

# A study of Entrepreneurship in Field of Agriculture in Indian Economy

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**Abstract:-** India has been called agriculture-based economy since its independence. But over the past few years, there is huge increase in Start-ups in India. However, a small number of start-ups are focused on the agricultural sector. The agricultural sector played an important role in the growth and development of the Indian economy since its inception. It provides food to 1.3 billion Indians and provides employment to more than half of Indian population. Agriculture sector of India also caters major share in country's exports. The interest of investors is increasing for last few years which show importance of this sector. In value chain every step of process is important and related to each other or you can say dependent on each other and creates value on each stage. To accelerate the pace of growth Indian economy requires more investment and entrepreneurial activities. The agro sector can provide innovative solution to the challenges faced by Indian economy nowadays. The Indian agriculture sector is still unorganized and using traditional techniques which results in less production and profitability. This in turn forces the farmers and agro workers to migrate to nearby towns and cities in search of other jobs. As they are not much educated and skilled they move to unorganized and unskilled sector. This migration is creating imbalance in urban and rural sectors and moreover results in more pressure on urban resources which is not good for economy. This scenario highlights the need for developing new employment avenues in rural sector which calls for development of agriculture sector. New Agro based start-ups can change the scenario in a positive picture. These start-ups can utilize low cost abundant labor in new employment opportunities for rural people. The small and medium scale industries can easily complement our traditional agriculture sector and is able to create profitable business avenues. Agro based industries can flourish in rural sectors where labor is abundant and labor cost is low. In present paper I have tried to find out the problems in Indian agriculture sector and their probable solutions in form of agro based entrepreneurship.

**Keywords:** Agriculture, Entrepreneurship, Agribusiness, Challenges, Opportunities

## I. Introduction

Agriculture has always been the backbone of the Indian economy and despite concerted industrialization, in the last six decades; agriculture still occupies a place of pride. The significance of agriculture in the national economy arises from the role it plays in India's national income, employment and export. To quote, it contributes 17% to total gross domestic product, 66% to total employment, and 15% to total exports of the country (Anonymous 2006-07). Agricultural products-tea, sugar, oilseeds, tobacco, spices, etc. constitute the main export items of India. Broadly speaking, the proportion of agricultural goods which were exported came to 50% of our exports, and manufactures with agricultural contents (such goods as manufactured jutes, cloth and sugar) contributed another 20% or so; and total comes to 70% of India's exports.

In modern times there are huge opportunities in agriculture-based businesses in India and world as well which varies from small scale agro ventures to mega ventures in developing agricultural technology. These businesses help in solving the problems of agriculture sector and provides growth opportunities to this sector by providing access to market, new avenues, new technology and innovative ideas. Developing entrepreneurship in agri-

business is useful but not so easy and simple. There are many challenges faced by the entrepreneurs in starting these ventures like Lack of skilled labor and managerial manpower, Lack of awareness, Lack of infrastructure facilities and shortage of capital and technical assistance etc. An agribusiness tends to be a large-scale business operation and may dabble in farming, processing and manufacturing and the packaging and distribution of product. Agribusiness involves all the steps required to send an agricultural good to market: production, processing, and distribution. It is an important component of countries with arable land, since agricultural products can be exported. Agribusiness treats the different aspects of raising agricultural products as an integrated system. Farmers raise animals and harvest fruits and vegetables with the help of sophisticated harvesting techniques, including the use of to direct harvesting operations. Manufacturers develop more efficient machines that can drive themselves. Processing plants determine the best way to clean and package livestock for shipping. While each subset of the industry is unlikely to interact directly with the consumer, each is focused on operating efficiently in order to keep prices reasonable. Market forces have a significant impact on the agribusiness sector. Changes in consumer taste alter what products are grown and raised. The recent World Trade Organization (WTO) agreements have opened new vistas for agricultural development and diversification and, in turn, agri-business in the member countries including India. As such, increasing opportunities have emerged for developing entrepreneurship in agri-business sector especially agriculture, horticulture, floriculture, sericulture, animal husbandry and veterinary, fishery, etc.

