

REVIEW :

Development of agripreneurship as a tool of poverty reduction

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SUMMARY : A shift from agriculture to agribusiness is an essential pathway to revitalize Indian agriculture and to make more attractive and profitable venture. Agripreneurship have the potential to contribute to a range of social and economic development such as employment generation, income generation, poverty reduction and improvements in nutrition, health and overall food security in the national economy. Agripreneurship has potential to generate growth, diversifying income, providing widespread employment and entrepreneurial opportunities in rural areas. This paper mainly focused on basic concepts of agripreneurship, entrepreneurship skills, and needs of agripreneurship development in India along with major reason for promoting agripreneurship development in country.

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BACKGROUND AND OBJECTIVES

Indian economy is basically agrarian economy. On 2.4 per cent of world land India is managing 17.5 per cent of world population. At the time of independence, more than half of the national income was contributed by agriculture along with more than 70 per cent of total population was dependent on agriculture (Pandey, 2013). Agriculture and allied sectors are considered to be mainstay of the Indian economy because these are important sources of raw materials for industries and they demands for many industrial products particularly fertilizers, pesticides, agriculture implements and a variety

of consumer goods (Bairwa *et al.*, 2014a). Due to the changing socio, economic, political, environmental and cultural dimensions over the world, farmers' and nations' options for survival and for sustainably ensuring success in changing their respective economic environments has become increasingly critical. It is also worth noting that the emergence of the free market economies globally has resulted in the development of a new spirit of enterprise "Agripreneurship" and the increased individual need for responsibility for running their own businesses (Alex, 2011). Entrepreneurship is connected with finding ways and means to create and develop a profitable farm business. The term the terms,

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entrepreneurship and agripreneurship are frequently used in the context of education and small business formation in agriculture. Dollinger (2003) defines entrepreneurship in agriculture as the creation of innovative economic organization for the purpose of growth or gain under conditions of risk and uncertainty in agriculture. Gray (2002) on the other hand defines an entrepreneur as an individual who manages a business with the intention of expanding the business and with the leadership and managerial skills necessary for achieving those goals. In the face of growing unemployment and poverty in rural areas and slow growth of agriculture there is need of entrepreneurship in agriculture for more productivity and profitability of agriculture. The Agripreneurship program is necessary to develop entrepreneurs and management workforce to cater agricultural Industry across the world (Bairwa *et al.*, 2014b). Agripreneurship is greatly influenced mainly by the economic situation, education and culture (Singh, 2013).

Basic terminology related with agripreneurship development :

- Agripreneurs in general, agripreneurs should be proactive, curious, determined, persistence, visionary, hard working, honest, integrity with strong management and organizational skills. Agripreneurs also known as entrepreneurs. Entrepreneurs may be defined as innovators who drive change in the economy by serving new markets or creating new ways of doing things. Thus, an agripreneurs may be someone who undertakes a variety of activities in agriculture sector in order to be an entrepreneur.
- Agripreneurship Agripreneurship is the profitable marriage of agriculture and entrepreneurship. Agripreneurship turn your farm into an agribusiness. The term Agripreneurship is synonym with entrepreneurship in agriculture and refers to agribusiness establishment in agriculture and allied sector.
- Agriclincs these are envisaged to provide expert advice and services to farmers on technology, cropping practices, protection from pests and diseases, market trends, prices of various crops in the markets and also clinical services for animal health which would enhance productivity of crops/ animals and increased income to farmers (Global Agrisystem, 2010).
- Agribusiness Centres these are envisaged to provide farm equipments on hire, sale of inputs and other services. These centres will provide a package of input facilities; consultancy and other services with the aim of strengthen transfer of technology and extension services and also provide self-employment opportunities to technically trained persons (Chandra shekara, 2003).

