

ROLE OF ENTREPRENEURS IN PROMOTING AGRIBUSINESS IN INDIA

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Abstract: Commercialization of agriculture is possible by performing agribusiness activities. Entrepreneurial extension is now indispensable and has to perform different roles of promoting production, processing, value addition, trade and marketing. Agribusiness is a generic term that refers to the various businesses involved in food production, including farming and contract farming, seed supply, agrichemicals, farm machinery, wholesale and distribution, processing, marketing, and retail sales. Agribusiness is widely used simply as a convenient portmanteau of agriculture and business, referring to the range of activities and disciplines encompassed by modern food production. Hence agribusiness can be defined as science and practice of activities, with backward and forward linkages, related to production, processing, marketing, trade, and distribution of raw and processed food, feed and fibre, including supply of inputs and services for these activities. It is necessary to promote agro-based enterprises in rural areas, as the local people have the required skills and most of the businesses help the entrepreneurs to ensure food security. The outputs of such business have ready demand even in rural areas and hence the market opportunities are better. With a strong agro-based programme, non-farm activities can also be initiated when the entrepreneurs are more experienced and capable of taking risk and can manage the programme better. Promotion of direct marketing by establishing close interaction between producers and consumers will further enhance the benefits, while encouraging a large number of unemployed rural youth to turn into micro-entrepreneurs and traders.

Key Words: Agribusiness, Youth, Entrepreneurship Development, Enterprise, Marketing

1. INTRODUCTION:

India is an agriculture based country since ancient time which is considered as the backbone of our economy and the agrarian sector contributes substantially to the GDP of India. Around seventy per cent of the Indian population and more than fifty per cent of the total work force still depends on agriculture and allied areas for live hood, agriculture meets the basic needs of India's growing population. Today, agriculture has achieved commercial importance and changed from subsistence farming to commercial farming, import oriented to export oriented sector, supply driven technology to demand driven technology etc. New inputs and new technologies are hitting market every day. In the developed countries, agribusiness is defined as the total output arising from farm production and product processing at both pre- and post-farm gate levels. In developing countries like India, agribusiness is a generic term that refers to the various businesses involved in food production, including farming and contract farming, seed supply, agrichemicals, farm machinery, wholesale and distribution, processing, marketing, and retail sales. Agribusiness is widely used simply as a convenient portmanteau of agriculture and business, referring to the range of activities and disciplines encompassed by modern food production. Hence agribusiness can be defined as science and practice of activities, with backward and forward linkages, related to production, processing, marketing, trade, and distribution of raw and processed food, feed and fibre, including supply of inputs and services for these activities.

Agribusiness is basically commercialization of agriculture, has been the priority of various rural development programs at the recent times and increased substantial marketable surplus of various agricultural commodities like vegetables, fruits, spices, cash crops and other agricultural products within the country. Agribusiness has also gained momentum globally in view of the substantial increase in production and trading activities between the countries. However, the success of agribusiness depends on the effectiveness of the value chain that controls production to market in response to consumer demand. The role of extension in bringing about the turnaround and making the country self-sufficient cannot be denied. The production has increased dramatically, but could not translate into better remuneration to the farmers. Entrepreneurial extension is now indispensable and has to perform different roles of promoting production, processing, value addition, trade and marketing. The new strategy would require that the technology transfer be supported by a strong agribusiness research base, entrepreneurial approach targeting farmers, farm women and rural youth, focus on small/marginal farmers and comprehensive approach to agriculture.

The training module of entrepreneurial extension consists of soft skills for business, supply chain management, financial management and institutions, management of resources, food laws, marketing, bookkeeping & accounts, costing & pricing, dialogue with entrepreneurs and visits to agribusiness units. This training module will enable the growers a holistic understanding of the value chain of a crop and to explore agribusiness opportunities rather than focusing only on production.

2. RESEARCH METHODOLOGY:

The research paper is conceptual in nature. In order to develop basic insight regarding the concept, the researcher has made use of secondary data. The researcher has referred books, journals, magazines, reports and newspapers in addition to visits to various websites. The earlier researchers study in the area of agribusiness has led to the conceptualization of this research. This research paper is supported by case studies mainly highlighting the optimistic picture of entrepreneurship in agribusiness. An attempt is made to give an overview on Indian agribusiness industry, the prospective size of the market for promotion of agribusiness through entrepreneurship opportunities and potentials are also examined with the help of following objectives.

3. OBJECTIVES OF THE STUDY:

The present study is based on the following objectives:

- To study the overview opportunities for entrepreneurs that exists in agribusiness in India.
- To examine the scope for agribusiness in India and reasons for low rate of success in agribusiness.
- To study the challenges and growth opportunities for entrepreneurs in agribusiness.
- To assess the strategy for promotion of successful enterprises in agriculture sector in India.