## **II. Challenges of Agriculture Sector in India**

### **1. Dependency on Monsoon:**

Indian Agriculture largely depends on monsoon which results in fluctuations in production of foodgrains in the country. This results in excess or shortage of food grains in market which in turn results in price variations and instability of farmer's income. Due to these reasons today's generation is not interested in agricultural activities.

**2. Fixed Cropping Pattern:** The crops that are grown in India are divided into two broad categories: food crops and non-food crops. While the former comprise food-grains, sugarcane and other beverages, the latter includes different kinds of fibres and oils seeds. This pattern results in shortage of some crops and excess of the others which creates imbalance in supply and demand. Successful conduct of agricultural operations depends upon a proper rotation of crops. -If cereals are grown on a plot of land its fertility is reduced to some extent. This can be restored if other crops such as pulses are grown on the same plot on a rotational basis. Most farmers in India are illiterate and do not understand this important point. Since they are not aware of the need for crop rotation they use the same type of crop and, consequently, the land loses its fertility considerably.

**3. Tenancy Instead of Land Ownership:** Although the ownership of agricultural land in India is fairly widely distributed, there is some degree of concentration of land holding. Inequality in land distribution is also due to the fact that there are frequent changes in land ownership in India. It is believed that large parcels of land in India are owned by a- relatively small section of the rich farmers, landlords and money-lenders, while the vast majority of farmers own very little amount of land, or no land at all. Moreover, most holdings are small and uneconomic. So the advantages of large-scale farming cannot be derived and cost per unit with 'uneconomic' holdings is high, output per hectare is low. As a result peasants cannot generate sufficient marketable surplus. So they are not only poor but are often in debt.

**4. Sub-Division and Fragmentation of Holding:** Due to the growth of population and breakdown of the joint family system, there has occurred continuous sub-division of agricultural land into smaller and smaller plots. At times small farmers are forced to sell a portion of their land to repay their debt. This creates further sub-division of land.

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**5. Conditions of Agricultural Labourers:** The conditions of most agricultural labourers in India are far from satisfactory. There is also the problem of surplus labour or disguised unemployment. This pushes the wage rates below the subsistence levels.

**6. Inadequate use of manures and fertilisers:** Inadequate use of manures like cow-dung or vegetable refuse and chemical fertilisers makes Indian agriculture much less productive than Japanese or Chinese agriculture.

**7. The use of poor-quality seeds:** In India, not much use has been made of improved varieties of seeds. The main cereals (rice, millets and pulses) are still grown chiefly with unimproved seeds.

**8. Inadequate water supply:** Farmers also suffer due to lack of irrigation facilities. Moreover, ordinary varieties of seed can be replaced by better varieties if there is an assured supply of water. The need for the construction of minor irrigation works of a local nature is both urgent and pressing. In fact, the total water potential in the country is more than adequate to irrigate the whole areas under cultivation. However, the present problem is one of discovering cheap and easy methods of utilising these vast supplies of water.

**9. Inadequate use of efficient farm equipment:** The method of cultivation in India are still primitive. Most farmers continue to use native plough and other accessories. However, the problem is not one of shortage of modern machinery. The real problem is that the units of cultivation are too small to permit the use of such machinery.

**10. Inadequate Marketing Facilities:** One of the major causes of low income of the Indian farmers is the difficulty in marketing their crops. Due to the small size and scattered nature of agricultural holdings, the productivity per acre is low. Consequently, the collection of these surpluses for the purpose of marketing presents a serious problem.

Agricultural marketing problems arose due to the lack of communications, i.e., connecting the producing centers with the urban areas which are the main centers of consumption. The difficulty of communication prevents the farmer from marketing his own produce. So he has to rely on a number of middlemen (intermediaries) for the disposal of "his crops at cheap prices.

**11. Inadequate Agricultural Credit:** The credit facilities for agriculture sector in India is still unorganized mostly depend on moneylenders. This has resulted in large ancestral debts for Indian farmers which blocks the path of their growth and development.

