A Study on the effect of Agri-Business Entrepreneurship on Economic growth

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**Abstract**

The study makes an attempt to assess the impact of Agri-Business entrepreneurship on economic life of farmers in rural areas and how it leads to development of economic growth of our Nation**.**The Agri-business entrepreneurship is going to play a key role for promoting the agriculture growth in developing country like India. Where the majority of Indian population engaged in agriculture as their livelihood. It helps to identify different strategies to stimulate and boost up the entrepreneurial skills of the farmers who involved in the farming business and sustainable developments in backward areas are needed. This paper focuses on role of agri-entrepreneurs for agricultural development by engaging in food processing, direct marketing and through organic production. It also focuses on various schemes offered by government of India like agri-start ups and many more for agri-business development.

**Key words**: Agri-Business, Entrepreneurship, Economic growth, government.

**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.

**Purpose of the study**

This study designed to investigate the effect of agri-business start-up on economic growth, with view to identifying issues and prospects as effects.

**Statement of problem**

Agri-business entrepreneurship, global prices of agriculture products where changing rapidly. Where urban areas are increasing day by day there is an expansion of city and agricultural will vanish in next upcoming years. As a business start up every individual may also think that agricultural is a start-up there should be awareness in the minds of people that agriculture is also a profession. Hence, the present study is the first of its kind attempting to measure the productivity of the agriculture and how it effect on economic growth.

**Research methodology**

The research paper is conceptual in nature most of the data collected from secondary source. An attempt made to give an overview on Indian agri-business industry, the prospective size of the market for promotion of agri-business through entrepreneurship opportunities and potentials are also examined with the help of following objectives.

**Objectives of the study**

The present study is based on the following objectives.

* To study the overview opportunities for entrepreneurs that exists in agri-business in India.
* To examine the scope for agri-business in examines India and reasons for low value or low rate of success in agri-business.
* To study the challenges and growth opportunities for entrepreneurs in agri-business.
* To access the strategy for promotion of successful enterprise in agriculture sector in India.

**Agriculture to Agribusiness**

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 fiber (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).

**Prosper entrepreneurs in agriculture it enhance our economy or it leads to the growth of economy**

* It will control the suicides of farmers and also reduce the burden.
* New opportunities for rural youth.
* It will decrease the migration of rural people to urban areas. It also reduces the pressure in urban cities, there will reduction of pollution and growth of greenery.
* It reduces the suicides of farmers and increases the individual income and it leads to the growth of the national income.

**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 optimize the production by making best use of the technology, resources and demand in the market.
* **Service Providers**: For optimizing 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 bio-fertilizers, bio-pesticides, vermin-compost, 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 Organizations, 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.

**Scope for the agribusiness in India**

* India is endowed with varied ago-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 it 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.
* 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
* 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.

**Problems of entrepreneurship in agri-business in India**

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 popularization 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 Organizations and Cooperatives. Private traders engaged in such business tend to ignore these rules and disturb the fair trade environment.
* People’s Organizations 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.

**Strategies for promoting the agribusiness 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 popularize the services of the entrepreneurs, the Agricultural Extension Agencies and Farmers Organizations 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.

**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 programmer, nonfarm activities can also be initiated when the entrepreneurs are more experienced and capable of taking risk and can manage the programmer 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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