

# Economic Development

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The agriculture sector has a large potential to add to the national income while simultaneously ensuring direct employment and income to the numerically larger and susceptible sections of the society. In fact, Agripreneurship is not only a prospect but also a prerequisite for improving the creation and profitability in agriculture. Changing the way a local farmer thinks to increase production is not difficult, what is difficult is to adapt to the mindset of an agripreneur.

**A** shift from agriculture to agribusiness is an essential pathway to revitalise Indian agriculture and to make it more attractive and profitable venture. Agripreneurship has the potential to contribute to a range of social and economic development such as employment generation, poverty reduction and improvement in nutrition, health and overall food security in the national economy. It also aids in the reduction of food prices and supply risks and the betterment of the diet of the country's rural and urban poor. Additionally, it also stimulates growth in rural and urban areas by diversifying income and creating entrepreneurship opportunities.

At the outset, let us gather the conceptual understanding-Agripreneurship is the profitable confluence of agriculture and entrepreneurship brought in by the people with innovative ideas to develop the existing practices for better productivity as well as establishment of new ventures in

agriculture and allied sectors. Expressing it in a structured way, we can say, Agripreneurship is sustainable, community oriented, directly marketed agriculture.

Since the inception of New Economic Reforms, adoption of liberalisation, privatisation and globalisation and World Trade Organisation in 1992-95, it is expected that rural areas will grow at par with urban areas. Performance of agriculture during first phase of economic reforms till 1998 remained a driving force for our nation among all the spheres of academia, administration and government. However, things went on different path in the later years and for improving performance of agriculture much needs to be done even today. During the last decade, agriculture used to be treated as just an activity of land tilling and crop harvesting but growing waste land, depleting natural resources. Growing migration by rural youth to urban areas, negative perception of the children of farmers towards



farming and emerging technologies in agriculture have necessitated redesigning of agricultural activities. Applying the thought and practice of entrepreneurship in the field of agriculture generates wide range of economic benefits like – increased agri productivity, creation of new business ventures, new jobs, innovative products and services, development of rural areas and increased wealth. Traditional farmers, unaware of scientific agriculture and effective agri-management systems, are unable to cope up with delaying monsoons, drought, crop debts, fake seeds and shortage of fertilisers, as a result resort to committing suicides. The managerial, technical and innovative skills of entrepreneurship applied in the field of agriculture yield positive results and a well-trained agripreneur may become a role model to all such disheartened farmers. In fact, developing entrepreneurs in agriculture can solve problems by (a) reducing the burden of agriculture (b) generating employment opportunities for rural youth (c) controlling migration from rural to urban areas (d) increasing national income (e) supporting industrial development in rural areas (f) reducing the pressure on urban cities.

The recent data shows, the share of the agriculture and allied sector in our total Gross Value Added has improved to 20.2 percent in 2020-21 and 18.8 percent in 2021-22<sup>1</sup>. As per Economic Survey 2021-22, agriculture and the allied sector proved to be the most resilient to the COVID-19 shock as it registered a growth of 3.6 per cent in 2020-21 which further improved to 3.9 per cent in 2021-22. In terms of the real value added, the Indian agriculture sector ranks second after China<sup>2</sup>. This implies that agriculture is likely to remain a priority, both for policymakers as well as businesses in the foreseeable future and any move to ramp up the sector calls for a multi-pronged strategy.

In recent years, there has been a considerable emphasis on crop diversification towards horticulture (fruits, vegetables, ornamental crops, medicinal and aromatic plants and spices), plantation crops (coconut, cashew nuts and cocoa), increasing manufacturing plants e.g.-fertiliser production units, food processing units, Agro service centres etc. Besides the above mentioned areas, the following areas may prove to be encouraging to establish agri-enterprises such as setting up of Apiaries, food processing units, seed processing units, mushroom

production units, commercial vermi-compost units, goat rearing, organic vegetable and fruits retail outlet, bamboo plantation and jatropha cultivation. Thus, Agripreneurship is not only an opportunity but also a necessity for improving the production and profitability in agriculture and allied sectors and this potentiality can be tapped only by effective management of agri elements such as soil, seed, water and market needs. An individual with risk bearing capacity and a quest for latest knowledge in agriculture sector can prove to be a right agripreneur.

Nowadays, easy access to technology, emergence of micro financing, liberalised government rules, awareness and training programmes on agri and allied sectors and finally changing mindset of the highly qualified people to go for self-employment in the field of agriculture have been contributing significantly in enhancing the potentiality for agripreneurship. The possible areas of entrepreneurship in agriculture are:- 1. Agro-Produce processing units—these units do not manufacture any new product, they merely process the agriculture produce; for example, rice mills, dal mills, decorticating mills, etc. 2. Agro-Produce manufacturing units—these units produce entirely new products based on the agricultural produce as the main raw material such as sugar factories, bakery, straw board units, etc. 3. Agro-Inputs manufacturing units—these units produce goods either for mechanisation of agriculture or for increasing manufacturing plants; e.g, fertiliser production units, food processing units, agricultural implement units etc. 4. Agro service centres—these include the workshops and service centre for repairing and servicing the agricultural implements used in agriculture. 5. Miscellaneous areas.