Need of agripreneurship development :

Since the inception of New Economic Reforms, adoption of liberalization, privatization and globalization (LPG) and world trade organization (WTO) in 1992 – 95, it is expected that rural area will grow at par with urban area. Performance of agriculture during first phase of economic reforms till 1998 remained driving force for this notion among all the spheres of academia, administration and government (Singh, 2013). However, things went on different path in the later years and performance of agriculture has not remained satisfactory. Till recently, 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 who are 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 fertilizer, as a result resort to committing suicide. The managerial, technical and innovative skills of entrepreneurship applied in the field of agriculture many yield positive results and a well trained agripreneurs may become a role model to all such disheartened farmers. Sah *et al.* (2009) state that developing entrepreneurs in agriculture will solve the entire problem like (a) Reduce the burden of agriculture (b) Generate employment opportunities for rural youth (c) Control migration from rural to urban areas (d) Increase national income (e) Support industrial development in rural areas (f) Reduces the pressure on urban cities.

Entrepreneur's qualities and entrepreneurial skills for agripreneurship :

Entrepreneurs are those people who exhibit common traits such as single-mindedness, drive, ambition, creative, problem solving, practical, and goal-oriented. An entrepreneur is an individual who recognizes an opportunity or unmet need and takes the risk to pursue it. He needs to develop these abilities, managing productivity and seeking out new markets (Singh, 2013). Personal qualities of an agri-entrepreneur significantly affect the agribusiness (Brockhaus and Horwitz, 1986; Nandram and Samson, 2000). Self criticism, leadership, market orientation and creativity are important for successful entrepreneurship development.

Entrepreneurship skills are considered to be those competencies required to accomplish tasks and activities related to the farm business. These can be developed by learning and experience. Hanf and Muller (1997) suggest that in a dynamic environment with fast technical progress, open minded farm entrepreneurs will recognise more problems than they are able to rationally solve. Man *et al.* (2002) categorized entrepreneurial competences in six key areas which includes opportunity recognition skills, relationship building, Organizing, Strategic competences, conceptual thinking and problem solving skills. Lauweres *et al.* (2002) study of weaknesses in entrepreneurship and selected seven critical success factors which are management and strategic planning, knowledge of the ecosystem, capable and professional staff, understanding of the value chain perspective, craftsmanship, ability to learn and seek opportunity and enterprising personal characteristics. Thus, management skills are the complete package of skills that a farmer would use in order to develop the farm business. Kallio and Kola (1999) in a study of farmers in Finland attempted to determine what factors gave farmers competitive advantage over other farmers suggest that there are seven characteristics of a successful farm and farmer (1) profitable production seemed to be associated with continuous evaluation of production, incomes and expenditures (2) constant development of cognitive and professional skills *i.e.* Continual Professional Development (CPD) (3) They benefit from a positive work ethic (4) goal-oriented operation, *i.e.*, the ability to set goals, to reach them and to set new ones (5) utilization of recent information that is relevant for the individual farmer's

own circumstances and the needs of the farm (6) favourable starting points for the enterprise, meaning good condition of machinery, buildings, land and an appropriate balance between pricing of product and investments in production (7) co-operation with others in the supply chain. Schiebel (2002) reported that successful farmers differ from others in terms of three personality traits. They have more belief in their ability to control events, problem-solving abilities and social initiative. Agripreneurs is a dynamic business manager performing various agri based activities using different resources *viz.* physical resources, financial resources, human resources and information, in order to accomplish a certain goal.

Major reasons for promoting agripreneurship in India:

In India, 52% of total land is cultivable as against 11% in the world. All 15 major climates of the world, snow bound Himalayas to hot humid southern peninsula; Thar desert to heavy rain areas all exist in India. There are 20 agro-climatic regions and nearly 46 out of 60 soil types in the country. Sunshine hours and day length are ideally suited for round the year cultivation of crops. India is the centre for biodiversity in plants, animals, insects, micro-organism and accounts for 17% animal, 12% plants and 10% fish genetic resources of the globe. In the livestock sector, India has 16% of cattle, 57% of buffalo, 17% of goats and 5 % of sheep population of the world. Agriculture contributes 13.2% to GDP, 15.2% of total exports and provides employment to 58.4% of country's work force (Mittal, 2009).