4. AGRICULTURE TO AGRI-BUSINESS:

A shift from 'agriculture' to 'agri-business' is being viewed as an essential pathway to revitalize Indian agriculture. While, the share of agriculture in total GDP is declining, it is still the single largest contributor to the GDP and plays a vital role in the overall socio-economic development of India. The share of agri-business will not and is bound to go up with the demand for value addition continuously increasing. In this context, agriculture redefined as the science and practice of activities relating to production, processing, marketing, distribution and trade of food, feed and fibre (Acharya, 2006). India's agricultural sector highly depends upon the monsoon season as heavy rainfall during the time leads to a rich harvest. But the entire year's agriculture cannot possibly depend upon only one season. Taking into account this fact, a second Green Revolution is likely to be formed to overcome such restrictions. An increase in the growth rate and irrigation area, improved water management, improving the soil quality, and diversifying into high value outputs, fruits, vegetables, herbs, flowers, medicinal plants, and biodiesel are also on the list of the services to be taken by the Green Revolution to improve the agriculture in India.

In developing country like: India, Agri-business which links input supply, farm production, agro- processing and distribution network emerges as a viable option to resolve the problems of unemployment in rural sector. Thus, the prospects of agri-business rely more on off-farm sector of agriculture viz., agricultural input supply, agricultural processing and agricultural marketing-distribution sectors. Therefore, it is directly related to industry and domestic market. India has a vast geographic spread, varied agro-climatic conditions, soils, which facilitates and promoting the production of variety of food and non-food crops. India is the seventh-largest country in the world, with the total land area of 3,287,263 km² and also blessed with varied agro-climatic zones. There are 20 agro-climatic zones (ACZ) and nearly 46 out of 60 soil types in the country (Meena and Pant, 2001).

5. DEVELOPING ENTREPRENEURS IN AGRICULTURE CAN IMMENSELY BENEFIT INDIAN ECONOMY BY:

- Reducing the burden on agriculture
- Generating employment opportunities for rural youth
- Reducing the need for migration from rural to urban areas, thereby reducing pressure on urban cities etc.
- Increasing individual and national income

6. TYPES OF ENTERPRISES:

While promoting entrepreneurship, we may consider different types of enterprises in agri-business:

- **Farm Level Producers:** At the individual family level, each family is to be treated as an enterprise, to optimise the production by making best use of the technology, resources and demand in the market.
- **Service Providers:** For optimising agriculture by every family enterprise, there are different types of services required at the village level. These include the input procurement and distribution, hiring of implements and

equipment like tractors, seed drills, sprayers, harvesters, threshers, dryers and technical services such as installation of irrigation facilities, weed control, plant protection, harvesting, threshing, transportation, storage, etc. Similar opportunities exist in the livestock husbandry sector for providing breeding, vaccination, disease diagnostic and treatment services, apart from distribution of cattle feed, mineral mixture, forage seeds, etc.

- **Input Producers:** There are many prosperous enterprises, which require critical inputs. Some such inputs which can be produced by the local entrepreneurs at the village level are biofertilizers, biopesticides, vermicompost, soil amendments, plants of different species of fruits, vegetables, ornamentals, root media for raising plants in pots, agricultural tools, irrigation accessories, production of cattle feed concentrate, mineral mixture and complete feed. There are good opportunities to support sericulture, fishery and poultry as well, through promotion of critical service facilities in rural areas.
- **Processing and Marketing of Farm Produce:** Efficient management of post-production operations requires higher scale of technology as well as investment. Such enterprises can be handled by People's Organisations, either in the form of cooperatives, service societies or joint stock companies. The most successful examples are the sugar cooperatives, dairy cooperatives and fruit growers' cooperatives in many States. However, the success of such ventures is solely dependent on the integrity and competence of the leaders involved. Such ventures need good professional support for managing the activities as a competitive business and to compete well with other players in the market, particularly the retail traders and middlemen.