If we look at the recent trends in Agricultural Markets, we find, Agriculture has shifted from a deficit-driven to a surplus-driven industry. Contract farming is becoming more common these days. Commercial and Regional Rural banks have a tremendous amount of experience in funding agribusiness projects. Public and private/corporate managers have transformed scientific results and discoveries into tangible programmes and action policies. RBI, NABARD, Cooperatives, Panchayats, Non-Governmental Organisations and the Media all work together to spread awareness and information, and improve consumer access. Bilateral, regional,

and trade agreements have paved the way for reduced tariff and non-tariff barriers to cross-border agricultural production flow and increased financial market transparency resulting in increased capital flow into developing countries like India, especially in the form of FDI. Furthermore, since 1990s, FDI liberalisation has created numerous opportunities for developing countries to invest in post-harvest processing and agricultural retailing. Contract farming, producer alliances and mega markets are examples of structural developments in the food procurement and distribution system. National Spot Exchange Limited (NSEL) is a nationalised transparent electronic spot exchange based in Mumbai, established in 2005 which is a cutting-edge marketplace that offers tailored solutions to agricultural producers, processors, exporters, importers, buyers, and other commodity stakeholders. The e-Seva Kendra of the Grameen Sanchar Society (GRASSO) offers agri-related services such as market access, price for agricultural products, availability of cold storage facilities and labour and job opportunities. Agricultural Marketing Information System (AGMARKNET), the internet-based information system, seeks to provide a "single window" service appealing to various information demands.

Similarly, the Agricultural and Processed Food Products Export Development Authority (APEDA), an independent body under the Ministry of Commerce, serves as a link between Indian producers and global markets and provides financial assistance through a variety of programmes aimed at promoting and developing agricultural exports. The Indian Tobacco Company's e-choupals also been a major hit in agricultural marketing. Further, in May 2005, National Horticulture Mission was launched as a major initiative to diversify agriculture marketing.

Now, it would be worthwhile to discuss the institutional support available for boosting up the market opportunities in Agri-Entrepreneurship. National Bank for Agriculture and Rural Development (NABARD) founded in July 1982 to focus on agriculture, small-scale cottage and agro-based industries in rural areas, has been effectively overseeing all agro-based and rural development activities. At the district level, Agricultural Technology Management Agency (ATMA) is in place to use the services of Agripreneurs with

a view to provide value added extension services to farmers through a Public-Private partnership model. The Central Government provides grants to states to help them establish modern training facilities and the National Council of State Agricultural Marketing Boards oversees these programmes. Farmers Market is a unique move by some state governments known for Uzhavar Santhai (Tamil Nadu), Rythu Bazaars (Andhra Pradesh), and Apna Mandi (Punjab). These markets researches the enormous potential for agribusiness entrepreneurship training to improve business skills provided by Krishi Vigyan Kendras (KVKs). Likewise, Domestic and Export Market Intelligence Cell (DEMIC) helps agri-entrepreneurs indirectly make money. Furthermore, it performs the role of commodity price forecasting.

Agriclinic and Agribusiness Centre scheme, launched by Ministry of Agriculture in association with NABARD, aims to tap the expertise available in the large pool of agri-graduates. The concessional loan, subsidy and now the start-up training is also provided to graduates in agriculture and allied subjects, with a view to make them agripreneurs. Ceiling of project cost for subsidy has been enhanced to Rs. 20 lakhs<sup>3</sup> for an individual project and Rs. 100 lakhs for group projects. Depending upon the type of venture and with a moratorium upto 2 years, the loans are repayable within a period of 5-10 years. Delivery of extension services is the main component of ACABC projects for availing subsidy. A composite, back-ended subsidy under the scheme is 44 percent of project cost for women/SC/ST and candidates from hilly and NE regions and 36 percent for all others.

Dairy Entrepreneurship Development Scheme is another milestone in the desired direction. The main objectives behind it are setting up modern dairy farms for production of clean milk, upgradation of traditional technology to handle milk production on commercial scale, generate self-employment and provide infrastructure, especially in the unorganised dairy sector. Back-ended subsidy of 25 percent of outlay for general category and 33.33 percent for SC, ST farmers is adjusted against the last few instalments of repayment of bank loan.

National Livestock Mission-Entrepreneurship Development and Employment Generation (EDEG) commenced from 2014-15 is designed to cover all the activities required to ensure quantitative and

qualitative improvement in livestock production systems and capacity building of stakeholders. NABARD is the subsidy channelising agency under EDEG component.

