear from the gap they create.

Since its inception, SFAC Kerala has been providing financial and technical support to small business enterprises in the agricultural sector of the state. But the activities of this organization are limited only by how much amount has been spent in this field. Therefore, often the objectives of such organizations change midway. This is where outcome based studies are more relevant than mere expenditure analysis.

In today's Kerala, the concept of agriculture is being reinterpreted into a larger canvas of agriculture business. Only such initiatives can give wings to ideas like doubling farmer income. Therefore, studies are essential today to understand how much assistance provided by organizations like SFAC to agri business groups in the agricultural sector is an asset to the efforts of the country's farmers to double their income. Experts in this field say that the lack of adequate outcome-based analysis is the reason for the backwardness in this sector. A huge gap still exists in this field due to lack of such studies.

The focus of the concept of Doubling Farmers Income is from FY 2017-2018 to FY 2021-2022. SFAC Kerala has assisted around 54 Agri Business Units during this period. An output based study is attempted in this paper to understand how far these units have gone towards doubling farm income

Statement of the Problem

The agriculture is a way of life rather than merely a sector of economic activity (R L Kohen 1957). Agriculture plays a very important role in the cultural heritage of Kerala. While the agriculture sector in Kerala has a lot of potential, it is facing many challenges with regard to growth. The Land Reform Act was implemented in Kerala based on Karl Max's philosophy that power over land would lead to class conflict. This has become a major reason for Kerala's agricultural land turning into a heap of fragmented lands. In the last four decades, the gross cropped area of Kerala has decreased from 29 lakh hectares to 25 lakh hectares. In the financial year 2015-16, the contribution of the agriculture sector to the state's GDP was less than 10%.

In order to make a big change out of this situation, the government has launched several agricultural revitalization projects. The central government's motto of doubling farmers' income has given

impetus to such schemes. SFAC has spearheaded this through various types of Agripreneurship and Agribusiness initiative activities like VAIGA programme, and The Value Added Agriculture Mission (VAAM) and FPO formations. This has enabled new market opportunities for existing farmers' products and new possibilities of value addition in the agricultural field. Above all, such projects also helped Kerala to bring more youth, women and technocrats into the field of agribusiness.

This led to a sudden boom in the agricultural sector of Kerala. In recent years, the contribution to GDP from the agriculture and allied sector has increased by 4.64% based on economic review (2022). Unfortunately, the impact of the subsequent COVID pandemic was also evident in the agricultural sector. But the strategic interventions of the government did not cause a major breakdown in that field. However, this has resulted in slowing down the process of doubling farmers' income. It was intended to achieve that goal by 2022. But the overall negative growth in the agribusiness sector has hindered it.

Objectives of the Study

1. To analyse the performance of agribusiness units developed by SFAC with the aim of doubling the income of prospective farmers in Kerala .
2. To check out how the successive years of floods and the outbreak of COVID-19 have affected the agribusiness movement in Kerala.
3. To examine how far SFAC has come in its journey to double the income of farmers in Kerala.
4. To provide suggestions for achieving the goal of doubling farmers' income through agribusiness units.

Review of Literature

In early days, economists started seeing the agricultural sector as an independent unit in terms of markets and pricing. According to them, markets and pricing are the only factor influencing agricultural production and distribution. They were ignorant of other factors influencing agriculture sector. But later in 1957 John Davis and Ray Goldberg from the Graduate School of Business Administration, part of Harvard University come out with an innovative concept of agribusiness for explaining these research gap. They provided a rigorous economic framework for this field in their book A Concept of Agribusiness (Boston: Division of Research, Graduate School of Business

Administration, Harvard University, 1957). Through this new concept, they exposed how the food and fiber economy influences the economy of a country. Therefore, this innovative concept has gained immense popularity not only in America but all over the world. Ultimately this has revealed the inextricable link between agriculture and other industries. Hamilton (2013), states that small holder farmers are as important as large corporate farmers in the agribusiness sector. The establishment of small farmers' groups and the government's financial and political promotion of them has led to the growth of the agribusiness sector (Zylbersztajn D, 2017). In agricultural countries like India, dividing this business into various subgroups such as input segment, production segment, processing segment and marketing segment gives more value to the diversification of the agribusiness sector (Acharya.S.S. 2007).

Dholakia H (2014) observed that the income inequality of the people in rural and urban areas greatly influences the development of a country's economy. This becomes evident when comparing India's agricultural and industrial sectors. But no comprehensive study of this kind has been done in India so far.

Satyasai .K (2016) perceives that China, which is a developing nation like India, implemented a series of pro-farmer policies as part of its balanced development strategy and measures to reduce urban–rural income gaps. Eventually, china has made great development in the field of agriculture very quickly. China doubled the income of farmers in the 6-year period from 1978 to 1984. Moreover, the level of poverty has been reduced by 50%. But in India this was possible in 18 years from 1993 to 2013. And India still has not achieved the goal of doubling farmers' income.