### III. AGRIBUSINESS OPPORTUNITIES IN INDIA

India has Opportunities to do business with Indian Agriculture are enormous. Fruit pulp, concentrates, flavors, extracts, frozen fruits, frozen vegetables, pickled products, assorted products, Fruits, Vegetables, Food grains, Mushrooms and Medicinal and Aromatic plants etc. Some of these are discussed below:

#### **Dried Flower Business: -**

Dried Flower Business in specialty flower is a very profitable venture now worldwide. Flower production is one of the fastest growing crop trends in agriculture today with a strong demand for all types of flowers, especially

unique and hard-to-grow varieties. This type of business will help in changing the fixed cropping pattern in India which will result in increased income of farmers as well as businessmen's. The interest in cut dry flowers has increased consistently over the last ten years.

**Fertilizer Distribution Business: -**

Fertilizer distribution business in India is highly controlled by Government regulation. It is one of the profitable agriculture business ideas one can start with moderate capital investment. The increased investment in this business will result in removing the shortage of fertilizer for agriculture and will help in increasing production as well.

**Organic Farm Green House: -**

An organic farm greenhouse business has a high potential to grow and succeed because steadily the demand for organically grown farm products has grown considerably. Organic farm greenhouse business has been normally done on small, family-run farms. But since the demand for organically grown food products is now increasing, people are investing in land for organic farming. This will solve the problem of non-profitability due to small land holdings.

**Bee Keeping:-**

Beekeeping business opportunity demands day to- day monitoring with close supervision to the bees. With the increasing awareness about the health, demand for honey is growing globally. Beekeeping for selling honey and other products like wax is a profitable venture to start with less startup investment.

**Fish Farming:-**

Commercial fish farming business is a lucrative investment that can spin money at any time of the year continuously. With the implementation of modern techniques and having owned space, an entrepreneur can start this business with moderate capital investment.

**Fruits and Vegetables Export:-**

An entrepreneur can start an export business of fresh fruits and vegetables by collecting them from local farmers. One can start this business from a home location only having a phone and computer with internet connection.

**Poultry Farming:-**

Poultry farming in India has transformed into a techno-commercial industry from the status of backyard farming since three decades. Poultry farming is the fastest growing sector in agriculture and farming business. The annual growth rate is 8-10% in egg and 12-15% in the broiler industry.

**Hydroponic Retail Store:-**

A person having passion in plantation technology can start the hydroponic retail store business to turn his hobby into a profit-making venture. Hydroponics is a new plantation technology that has been increasing in demands over the past decades as a soil free way of plantation both for commercial and home use.

**Snail Farming:-**

Snail farming business opportunity demands discipline and specific knowledge in modern technology. Snail farming is the process of raising land snails specifically for human consumption. It has a high rate of protein, iron, low fat and almost all the amino acids that are needed for human body.

**Guar Gum Manufacturing:-**

Guar gum, locally called guaran, is a galactomannan. It is basically the ground endosperm of guar beans. The guar seeds are dehusked, milled and screened to obtain the guar gum. It is typically produced as a free-flowing, off-white powder. It is a natural food thickener, similar to locust bean gum, cornstarch or tapioca flour.

**Livestock Feed Production:-**

This business is small scale manufacturing. Having confidence in distribution, one can start this business to make money out of livestock feed production.

**Frozen Chicken Production: -**

Frozen chicken is a hot product now. The demand for this product is increasing globally. An entrepreneur living in a metro or suburban city can start this business with proper planning.

**Botanical Pesticide Production: -**

The botanical pesticide is one of the most profitable agriculture business ideas. It is an essential and mandatory product for organic farming and the demand for this product is increasing highly.

**Piggery: -**

Having a sufficient landholding an entrepreneur can start a piggery business. Among the various livestock species, piggery is most potential source for meat production and pigs are more efficient feed converters after the broiler. The major facility is pig farming requires a small investment in buildings and equipment.