Agriculture remains a key sector of the Indian economy accounting for 13.2 per cent share in the gross domestic product (GDP) and about 13 per cent of the total export earnings. India is the second largest producer of rice and wheat in the world; first in pulses and fourth in coarse grains. India is also one of the largest producers of cotton, sugar, sugarcane, peanuts, jute, tea and an assortment of spices. In terms of the real value added, the Indian agriculture sector ranks third, after China and the United States. The share of agriculture in the total value added to the economy, at around 13.2 per cent, is still quite high. This implies that agriculture is likely to remain a priority, both for policy makers 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) and allied activities. Creation of critical infrastructure for cold storage, refrigerated transportation, rapid transit, grading, processing, packaging and quality control measures open major opportunities for investment. India is second highest fruit and vegetable producer in the world (134.5 million tons) with cold storage facilities available only for 10% of the produce. We are second highest producer of milk with a cold storage capacity of 70,000 tonne and sixth largest producer of fish with harvesting volumes of 5.2 million tonnes. India is fifth largest producer of eggs in the world. Investments in cold chain required storing 20% of surplus of meat and poultry products during 10th plan require Rs 500 Crores (Sah *et al.*, 2009). Thus, Indian agriculture need to convert in agribusiness due to above mentioned reasons which only possible through agriprenurship development.

Role of agriprenurship in national economy :

Agriprenurship plays various roles in the growth and development of national economy through entrepreneurship development which increases the income level and employment opportunities in rural as well as urban areas (Bairwa *et al.*, 2012). Agriprenurship also play following role in the economic system (Sah, 2009).

- It helps in inducing productivity gains by smallholder farmers and integrating them into local, national and international markets.
- It helps in reducing food costs, supply uncertainties and improving the diets of the rural and urban poor in the country.
- It also generating growth, increasing and diversifying income, and providing entrepreneurial opportunities in both rural and urban areas.

Possible areas of entrepreneurship development in agriculture :

Nowadays, Easy access to technology, emergence of micro financing, liberalized 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 contributed significantly in enhancing the potentiality

for agriprenurship in India (Bairwa *et al.*, 2014). Agriculture have several areas of entrepreneurship which include the activities like, Dairying, Sericulture, Goat rearing, Rabbit rearing, Floriculture, Fisheries, Shrimp Farming, Sheep rearing, vegetable cultivation, nursery farming, farm forestry (Pandey, 2013). The possible areas of entrepreneurship in agriculture are:-

- Agro produce processing units – There units do not manufacture any new product. They merely process the agriculture produce e.g. Rice mills, Dal mills, decorticating mills etc.
- Agro Produce manufacturing units – These units produce entirely new products based on the agricultural produce as the main raw material. E.g.- Sugar factories, Bakery, Straw board units etc.
- Agro-inputs manufacturing units – These units produce goods either for mechanization of agriculture on for
- Increasing manufacturing plants, e.g.- Fertilizer production units food processing units, agricultural implements etc.
- Agro service centres – These include the workshops and service centre for repairing and serving the agricultural implement used in agriculture.
- Miscellaneous areas – besides the above mentioned areas, the following areas may prove to be encouraging to establish agri enterprises such as setting up of Apiaries, feed processing units, seed processing units, mushroom production units, commercial vermin-compose units, goat rearing farmers club, organic vegetable and fruits retail outlet, bamboo plantation and jatropa cultivation.

Conclusion :

Agriprenurship is the need of hours to make agriculture a more attractive and profitable venture. It is clear that there is a great scope for entrepreneurship in agriculture 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 agriprenurship. The agriculture sector has a large potential to contribute to the national income while at the same time providing direct employment and income to the numerically larger and vulnerable section of the society. Agriprenurship is not only an opportunity but also a necessity for improving

the production and profitability in agriculture and allied sector.

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