CHAPTER- I

INTRODUCTION

India is bestowed with a diversity of horticultural crops due to immense agro-climatic variations, rich bio-diversity, fertile soils, large cultivable area and nevertheless a long history of crop husbandry. The horticulture sector, as a branch of agriculture, comprises cultivation of a large variety of fruits, vegetables, mushrooms, flowers and plantation crops including cashew, spices, medicinal, and aromatic plants. This sector in India, contributes more than 24.5 per cent to the Gross Domestic Product (GDP)* from agriculture from mere 8.5 per cent of the cultivated area. A major part of the output of this sector is attributed mainly to the two sets of commodities viz., fresh fruits and vegetables that together contribute 90.2 per cent of the total production of this sector and constitute 65.8 per cent area under it#. Ascribing to varied agro-climatic conditions and rich bio-

diversity, Indian fruit industry has progressed remarkably in the past, contributing around 8 per cent to the total fruit production in the world. The fruit production in India has risen from 5.5 million tonnes in 1952-1953 to 49.5 million tonnes in 1998-1999, an increase of more than nine times.*

Fruits exhibit an indispensable and strategic role in developing countries like India, both in economic and social sphere for improving income and nutritional status, particularly of rural masses. Owing to higher income derived from the cultivation of fruit crops as compared to annual crops, the former have assumed greater significance in the process of agricultural development in the past few years. The fruit crops play an important role in augmenting the farm-family incomes through higher returns and generating additional employment opportunities. Being labour-intensive, production of fruits should be encouraged in a labour-abundant and capital-scarce country like ours. Apart from producing fruits for human consumption, the establishment of orchards helps in maintaining ecological balance and in diversifying cropping pattern. The adoption of fruit crops also results in more efficient use of scarce land resources. The land that is

otherwise not fit for cultivation of agricultural crops, uneven and unculturable wasteland, etc. can easily be utilized for such crops. The development of fruit crops is to be emphasized more because of suitability of climate, more returns, help in maintaining eco-system and soil conservation, proper utilization of culturable waste, etc. The economic importance of fruits has been increasing because of increase in domestic as well as international demand for them. Domestic demand has been increasing due to increase in incomes, population growth, changing consumption patterns and higher nutrition consciousness among the masses. This has resulted into a shift in favour of fruits and consequent increase in their production and availability.

The planners and the policy makers are confronted with the problems of increased foodgrain production on the one hand and meeting minimum nutritional standards on the other. It is in the light of this situation that fruit production has emerged as a significant venture with a number of expectations built around its future development along with a dire need for agricultural diversification and modernization.

In Punjab, the major fruits grown are kinnow, guava, grapes and mango. The total area under fruits in Punjab was increasing, it
was 46,987 hectares in 1985-1986 and rose to 93,220 hectares in 1998-1999, yet it accounts only 2.2 per cent of the net cultivated area of 4.2 million hectares.*

With an increasing concern against over-exploitation of natural resources like water, soil nutrients, etc. by the present cropping system of paddy-wheat, the voices of diversification are being raised high. Agricultural production and crop yields in Punjab have nearly stagnated* leading to its predominantly agrarian economy in deep economic crisis. Punjab's paddy-wheat dominated agriculture is rapidly becoming economically as well as ecologically non-sustainable. Various research studies on emerging crisis in Punjab agriculture have revealed that:

i. profitability in farming had declined sharply;

ii. degradation of land, water and environment because the present production pattern of Punjab has reached levels that threaten the sustainability of its agricultural growth; and,

iii. the existing cropping system and technology would be of no help in arresting the deteriorating socio-economic conditions of the farmers.

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The farmers of this region are adversely affected by the continued degradation and mismanagement of land, soil, water and power, downward growth trends in crop yields, shrinking genetic resource base, high cost of production and diminishing economic returns from farming. The unfavourable impact of these problems has been augmented by such developments as the perturbing trend of rural indebtedness, a startling rise in the indebtedness-related suicides, and rising unemployment among local people because of influx of cheap migrant labour. The farming in Punjab has become an ill-favoured occupation because of poorly organized marketing facilities, absence of modern food processing industries, unfavourable terms of trade, declining public investment in agriculture and growing casualisation of the labour-force. The existing production pattern and marketing system are untenable and out of tune with the immediate and long run supply and demand situation in both national and global markets. The present pattern of agricultural production needs to be changed and the marketing system reoriented to meet the challenges of the fast changing national and international market scenario, otherwise the future of agricultural sector of the state remains entangled in grave imbalance in terms of economic viability and environmental sustainability. The over dependence on paddy-
wheat monoculture, the productivity of which seems to be reaching a plateau, must give way to more sustainable crops and other farm enterprises. The future growth of state’sagrarian economy, on a sustained basis through adoption of modern technology and capital formation, depends on its profitability. Agriculture diversification is the pillar on which sustainability of agricultural production systems, conservation of natural resources, rural employment-generation and poverty eradication depend. However, the alternatives are few and a lot more has to be explored. Apart from dairy farming, fruit crops provide a feasible alternative, as these crops improve productivity of land, generate employment, improve economic conditions of the farmers and entrepreneurs and enhance export potential and nutritional security to the household. It has become extremely essential for a farm-firm to be cost effective and quality conscious to be able not only to compete at the international level, but also to maximize the returns.

Thus, an attempt has been made to undertake an in-depth study looking into the economics of production of fruit crops and to identify the problems, so that a significant shift in the area under these crops can be encouraged.
Specifically, the following objectives have been focused upon in the present study:

1. To study the cost of production of major fruits of Punjab and, the returns from each of the fruit crops.
2. To evaluate the economic rationale of resource use.
3. To find out the problems of farmers producing fruit crops in Punjab and suggestions thereof.