Coming to the challenges, we observe, just like other pastures, this arena is also not as green as it should be on account of the following stumbling blocks. The basic problem is the low literacy level of rural folks which acts as root cause for majority of challenges discussed below. Since low productivity in the agricultural sector is a major challenge due to factors like an uncertain monsoon, poor fertility of the land, poor quality seeds and inputs, people are shifting from agriculture rather than thinking how to increase productivity. These entrepreneurs can only be successful if the farmers keep doing farming and produce in a good quantity and quality. Even today, the poor and small/marginal farmers are unable to access the modern infrastructure and technology trending in the market for better productivity and ease of work. Rural marketers have much less threat bearing capability because of loss of economic sources and outside support. Even though various developmental activities are going on, the development of technologies is very slow as compared to developed nations like USA and European countries. Further, the farmers don't have much of entrepreneurial ability in setting up and management of such business models. Moreover, rural marketers face intense opposition from huge sized groups and concrete marketers. Major issues that the entrepreneurs confront, are of standardisation and opposition from huge scale devices. Management troubles like i) lack of technological dissemination, ii) legal formalities, iii) lack of technical understanding, iv) poor quality control are the other bottlenecks in the growth of agripreneurship.

To meet the above challenges, a number of organisations like IFCI, SIDBI, NABARD are putting all-out efforts. Marketing constraints are associated with distribution channel, pricing, product endorsement, etc. In order to make the rural entrepreneurs to initiate the business venture, the following strategies may be adopted.

1. The financial institutions and banks which assure prompt financial security to entrepreneurs must create unique cells for providing easy finance to rural entrepreneurs.

2. The rural entrepreneurs need to be provided finance at concessional interest and easy repayment terms. The burdensome sanctioning procedures should be minimised.
3. Proper supply of scarce raw materials should be made on a priority basis. A subsidy could also be offered to make the products manufactured by rural entrepreneurs cost competitive and remunerative.
4. Adequate training facilities is the need of the hour-presently the economically weaker entrepreneurs of the society are offered such training facility under Prime Minister Rozgar Yojana (PMRY). Voluntary organisations can also arrange such training programmes to provide them stimulation, counselling and assistance.
5. Proper encouragement and assistance should be provided to rural entrepreneurs for setting up marketing co-operatives.

All schemes, programmes and activities of the government ensure that farmers take an interest in becoming agricultural entrepreneurs voluntarily. The budget allocation of the last eight years, the substantial increase in it and more farmer friendly agri-policies are a part of the government's positive thinking and strong will power. The budget allocation for agriculture has increased by almost six times in the last eight years. Truly, it is no small feat that amidst the challenges of the COVID-19 pandemic, India has easily supplied food grains to many countries. Even during the Russia-Ukraine crisis, India has emerged as a major supplier of food grains to the countries in need. The Agriculture Ministry budget this year has given special emphasis on agriculture start-ups and agri-entrepreneurship. Through its farmer friendly schemes, the Government of India will be capable of taking our agriculture sector to new heights in the future.

Equally important is to understand the relationship between Agripreneurship and Marketing, especially contractual marketing, which is an approach in which companies that are in different levels of the value chain focus on working together to provide the best possible financial results than they could have on their own. Contractual marketing gives stakeholders in the value chain the opportunity to work with enterprises that could help them increase their reach and acquire a more diverse clientele.



Digital marketing helps in creating a strong digital footprint which is necessary these days. Enterprises of any kind, without at least a basic digital presence, will not be able to turn to agripreneurship and compete against massive farming corporations. Innovation is a part of entrepreneurship and agripreneurship and so it cannot fall behind. Value chains work the best but without innovation, local farms will not be able to flourish. As a young farmer, one need to try and find that one innovative spark that will fire up their businesses and make them an important stakeholder in the global agricultural market!

To deduce, Agricultural entrepreneurship is synonymous with many characteristics of “generic” entrepreneurship, but also has its unique features in the specific context of agriculture. It is obvious that there is a great scope for entrepreneurship in agriculture and this potentiality can be mobilised only by effective management of agricultural elements. The agriculture sector has a large potential to add to the national income while simultaneously ensuring direct employment and income to the numerically larger and susceptible sections of the society. In fact, Agripreneurship is not only a prospect but also a prerequisite for improving the creation and profitability in agriculture. Changing the way a local farmer thinks to increase production is not difficult, what is difficult is to adapt to the mindset of an agripreneur. There is an entire study behind agripreneurship and it focuses on understanding the role of the farmer

entrepreneur in the new market, identifying all the potential clients of this new and innovative type of entrepreneurship and of course defining the business idea behind the value chain.

In agripreneurship, the most important thing that stakeholders need to remember is that the business needs to now have a much more enhanced commercial activity that involves trade and trading in every form. The enterprise, which in this case, is the business or organisation that provides goods or services aiming to make a profit needs to have a value capture. That means that the enterprise needs to maintain the percentage of the value they provide in every single transaction. Entrepreneurship, after all, is all about high quality and value. Hence, Let us all strive together to realise the vision of our current Prime Minister:-

**“Scale of India's development needs is huge. Need to achieve it is urgent. We cannot simply continue on traditional paths to development”.**

### References

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