Gulati (2016) estimated that doubling farmer's income in a short period of six years is nothing short of a miracle. Waghmare A (2016) observed that the doubling farmers' income is only possible if there is 15% annual compound income growth without considering inflation. But the Indian agriculture economy has not had such a growth till date

According to Chand Ramesh (2016), the real income of the farmers should double, not the nominal income. Doubling farm income is possible if we consider here not only income from agriculture but also income from other allied sources.

But Dr MS Swaminathan (2016) argued that , doubling farmers income is possible due to the huge gap between potential yield per hectare and actual yield per hectare in the country's agriculture sector.

Bihari .B (2019) explains that the doubling farmers' income is possible through increasing total output and better price realization in market, reduction in production costs, diversification of product, efficient post-harvest management, value addition, etc. For this, more agribusiness units, FPOs and agri-startups need to be developed in the country at full scale.

Materials and Methods

To analyse the above stated objectives, a census methodology was adopted in the study. As such, all 54 agri-Business units established by SFAC in Kerala with the aim of doubling farmers' income from the financial year 2017-18 have been studied here. Primary data were collected and used for this study purposes. The study administrated a structured interview schedule and conducted a structured telephonic interview. Simple statistical tools have been used to analyse and interpret the data. Descriptive research methodology was used in the study. For the analysis of this study simple tools and techniques like mean and average are used.

Tools of Analysis

The data thus collected were analysed with the help of simple statistical techniques, such as mean and average.

Results and Discussions

Table 1: Classification of Farmer's agri-business units created by SFAC

Sl. No	Classification	Number of Units	%
1	Micro Unit	20	37.04
2	Small Unit	21	38.89
3	Medium Unit	13	24.07
	TOTAL	54	100

Table 1 shows On the basis of capital, the farmers' units developed with the financial assistance of SFAC are divided into micro units (up to 10 lakhs), small units (10-25 lakhs) and medium units (above 25 lakhs). It is found that a large number of units are small units (38.89%), Followed by micro units (37.04 %) and medium units (24.07%).

Table 2: District Wise Distribution of Farmer's agri-business units by SFAC

Sl. No	Districts	Number of Units	%
1	Thiruvananthapuram	1	1.85
2	Kollam	2	3.7
3	Alappuzha	3	5.56
4	Pathanamthitta	0	0
5	Kottayam	5	9.26
6	Idukki	2	3.7
7	Eranakulam	14	25.93
8	Thrissur	5	9.26
9	Palakkad	5	9.26
10	Malappuram	2	3.7
11	Kozhikode	7	12.96
12	Wayanad	3	5.56
13	Kannur	3	5.56
14	Kasargod	2	3.7
	TOTAL	54	100

Table 2 shows that out of 54 agri-business units, the largest number (14) is in Ernakulam district (25.93%). Kozhikode district, which is in the second position, has 7 units (12.96 %). Kottayam, Thrissur and Palakkad districts with five units each are at the third position (9.26%). One of the most interesting things is that Pathanamthitta, an agriculturally backward district, does not have a single unit.

Table 3: Farmer's Agri-business Units From Various Segments of Society

Sl.No	Various Segments of Society	units	%
1	Women Farmers Group	16	29.63
2	Educated Young Farmers Group	12	22.22
3	SC/ST Farmers Group	8	14.81
4	Others	18	33.33
	TOTAL	54	100

Table 3 shows that these agribusiness units of SFAC have farmers from different segments of society. There are 16 units of women farmers. (29.63%). Other than this there are 12 units of educated young farmers (22.22%) and 8 units of SC/ST farmers (14.81%) present. But the majority (33.33%) comes under the Others category with 18 units.

Table 4: Types of Agri-business Units by SFAC in Kerala

Sl No	Classification	Number Of Units	%
1	Value addition units of Fruits and vegetables	30	55.56
2	Essential Oils and Oleoresin making Units	4	7.41
3	Ready To Serve Beverages Making Units	5	9.26
4	Cash Crop Processing Units	12	22.22
5	Spices and Plantation crop processing units	3	5.56
	TOTAL	54	100

Table 4 shows that the units of SFAC are classified as above based on the agricultural products used in the agribusiness sector. Fruits and vegetables have the highest value addition units (55.56%). Then there are cash crop processing units like coconut (22.22%). Spices and plantation crop processing units are the least (5.56 %).