7. SCOPE FOR AGRIBUSINESS IN INDIA:

- India is endowed with varied agro-climate, which facilitates production of temperate, sub-tropical and tropical agricultural commodities.
- There is growing demand for agricultural inputs like feed and fodder, inorganic fertilizers, bio-fertilizers.
- Biotechnology applications in agriculture have vast scope in production of seed, bio-control agents, industrial harnessing of microbes for bakery products.
- Export can be harnessed as a source of economic growth. As a signatory of World Trade Organization, India has vast potential to improve its present position in the World trade of agricultural commodities both raw and processed form. The products line include cereals, pulses, oilseeds and oils, oil meal, spices and condiments, fruits and vegetables, flowers, medicinal plants and essential oils, agricultural advisory services, agricultural tools and implements, meat, milk and milk products, fish and fish products, ornamental fish, forest by products etc.
- At present processing is done at primary level only and the rising standard of living expands opportunities for secondary and tertiary processing of agricultural commodities.
- The vast coastal line and internal water courses provides enormous opportunity for production of marine and inland fish and ornamental fish culture gaining popularity with increase in aesthetic value among the citizens of India.
- The livestock wealth gives enormous scope for production of meat, milk and milk products, poultry products etc
- The forest resources can be utilized for production of byproducts of forestry.
- Beekeeping and apiary can be taken up on large scale in India.
- Mushroom production for domestic consumption and export can be enhanced with improvement in the state of art of their production.
- Organic farming has highest potential in India as the pesticide and inorganic fertilizer application are less in India compared to industrial nations of the world. The farmers can be encouraged and educated to switch over for organic farming.
- There is wide scope for production and promotion of bio-pesticides and bio-control agents for protection of crops.
- Seeds, hybrid and genetically modified crops, have the highest potential in India in the future, since the productivity of high yielding varieties have reached a plateau.
- Micro-irrigation systems and labor saving farm equipments have good potential for the years to come due to declining groundwater level and labor scarcity for agricultural operations like weeding, transplanting and harvesting.
- Production of vegetables and flowers under green house conditions can be taken up to harness the export market.
- Trained human resources in agriculture and allied sciences will take on agricultural extension system due to dwindling resources of state finance and downsizing the present government agricultural extension staff as consulting services.
- The enhanced agricultural production throws open opportunities for employment in marketing, transport, cold storage and warehousing facilities, credit, insurance and logistic support services.

8. PROBLEMS OF ENTREPRENEURSHIP IN AGRIBUSINESS:

Entrepreneurship in agriculture is not only an opportunity but also a necessity for improving the production and profitability. However, the rate of success is very low in India, because of the following reasons.

- For most of the farmers, agriculture is mainly a means of survival. In the absence of adequate knowledge, resources, technology and connectivity with the market, it is difficult for the illiterate small holders to turn their agriculture into an enterprise.
- Before promoting various services by self employed persons, there is a need to create awareness among the farmers, who are the users, about the benefits of these services.
- For popularisation of services, the present practice of providing free service by the Government agencies should be discontinued. In fact, many farmers, particularly the politically connected leaders are of the impression that the government is responsible for providing extension and technical advisory services to the farmers. However, over the years, the credibility has eroded and the services of these agencies are not available to small farmers, particularly those living in remote areas. Nevertheless, the concept of free service makes the farmers reluctant to avail of paid services, offered by the local self-employed technicians.
- The self-employed technicians need regular back up services in the form of technical and business information, contact with the marketing agencies, suppliers of critical inputs and equipment and research stations who are involved in the development of modern technologies.
- There are several legal restrictions and obstacles, which come in the progress of agri-business, promoted by the People's Organisations and Cooperatives. Private traders engaged in such business tend to ignore these rules and disturb the fair trade environment.
- People's Organisations often hesitate in taking the risk of making heavy investments and adoption of modern technologies, which in turn affect the profitability. With low profitability and outdated technologies, farmer members lose interest in their own enterprises as well as in that of their leaders.

9. STRATEGY FOR PROMOTION OF SUCCESSFUL ENTERPRISES:

Considering the present problems faced by the entrepreneurs engaged in agri-business, it is necessary to create a congenial atmosphere in the field. Some of the important conditions necessary for successful agri-business are presented below:

- There should be a unanimous option among government officials and farmers about the need and benefits of promoting self-employed youth or private entrepreneurs to facilitate the farmers to enhance agricultural production and profitability.
- The Government should discontinue the practice of providing free services in those sectors where the work has been assigned to private entrepreneurs.
- The technical skills and ability of the entrepreneurs should be evaluated to ensure high standards. There should be a monitoring agency to check the quality of the services and the charges collected from the farmers to avoid exploitation.
- To popularise the services of the entrepreneurs, the Agricultural Extension Agencies and Farmers Organisations should give wider publicity about the services available to the farmers. Such publicity can enhance the credibility of the services provided by the entrepreneurs.
- The Government should encourage the entrepreneurs by introducing various concessions and incentives.

Networks of entrepreneurs may be established to share their experiences. These networks can also establish a close link with Research Institutions and Universities to become acquainted with the latest research findings and seek solutions for their field problems.

10. CONCLUSION

Agribusiness enterprises at the local level offer the possibility of capturing value added and thereby increasing local incomes. Since many smallholders have relied on government buyers for their marketing options, the retraction of those services is un-likely to be immediately replaced by private enterprise. Also, even when such services are available, small producers do not present as attractive a transaction to service providers because of the often enormous costs of transacting with many small clients.

It is better to promote agro-based enterprises in rural areas, as the local people have the required skills and most of the businesses help the entrepreneurs to ensure food security. The outputs of such business have ready demand even in rural areas and hence the market opportunities are better. With a strong agro-based programme, non-farm activities can also be initiated when the entrepreneurs are more experienced and capable of taking risk and can manage the programme better. Promotion of direct marketing by establishing close interaction between producers and consumers will further enhance the benefits, while encouraging a large number of unemployed rural youth to turn into micro-entrepreneurs and traders.

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