**Soya Beans Processing: -**

Commercially soya beans processing to produce milk, soy flour, soya sauce, soya bean oil, natto etc is a very profitable agriculture business ideas to start with moderate capital investment. With proper marketing strategy, an entrepreneur can start this business in small scale also.

**Spice Processing: -**

Rising global demand gives a boost to spice processing industry recently. Good quality processed spice has very good demand. Processing and packaging methods are not very complex. The margin is also very satisfying in spice processing business.

#### **IV. HINDRANCES IN AGRO – ENTREPRENEURSHIP: -**

**Lack of Skilled and Managerial Manpower:** Rural areas also suffer from rural-urban migration mainly male migration. This results in denudation of educated and skilled manpower in rural areas. Lack of skilled and managerial manpower in rural areas is mainly due to the absence of suitable educational institutions in rural areas. Moreover, people even otherwise belonging to rural areas do not want to go back to rural areas to work due to various problems the rural areas suffer from.

**Lack of Infrastructural Facilities:** Infrastructure facilitates performing any activity. There is a need for the availability of a minimum level of prior-built up infrastructural facilities to undertake any economic activity including starting an enterprise. However, especially rural areas suffer from the lack of or weak infrastructural facilities in terms of road, rail, telecommunication, electricity, market information network, etc. This, in turn, adversely affects the effective use of agri-resources available, on the one hand, and efficiency and mobility of labour, on the other.

**Problem of Marketing:** If proof of pudding lies in eating, the proof of production lies in consumption. Production has no value unless it is sold / consumed. The major marketing problems faced by agri-

entrepreneurship are lack of marketing channels and networks, promotional facilities, support system, poor quality of products, and competition with medium and large-scale enterprises. The enterprises run by agripreneurs often do not possess any marketing organization. In consequence, their products compare unfavorably with the quality of the products manufactured by medium and large-scale organizations.

**Lack of Awareness about Career in Agri-preneurship:** Assuming entrepreneurial career has not been considered respectable in the society for one reason or other. Entrepreneurship as career has been associated with specific sections of the societies like Gujratis, Marwaris and Rajasthanis. Though the impression about entrepreneur / business as inferior has gradually been declining, yet it is still prevalent in the society. Most of the people are still not aware of entrepreneurial opportunities, advantages, and its significance for the entrepreneur and the society as a whole.

**Inefficient or Lack of Equipment and Technologies:** Today is the era of information technology and information is considered as power. Technology gives competitive advantages in various forms to compete with competitors. For example, exemplifies how technology empowers the rural farmers in marketing their products. But, either inefficient or lack of required equipment and technology has been one of the major challenges faced by agri-preneurs especially in rural areas. Technology such as satellite based geographic information system (GIS) promises more efficient use of available resources and more effective management efforts but these technologies are lacking in most of the agri-business industries especially in rural areas. While this affects the quality of products, it also makes the products more costly.

**High Infrastructural and Distribution Costs:** Transportation facilities are pre-requisites to make the inputs available at enterprise location and outputs at the location of consumers scattered over vast territory. As most of the agri-enterprises are located far from urban areas, these suffer from transport problems for both inputs and outputs. As such, either there is non-availability of required inputs and outputs at the right time at the right place or whatsoever is available is possible at a higher cost making the product ultimately costlier as compared to the products offered by enterprises located at urban areas.

## V. CONCLUSION

The above discussion makes it evident that agriculture occupies important place in Indian economy till now which can be enhanced by entrepreneurship in agribusiness. There are abundant opportunities in this sector available for entrepreneurs. Despite of the challenges discussed above this sector can be proven significantly important in growth of Indian Economy. It could be seen clearly from the above discussion that agribusiness is very important to sustain the livelihood of millions of farmers in India. In order to overcome such constraints and challenges are observed towards practicing agribusiness, Govt. should take some more initiatives. Firstly education and awareness about these avenues should be spread in masses so that entrepreneurs can be attracted. The better infrastructural, technological and market access should be provided. Priority should be given to investment in this sector by providing bank credit facilities on concessional rates. The agri business will increase the agricultural growth in the country and will also contribute to production of industrial and service sector.

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