Table 5: Amount Spent by SFAC for Farmers' Agri- business Units (In Lakhs)

Sl No	Year	Amount Spent by Units (In Lakhs)			Total
		Micro	Small	Medium	
1	2017-18	23.16	90	0	113.16
2	2018-19	42.21	38.07	381.17	461.45
3	2019-20	2.45	61.17	135.21	198.83
4	2020-21	61.38	62.72	100	224.1
5	2021-22	72	69.3	125.5	266.8

Table 5 shows, the financial assistance provided by SFAC to agribusiness units in five consecutive financial years. The financial year 2018-19 has seen the highest amount spent. But due to the negative impacts of the COVID-19 pandemic and flash floods, the same growth pattern has not been able to continue in 2019-20. But later in the financial years 2020-21 and 2021-22, more investment has been made in micro and small units. These figures show that people who have lost their jobs in many other sectors during COVID-19 have come to the agribusiness sector with great hope.

Table 6: Average Monthly Income level of Farmers in These Agri business Units

Sl No	Particulars	Agri-business Units		
		Micro	Small	Medium
	Average income /Month (Rs)			
1	Before 2017	13450	25318	32143
2	After 2022	21601	41965	52348
	% Increase	60.6	65.75	62.86

This table shows the average monthly income level of farmers (before 2017 and after 2022). The first column shows the average monthly income of a farmer in Kerala before starting the objective of doubling farmers' income in 2017. The government is adopting many strategies to increase the income of farmers. One of them is the establishment of agribusiness units. Through this, SFAC tried to double the income of the farmers. When checking the average income of farmers in 2022, it can be seen that it is definitely achievable. Despite the disruptions caused by covid 19 these agri business units have been able to achieve around 60% more income currently.

Table 7: Core Competencies Required for Achieving the Goal of Doubling Farmers' Income

Sl. No	Required Core Competency	Units Responded	%
1	Professional Management Skills	15	27.78
2	Advanced Technology	10	18.52
3	More Infrastructure	11	20.37
4	More Financial Support	12	22.22
5	Flexible Rules and Regulations	6	11.11
	TOTAL	54	100

Table 7 shows these are the core competencies required to achieve the goal of double farmers' income. Majority of the agribusiness units (27.78%) responded that professional management skills are the essential core competency required.

Findings

- Micro-level units and small-level units are giving more contributions to achieve the goal of doubling farm income through agri-business units in Kerala.
- Agri-business units can develop more successfully in districts like Ernakulam which is economically more developed. From this, it can be understood that logistics and other related infrastructures are essential for the successful growth of agri-business units.
- Women and educated youngsters are now increasingly coming forward to form agri-business units. After the COVID-19 pandemic period, the uncertainty in other job fields and the awakening in the agricultural sector have attracted more people to this new field.
- There is a huge demand in the agribusiness market for value-added products prepared with Kerala's unique fruits and vegetables. For this reason, more and more agri-business units are being started in this segment
- All the agribusiness units that started with the financial assistance of SFAC are showing a positive growth curve. The goal of doubling farmers' income is still achievable. Doubling farmers' income in 2022 was not possible due to the decline in the economy during the Covid pandemic.

Conclusion

This is the period when Kerala is completely becoming a consumer state. Moreover, Kerala is increasingly dependent on other states in the agricultural sector. Today, the government is trying to bring about a fundamental change to bring Kerala back to the good times of the old agricultural culture. Unfortunately, growth in the agricultural sector is like a gamble depending on the weather and the returns are often low. Moreover, those working in this field do not get the status they deserve in the society. So the new generation is moving away from agriculture. A big change from this is possible only through agribusiness. Agribusiness can generate more revenue and more growth. The Keynesian multiplier effect that says more government spending means more growth makes sense in this field of agribusiness. That is why it will be possible to double the income of the farmers of the country through the systematic operations of the agribusiness units,. Ultimately it is conducive to sustainable development in the agricultural sector. If the current growth rate is maintained, the farmers' income will be doubled within a minimum of five years.

Suggestions for the growth of the agribusiness sector in Kerala, for doubling the income of the farmers.

The following suggestions are considered good for the growth of the agribusiness sector in Kerala

- 1) Adoption of professional management approaches and modern marketing strategies in agribusiness units. These advanced concepts will provide a well-organized structure and greater efficiency to agribusiness units.
- 2) The new age possibilities of The Internet of Things (IoT) and information and communications technology (ICT) will bring more heights to the agribusiness units.
- 3) Modern infrastructures and related facilities will help attract more youth to this sector and make it more customer-friendly.
- 4) Actions to be taken by Banks and Funding agencies for more financial support
 - Have a sympathetic attitude towards farmer's agribusiness units, as they are small, simple, and have no backing, or influence.
 - Educate them in Technology, taxation, insurance of free system on taxes, return Filing etc.
 - Start specialized branches to be exclusively for agribusiness clients for better concentration on this sector.

5). Actions to be taken by Central and State Governments for flexible rules and regulations

- Governments have to take proactive steps to ensure the availability of finance, lands, latest technologies, and infrastructures at cheaper rates for these farmer's agribusiness units.
- Quick approvals and online system in all departments to expedite and avoid functional delay and corruption
- Introduce an effective grievance cell
- Speedy action on the revival of sick units

Release of subsidies in time

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